



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

**UNAUDITED INTERIM STATEMENTS
AT THE DATE OF
AND FOR THE NINE MONTH PERIOD
ENDED ON 30 SEPTEMBER 2019**

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



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

CONTENT:

I. Interim Statement of the Individual Financial Position

II. Interim statement of comprehensive income

III. Interim Statement of Changes in Equity

IV . Interim Statement of Cash Flows

V. Explanatory Notes to Interim Financial Statements



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

**Interim Statement of the Individual Financial Position
for Accounting Reporting on 30.09.2019**

In LEI	<u>30-September 2019</u>	<u>31-December 2018</u>
Long-term Assets		
Tangible assets	41.391.204	43.695.215
Intangible assets	84.608	27.175
Total long-term assets	<u>41.475.812</u>	<u>43.722.390</u>
Current assets		
Stocks	38.073.769	36.287.530
Trade receivables and other receivables	13.201.285	13.985.665
Cash and cash equivalents	384.601	1.330.657
Total current assets	<u>51.659.655</u>	<u>51.603.852</u>
Total Assets	<u>93.135.467</u>	<u>95.326.242</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	13.413.648	13.413.648
Adjustments of capital	3.453.860	3.453.860
Reserves	37.372.785	38.756.972
Result for the period	(2.754.553)	783.882
Result reported	5.741.803	7.112.169
Total Equity	<u>59.982.096</u>	<u>62.736.649</u>
Long term loans		
Loans	3.227.558	2.341.408
Trade payables and other payables	568.819	2.031.984
Provisions for disputes	243.018	248.054
Total long term liabilities	<u>4.039.395</u>	<u>4.621.446</u>
Current liabilities		
Trade payables	13.917.447	17.497.212
Loans	7.641.334	2.522.940
Income in advance	2.293.698	2.690.077
Other liabilities	5.261.497	5.257.918
Total current liabilities	<u>29.113.976</u>	<u>27.968.147</u>
Total debts	<u>33.153.371</u>	<u>32.589.593</u>
Total equity and liabilities	<u>93.135.467</u>	<u>95.326.242</u>



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

**Interim statement of comprehensive income
for Accounting Reporting on 30.09.2019**

In LEI	<u>30-September 2019</u>	<u>30-September 2018</u>
Income	47.419.525	44.235.694
Other income	243.223	147.433
Other gains / (losses) -net	5.037	2.125
Income cost of inventories of finished goods and Production in progress	4.846.164	13.103.084
Expenses with raw materials and consumables	(26.278.000)	(30.662.782)
Asset depreciation and amortization expense	(2.279.393)	(2.640.368)
Employees expenses	(19.562.350)	(17.399.240)
Expenses with external supply	(5.245.435)	(5.008.955)
Other expenses	(1.287.547)	(1.169.363)
Operation profit	<u>(2.138.776)</u>	<u>607.628</u>
Financial income	521.508	790.252
Financial expenses	1.137.285	1.048.819
Financial costs - net	<u>(615.777)</u>	<u>(258.567)</u>
Profit / (loss) before tax	<u>(2.754.553)</u>	<u>349.061</u>
Profit / (loss) for the period - net	<u>(2.754.553)</u>	<u>349.061</u>
Total consolidated income for the period	<u>(2.754.553)</u>	<u>349.061</u>
Earnings per Share	<u>(0,51)</u>	<u>0,07</u>
Number of shares	<u>5.365.459</u>	<u>5.365.459</u>



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

**Interim Statement of Changes in Equity
for Accounting Reporting on 30.09.2019**

In LEI	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
balance at January 2019	13.413.648	3.453.860	1.955.836	36.170.003	631.133	7.112.169	62.736.649
Reserve Reclassification From Reassessment At reported Result	-	-	-	(1.384.187)	-	-	(1.384.187)
Net Profit of period	-	-	-	-	-	(2.754.553)	(2.754.553)
Transfer between Equity accounts	-	-	-	-	-	1.384.187	1.384.187
Balance at 30 September 2019	13.413.648	3.453.860	1.955.836	34.785.816	631.133	5.741.803	59.982.096

As a result of applying IFRS beginning with the fiscal year 2012 were restated financial statements, resulting from the application of IAS 29 an inflation adjustment to equity of 3,453,860 lei. No deferred tax adjustments for revaluation reserves for the period 01.01.2019 - 30.09.2019 have been calculated.



Individual statement of cash flows for the accounting report on 30.09.2019

In LEI	<u>30-September 2019</u>	<u>30-September 2018</u>
Net result for the period	(2.754.553)	349.061
Depreciation / impairment of long-term assets	2.279.393	2.640.368
Profit / (loss) from the sale of fixed assets	(132.871)	43.583
Adjustments for the impairment of receivables - clients	1.546.766	1.546.766
Interest expenses	(501.684)	(263.584)
Interest income	2.375	3.353
Profit / (loss) from the sale of fixed assets	(116.304)	1.708
Movements in working capital	3.077.675	3.972.194
Increase / (decrease) trade receivables and other receivables	787.296	(477.474)
Increase / (decrease) of stocks	(1.786.239)	(1.993.344)
Increase / (decrease) in other current assets	2.916	(450)
Increase / (decrease) of commercial debt	(5.042.930)	(965.380)
Increase / (decrease) advance income recorded	(396.379)	(566.977)
Increase / (decrease) other liabilities	3.579	462.996
Cash used from operational activities	(6.431.757)	(3.540.629)
Interest paid	(501.684)	(263.584)
Cash generated from operating activities	(6.610.319)	517.042
Net cash from investment activities	(549.026)	(202.070)
Cash payment for the purchase of fixed assets	(549.026)	(202.070)
Net cash from financing activities	6.213.289	(1.718.362)
Cash repayments of loans and credits	(4.382.190)	(1.670.695)
Cash receipts from loans and credits	10.596.406	0
Dividends paid	(927)	(47.667)
Net increase / (decrease) in cash and cash equivalents	(946.056)	(1.403.390)



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Continuation The individual situation of the cash flows

Cash and cash equivalents at the beginning of the period	1.330.657	1.771.478
Cash and cash equivalents at the end of the period	384.601	368.088
Net increase / decrease in cash and cash equivalents	(946.056)	(1.403.390)



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

FIXED ASSETS - tangible

	land	Buildings and constructions	Machines and equipments	Other tangible assets	Tangible assets in progress	Advances for intangible assets	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei	Lei
Balance at 01 January 2019	16.537.802	32.061.723	36.504.395	165.777	2.467.747	137.870	87.875.314
Increases	-	-	80.291	11.422	103.477	-	195.190
Outputs	-	-	297.638	-	91.713	14.750	404.101
Balance at 30 September 2019	16.537.802	32.061.723	36.287.048	177.199	2.479.511	123.120	87.666.403

Accumulated amortization

Balance at 01 January 2019	-	16.652.671	27.420.038	107.390	-	-	44.180.099
Amortization of period	-	1.366.865	845.742	9.832	-	-	2.222.439
Amortization of outputs	-	-	127.338	-	-	-	127.338
Balance at 30 September 2019	-	18.019.536	28.138.442	117.222	-	-	46.275.200

Adjustments

Balance at 01 January 2019	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
balance at 30 September 2019	-	-	-	-	-	-	-



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Continued **FIXED ASSETS - tangible**

Net book value

balance at 01 January 2019	16.537.802	15.409.052	9.084.357	58.387	2.467.747	137.870	43.695.215
balance at 30 September 2019	16.537.802	14.042.187	8.148.606	59.977	2.479.511	123.120	41.391.203

Between January 1 and September 30, 2019, the total value of the increases recorded in the accounting records for the class “Machines and equipment” was 80,291 lei representing:

- Heating system Oil Equipment Section, in value of 53,586 lei;
- Modernization of drilling machines in coordinates, worth 22,000 lei;
- Lenovo ThinkPad L580 laptop, worth 4,705 lei.

Between January 1 - September 30, 2019 the total value of the increases recorded in the accounting records for the class “Other tangible fixed assets” was of 11,422 lei, representing Monitoring System stand tests at the Oil Utility Section.

The tangible fixed assets in progress registered between January 1 and September 30, 2019 an increase of 103,477 lei, representing:

- Video surveillance system and secure metal box, worth 11,421 lei;
- Lenovo ThinkPad L580 Laptop with Intel Core processor, Microsoft Windows 10 Pro included, worth 4,706 lei;
- Mounted radio control on bridges (no. Inv. 60951 and no. Inv. 61203), in the amount of 26,371 lei;
- Topographic documentation in order to obtain the urbanism certificate with O.C.P.I. for the authorization of industrial hall construction, worth 2,500 lei;
- Geotechnical study for industrial hall construction, in value of 4,800 lei;
- Industrial hall design documentation in the amount of 53,679 lei.

Between January 1 and September 30, 2019, the total value of the deductions recorded in the accounting records for the “Machines and equipment” class was 297,638 lei representing:

- Disposal of technological equipment, measuring and control equipment and installations and means of transport with an inventory value of 181,938 lei, according to the Minutes of disposal no. 1 / 01.10.2018, approved in the Board of Directors meeting from 05.02.2019;
- Sale of technological equipment (Lathe SC 35), with an inventory value of 95,800 lei, according to Contract for sale - purchase no. 2 / 01.28.2019;
- Sale of machines (Hammer 13,000 Kgm EK-13AM and PKZ 400 Mechanized press), with an inventory value of 19,900 lei, according to Sale-purchase contract no. 19 / 11.9.2019.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Continued FIXED ASSETS - tangible

The tangible fixed assets in progress registered during the period January 1 - June 30, 2019 a decrease in value of 91,713 lei, representing:

- Heating system Oil Equipment Section, in value of 53,586 lei;
- Monitoring system stand tests at the Oil Equipment Section, worth 11,422 lei;
- Modernization of drilling machines in coordinates, worth 22,000 lei;
- Lenovo ThinkPad L580 laptop, worth 4,705 lei.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

**Explanatory Notes to Interim Financial Statements
for Accounting Reporting on 30.09.2019**

FIXED ASSETS- intangible

Cost	Development expenses Lei	Other intangible assets Lei	Intangible assets in progress Lei	Total Lei
Balance at 01 January 2019	130.375	625.681	-	756.056
Inputs	53.279	61.109	-	114.388
Outputs	-	-	-	-
Balance on 30 September 2019	183.654	686.790	-	870.444
Accumulated amortization				
Balance at 01 January 2019	112.539	616.343	-	728.882
Amortization of period	3.782	53.172	-	56.954
Amortization of outputs	-	-	-	-
Balance at 30 September 2019	116.321	669.515	-	785.836
Net book value				
Balance at 01 January 2019	17.836	9.339	-	27.175
balance at 30 September 2019	67.333	17.275	-	84.608



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Continued FIXED ASSETS- intangible

Between January 1 and September 30, 2019, the development expenses registered an increase of 53,279 lei, representing:

- expenses for the realization “SSV 3 1/8 X5m valve, hydraulically operated, equipped with automation system” delivered by VT VERES Hungary, in the amount of 43,452 lei;
- expenses for the realization of "wooden model gaskets for the item masse acoustique extreme sleepers", worth 9,827 lei.

Between January 1 - September 30, 2019 the company purchased intangible assets worth 61,109 lei, representing Technical Support for the integrated SIVECO program, worth 54,411 lei and the ESET Endpoint antivirus license, worth 6,698 lei.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

Inventory

In LEI	<u>30 September 2019</u>	<u>31 December 2018</u>
Raw material	1.507.788	1.381.978
Additional material	786.253	756.172
Fuels	20.047	18.352
Packaging materials	1.653	1.395
Spare parts	3.288.446	3.593.159
Other consumables	210.140	201.901
Inventory items	390.087	353.614
Product in progress	7.489.249	10.470.881
Semi- manufactured	3.781.491	1.692.376
Finished product	9.494.461	8.603.221
Difference of price of finished products	10.133.324	8.970.838
Packing	3.800	5.251
Residual products	38.371	22.864
Total	37.145.110	36.072.002
Advances for purchases assets such as stocks	928.659	215.528
Total General Stocks	38.073.769	36.287.530



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

Individual Statement of Cash Flows and cash equivalent

In LEI	<u>30-September 2019</u>	<u>31-December 2018</u>
Cash and cash equivalent	384.601	1.330.657
Bank deposit	-	-
Cash and cash equivalent	384.601	1.330.657

From the point of view of the Cash Flow Statement, it is considered that:

- Cash is the cash in the cashier and current bank accounts;
- Cash equivalents are fiscal and postage stamps.

The prudent management of liquidity risk implies maintaining sufficient cash in lei and foreign currency in the company's bank accounts.

There are no restrictions on cash accounts in banks.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

Trade receivables and other receivables

	<u>30-September</u> <u>2019</u> <u>lei</u>	<u>Sold la 01 ianuarie</u> <u>2019</u> <u>lei</u>
Trade receivables	11.816.984	10.061.152
Domestic Client	4.572.068	2.730.440
External Client	2.995.887	3.095.597
Doubtful client, litigation	3.849.923	3.855.940
Suppliers borrowers	399.106	379.175
Other receivables	2.931.068	5.471.279
Other non-current receivables (Goodwill guarantees OMV Petrom Bucharest)	23.717	29.391
VAT to be recovered	146.845	1.928.709
Wage advance	4.217	7.610
Borrowers	2.151.585	2.241.712
Receivables on current income tax	-	-
Deferred tax receivables	604.703	1.263.856
Adjustments for impairment of receivables-clients	(1.546.766)	(1.546.766)
Total trade receivables and other receivables	13.201.285	13.985.665



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Continued Trade receivables and other receivables

lei

Total trade receivables and other receivables	balance at	from what pending:		
	30.09.2019	31-90days	91-120 days	> 120 days
1.Domestic Client	4.572.068,00	1.496.290,49	197,828,26	745.133,35
2. External Client	2.995.887,00	136.424,85	-	425.053,00
3. Doubtful internal clients	3.849.923,01	-	-	3.849.923,01
4. Adjustment for depreciation	(1.546.765,98)	-	-	(1.546.765.98)
5. Debtor suppliers	399.106,28	-	-	399.106,28
Net receivables	10.270.218,31	1.632.715,34	197.828,26	3.872.449,66

The amount of RON 604,703 registered in the “Other receivables” account refers to:

- account 438 (Other social debts - medical leave) = 394,642 lei;
- account 4282 (Other receivables related to personnel) = 612 lei;
- account 4412 (Claims on deferred tax) = 7,557 lei;
- account 4428 (VAT not chargeable) = 196,121 lei;
- account 471 (Expenses recorded in advance-subscriptions for publications and Telekom) = 5,230 lei;
- account 473 (Settlements from operations being clarified) = 541 lei.

Uncertain clients were registered separately in the accounting records of the company.

The assessment of the debts expressed in foreign currency was made at the exchange rate communicated by the National Bank of Romania for the close of September 2019.

The differences of the favorable or unfavorable exchange rate between the exchange rate market at which the debt claims are registered and the exchange rate communicated by the National Bank of Romania for the close of September 2019 were recorded in the corresponding accounts of income or expenses due to exchange rate differences, as the case.



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

Situation of trade receivables and other receivables

a) Situation of short term debts	<u>30-September</u> <u>2019</u> <u>lei</u>	<u>Sold la 01 ianuarie</u> <u>2019</u> <u>lei</u>
Amounts owed to credit institutions	7.641.334	2.522.940
Advances collected for orders	2.293.698	2.690.077
Trade payables - suppliers	13.917.447	17.497.212
Other debts, including tax debts and social security debts	5.261.497	5.257.918
Total short term debts		27.968.147

a) Situation of long term debts	<u>30-September</u> <u>2019</u> <u>lei</u>	<u>Sold la 01 ianuarie</u> <u>2019</u> <u>lei</u>
Amounts owed to credit institutions	3.227.558	2.341.408
Trade payables - suppliers	568.819	2.031.984
Provisions and prepayments and earnings recorded in advance	243.018	-
Total long term debts	4.039.395	4.373.392

The amount of RON 5,261,497 registered in the account "*Other debts, including tax liabilities and social security debts*" refers to:

- the amounts from the account 462 (various creditors - rescheduling agreements) = 1,112,847 lei;
- account 457 dividends = 1,573,852 lei, of which rescheduling agreements 1,007,874.37 lei;
- account 446 (other taxes, taxes and assimilated payments) = 293,829 lei;
- current budgetary debts = 1,395,123 lei;
- current salary debt = 885,846 lei.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Continued of Situation of trade receivables and other receivables

lei

Situation of f trade debts and other debts	balance at 30.09.2019	from what pending		
		31-90 days	91-120 days	> 120 days
1. Internal suppliers	12.257.014,48	3.390.138,59	1.143.615,28	3.242.749,68
2. External suppliers	2.229.251,93	347.191,19	6.858,20	575.693,48
3. Creditor Clients	2.293.697,93	-	-	-
Net debts	16.779.964,34	3.737.329,78	1.150.473,48	3.818.443,16

Bank loans granted through contracts no. 7793/4 and 7793/5 from 23.01.2019 are guaranteed with real estate mortgages whose evaluation for banking purposes was carried out in December 2018 by the company Mirva Revalcon Invest SRL Ploiesti, authorized evaluator, accredited member ANEVAR, market value of the assessed properties being of 32,633,150 lei.

For these mortgaged properties were concluded: - insurance policy no. 2509660 / 25.05.2018, valid from 25.05.2018 until 24.05.2019 (for the sum insured of 29,434,935 lei) and - the insurance policy no. 2533615 / 24.05.2019, valid from 25.05.2019 until 24.05.2020 (for the sum insured of 28,165,350 lei).

In June 2019, the real estate guarantees were supplemented by the Real Estate Mortgage Contracts authenticated with the no. 2431 and no. 2433 from 27.06.2019 with the following lands / access roads:
- land located in the municipality of Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 10,451 sqm, with cadastral number 125199, registered in the Land Book no. 125 199;
- land located in the municipality of Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 8,131 sqm, with cadastral number 125189, registered in the Land Book no. 125 189.

This supplement of the guarantees granted to the bank resulted from the increase of the working capital amount granted to the company by the Additional Act no. 1 / 27.06.2019 to the contract no. 7793/5 of 23.01.2019.

.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

Provisions

In LEI	<u>Balance at January 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 30 September 2019</u>
Provisions for litigations	235.753	-	5.036	230.716
Provisions for guarantees to clients	12.301	-	-	12.301
Total	248.054	-	5.037	243.018

Income registered in advance

În LEI	<u>Balance at January 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at September 2019</u>
Income registered in advance	-	-	-	-
Total	-	-	-	-



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

Share of Operation Revenues

Accounting Report at 30.09.2019	Value (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products - domestic market	19.938.827	37,60	42,05
Revenue from the sale of finished products - abroad	27.155.476	51,21	57,27
Revenue from services rendered- Laboratory services	44.345	0,08	0,09
Revenue from services rendered - internal transport	15.078	0,03	0,03
Revenue from services rendered – external transport	154.623	0,29	0,33
Income from sale of goods	31.047	0,06	0,07
Income from different activities - Internal	62.217	0,12	0,13
Income from different activities - Export	17.912	0,03	0,04
Turnover- Total	47.419.525	89,42	100,00

Report on operating segment at 30 September 2019	Value (lei)	Share of total income %
Revenue from the sale of finished products - internal	19.938.827	37,60
Revenue from the sale of finished products - external	27.155.476	51,21
Income related to the cost of finished product stocks and production in progress	4.846.164	9,14
Revenue from services rendered	294.175	0,55
Revenue from sale of goods	31.047	0,06
Total	52.265.689	98,55



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
 Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
 FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Continued Share of Operation Revenues

Accounting Report at 30 September 2018	Value (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products - domestic market	16.225.916	27,84	36,68
Revenue from the sale of finished products - abroad	27.678.398	47,49	62,58
Revenue from services rendered- Laboratory services	46.023	0,08	0,10
Revenue from services rendered - internal transport	51.763	0,09	0,12
Revenue from services rendered - external transport	76.511	0,13	0,17
Income from rental of oilfield equipment	8.711	0,01	0,02
Income from sale of goods	26.396	0,05	0,06
Income from different activities - Internal	116.525	0,20	0,26
Income from different activities - Export	5.451	0,01	0,01
Turnover- Total	44.235.694	75,90	100,00

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



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

OPERATION INCOME	<u>9 months</u> <u>2019</u> <u>lei</u>	<u>9 months</u> <u>2018</u> <u>lei</u>
Total operating income, of which	52.508.912	57.486.211
Turnover	47.419.525	44.235.694
Income related to the cost of finished product stocks and production in progress	4.846.164	13.103.084
Income from the production of intangible and tangible assets	53.279	5.586
Other operating revenues	189.944	141.847
OPERATION EXPENSES	<u>9 months</u> <u>2019</u> <u>lei</u>	<u>9 months</u> <u>2018</u> <u>lei</u>
Total operating expenses, of which:	54.647.688	56.878.583
Raw material and consumables costs	22.555.805	27.477.982
Other material expenses	1.036.118	849.712
Other external expenses	2.696.288	2.328.265
The expenditures on goods	12.116	6.823
Trade discounts received	22.327	-
Expenses with employees	19.562.350	17.399.240
Value adjustments on tangible, intangible assets, real estate investments and biological assets evaluated at cost	2.279.393	2.640.368
Value adjustments on assets	6.532.982	6.178.318
Other operating expenses	(5.036)	(2.125)
FINANCIAL INCOME	<u>9 months</u> <u>2019</u> <u>lei</u>	<u>9 months</u> <u>2018</u> <u>lei</u>
Total financial income, of which	521.508	790.252
Income from exchange rate fluctuations	519.124	786.774
Interest income	2.375	3.353
Other incomes	9	125
FINANCIAL EXPENSES	<u>9 months</u> <u>2019</u> <u>lei</u>	<u>9 months</u> <u>2018</u> <u>lei</u>
Total Financial expenses , of which:	1.137.285	1.048.819
Interest charges	501.684	263.584
Other financial expenses	635.601	785.235



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2019

INCOME TAX

The profit tax for the period 01.01.2019 – 30.09.2019 includes the current tax. Income tax is recognized in the statement of comprehensive income or in other components of comprehensive income, if the tax is attributable to equity.

Current income tax

Current tax is the tax payable on the taxable profit realized for the period 01.01.2019 – 30.09.2020 , determined on the basis of the tax regulations applicable at the reporting date.

The applicable corporate tax rate for the financial period from January 1, 2019 to September 30, 2019 was 16% .

30 September 2019

Expenditure on current income tax

0 lei



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Annex No. 13 of ASF Rule nmb. 5 / 2018
Economic and Financial Indicators
for Accounting Reporting on 30.09.2019

Economic - Financial Indicators	30.09.2019	30.09.2018
Current Liquidity (general) - Current Assets / Current Liabilities	1,77	1,88

The current - general liquidity registered on 30.09.2019 is 1.77 and represents the degree of current debt coverage through the current assets owned by the company.

Indebtedness degree - Borrowed capital / Equity * 100	18,12 %	9,67 %
--	---------	--------

The indebtedness of the company increased to 18.12% and represents the share held by the borrowed capital - in the employed capital (equity).

Duration of receivables recovery - Receivables / Turnover * 270 days	75 days	87 days
Rotation speed of customers - clients liabilities - Average customer balance / Turnover * 270 days	60 days	60 days

It expresses the efficiency of the company in collecting its debts, respectively the number of days until the date on which the debtors pay their debts to the company.

Rotation speed of fixed assets - Turnover / Fixed assets	1,14	1,00
---	------	------

It expresses the efficiency of the management of the fixed assets, by examining the turnover generated by a certain amount of fixed assets

General Director,
Eng. Zidaru Ion

Economic Director,
Ec. Popescu Ileana

Head of Gen. Acct. Dept.
Ec. Duta Heroiu Maria Carmen