



Judicial Administrator's Report On Uztel S.A Company's business in 2015

1. Analysis of the Commercial Company Activity

1.1 a) Description of the Company's business

The company's main business - Manufacture of machinery for mining, quarrying and construction – NACE classified code 2892.

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. QOHSE 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 "QOS" ISO 9001: 2008 and API Spec. Q1 , in accordance with international standards of reference ISO 9001: 2008, 14001, 18001 and API Spec. Q1 integrated with environmental management systems and occupational health and safety certified, certified by DNV-Germanischer Lloyd, to ensure product quality while protecting the environment and creating a safe and healthy working environment at work.

b Specify the date of incorporation of the Company

SC UZTEL S.A. Ploiesti 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. 13a / 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 Court under no J29 / 48/1991 and holds Unique registration number RO 1352846.

In 2004, the company was privatized in PSAL I, by transferring shares held by the Romanian state to private shareholders , by sale of the Authority for State Assets Recovery 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 - USA. As of May 22, 2008 the Company was admitted to trading on BSE category II with UZT symbol. Currently UZT shares are traded.

c) Description of any merger or significant reorganization of the company, its subsidiaries or controlled companies during the financial year

By conclusion pronounced in the meeting of the council chamber of 30.06.2011 - file no. 4732/105/2010 Prahova County Court, bankruptcy judge upheld the consortium INSOL EURO SPRL Bucharest and EUROINSOL CONSULTING SPRL Ploiesti, to manage the insolvency procedure upon SC Uztel SA, taking act of delimitation of powers between the two administrators set forth in the protocol of cooperation signed on 24.06.2011.

The final and irrevocable sentence no. 1282 / 09.10.2012, passed by Dolj County Court, Department II Civil in the file no. 4732/105/2010, decides entry of Uztel S.A. Ploiesti in judicial reorganization procedure by confirming the reorganization plan over a 3-year plan that provides for the payment in full of the claims submitted in the final table.

By Decision no. 1 of 10/10/2013 1 of the Extraordinary General Meeting of Shareholders of Uztel S.A. 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 SC Uztel SA, revoked the mandate of the Special Administrator Dan N. Radulescu PFA and appointment of a new Special Administrator in the person of Mr. Eng. Zidaru Ion - CEO of SC Uztel S.A. Ploiesti.

By the application for registration of mentions no 61793 / 23.10.2013, the Resolution of Extraordinary General Meeting of Shareholders No.1 / 10.10.2013, pursuant to resolution no. 19127 of 10.25.2013 was registered in the Trade Register on 25.10.2013, disposing registration of mentions about authorized persons and publication of the Resolution in the Official Gazette of Romania, Part-IV.

Approval of Reorganization Plan extension and modification of the payment of debts was passed, approved and registered by the Minute no. 38 of 01.16.2014 of the Creditors Meeting. Bankruptcy judge by sentence no. 112 of 28/01/2014 confirms the change and extension of Reorganization Plan of SC Uztel S.A. Ploiesti another

year.

Approval of Reorganization Plan and modification of the payment of debts was passed, approved and registered by the Minute no. 500 of 26.11.2015 of the Creditors Meeting. Bankruptcy judge by sentence no. 1186 of 15.12.2015 confirms the change and extension of Reorganization Plan of SC Uztel S.A. Ploiesti another year.

d) Description of acquisitions and/or sale of asset

In 2015, class "Buildings and constructions" recorded an increase in value of 520.059 lei, representing:

- Commissioning Finished Products Packaging Hall worth 237.518 lei;
- Commissioning railway for booth carriage worth 9.900 lei;
- Commissioning concrete platform with ramp access to packaging hall and sewer drains worth 164.111 lei;
- Modernization outdoor lighting electrical installation worth 108.530 lei.

During 2015 the total amount of the increases recorded in the accounting books for class "Machinery and Equipment" was 4.557.187 lei, representing:

- Turning Center EMSIL ST-70 CX CNC worth 1.105.312 lei;
- Vertical machining center EMSIL VMC 1600 HD CNC worth 719.835 lei;
- Nitriding furnace worth 576.230 lei;
- Noxious exhaust installation TO2 worth 310.720 lei;
- automatic plating welding installation worth 175.713 lei;
- Lighting at Hall M3 and Modeling worth 105.622 lei;
- Server IBM worth 33.837 lei;
- Converters and Network coils worth 29.911 lei;
- Lighting Installation for Packaging Hall and Booths worth 18.525 lei;
- Platin Star system and computer H81 worth 6.936 lei;
- Magnetic lifting device worth 3.052 lei;
- Horizontal machining center type EMSIL BMC 130 CNC (decrease value-machine equipped with table 1800x1600 mm instead of 1800x2000 mm according to final acceptance protocol) amounting to - 44.018 lei.
- Reclassification of fixed assets amounting to 1.515.512 lei representing transfers between subgroup of technological equipments (subgroup 2.1), and industrial measurement and control (subgroup 2.2) and transportation (subgroup 2.3) without influence in their total value.

Outflows recorded in the accounts in 2015 to Class "Land" (decrease in the amount of 534.551 lei) are justified by selling surface of 5.749 square meters. land



under contracts of sale and purchase with authentication no. 409 and 413 / 20.5.2015 to Condrut Aurelia and Elena Paun and concluding contracts of sale purchase with authentication no. 2831, 2832, 2834, 2835 and 2836 / 07.07.2015 by the company Ralu Prod SRL Albesti Paleologu, Boris Bucur, Ionut Marin, Marin Catalin and Gavrilă Cristian.

Outflows recorded in the accounting year 2015 to Class "Machinery and Equipment" totaling 200200224 lei, justified by:

- sales of assets worth 127.500 lei;;
- transfer of assets worth 167.000 lei identified by the inventory committee, recorded in Section tool room of Oil Equipment dept. and in fixed assets records too ;
- rescission fixed class "technological equipment" according to minutes of scrapping no.- 1, 2, 3, 4 / 07.09.2015 amounting to 210.212 lei;
- rescission of fixed asset, class "technological equipment" according to minutes of scrapping no.- 1, 2, 3, 4 / 07.09.2015 amounting to 210.212 lei;
- Classification of fixed assets amounting to 1.515.512 lei representing transfers between subgroup of technological equipments (subgroup 2.1), and industrial measurement and control (subgroup 2.2) and transportation (subgroup 2.3) without influential in their total value).

Outward registered in the accounting books, class 2015 "Other fixed assets - furniture, office equipment" totaling 3.800 lei, according to minute of rescission no. 2 / 05.11.2015.

1.1e) Description of the main results of the evaluation activity of the company. Current assets recorded following developments in the financial year 01.01.2015 – 31.12.2015:

- Value of Intangible assets increased from 52.541 lei at 31.12.2014 to 54.973 lei at 31.12.2015, representing a percent increase of 4,63 %, due to input of intangible assets (development expenses, licenses for integrated program SIVECO Applications and antivirus licenses) during year.
- Value of tangible assets decreased from 64.049.643 lei at 31.12.2014 to 58.309.744 lei at 31.12.2015, i.e. a percentage reduction of 8,96%, due to the accounting recording of depreciation and rescission of fixed assets.

lei

Asset item	31.12.2015	31.12.2014	31.12.2013
------------	------------	------------	------------



Intangible assets	54.973	52.541	101.649
Tangible assets	58.309.744	64.049.643	67.299.416
Total assets	58.364.717	64.102.184	67.401.065

All existing spaces are owned by SC Uztel S.A.

In 2015 SC Uztel S.A saw a downward trend in terms of economic and commercial matters compared to previous year (2014) justified in the context of ” dramatic fall of ”price of oil barrel (reduction in percent of 54.55% on 12 months) and of lower demand for oil equipment and machinery on domestic and international market that determined all oil operating and service companies and all significant drilling operators on domestic and international market freeze investments and postpone all projects of investment in oil equipment and machinery until stabilization of oil price.

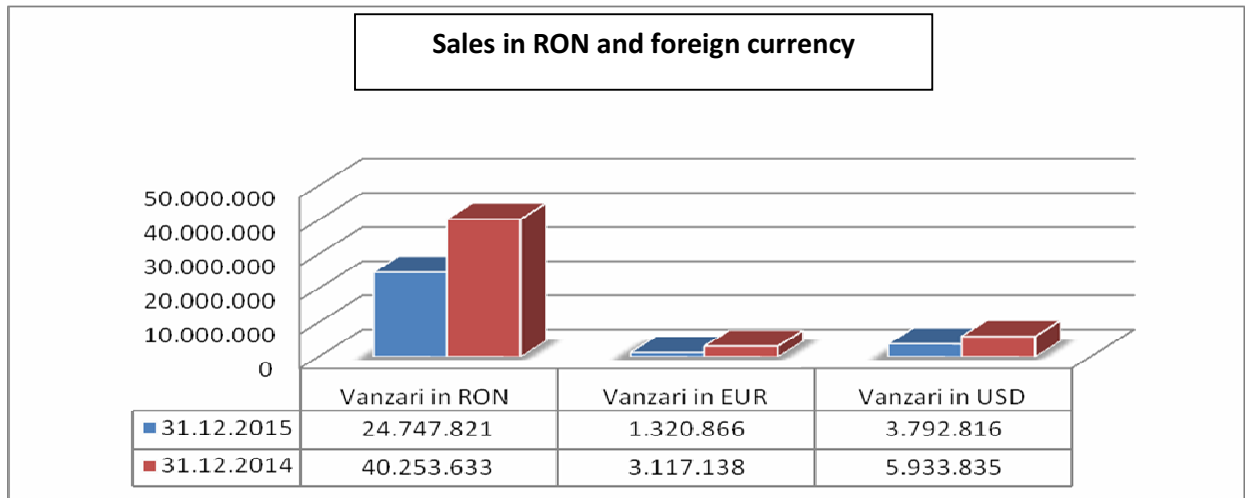
Uztel S.A. knew in 2015 the following trend of sales on domestic and foreign markets.

Sales in RON decreased from 40.253.633 lei at 31.12.2014 up to 24.747.821 lei at 31.12.2015, a percent reduction of 38,52% compared to the same period of 2014;

Sales in EURO decreased from 3.117.138 Euro at 31.12.2014 la 1.320.866 Euro at 31.12.2015, a percent reduction of 57, 63% compared to the same period 2014;

Sales in USD decreased from 5.933.835 USD at 31.12.2014 to 3.792.816 USD at 31.12.2015, a percent reduction of 36,08% compared to the same period 2014.

Explanations	31.12.2015	31.12.2014	31.12.2015/31.12.2014*100
Sales in RON	24.747.821	40.253.633	61,48
Sales in EUR	1.320.866	3.117.138	42,37
Sales in USD	3.792.816	5.933.835	63,92



1.1.1 Elements of general assessment:

- a) Net profit - 2.037.296 lei
- b) Turnover 45.806.332 lei
- c) Total value of sales in foreign currencies for the period January to December 2015 is 21.849.108,38 lei - account turnover (External clients) has correspondence with accounts turnovers finished goods and sales turnover account 708 (other income)
- d). Actual expenditure of 2015 to achieve production manufactured totaling 40.156.208 lei and to achieve production in progress totaling 8.963.618 lei
- e). the market share estimated to be owned by the company:
 - Domestic market 10-15%;
 - International market 1-2%.

In 2015 commercial activity took place in the domestic market, intra-community and foreign markets, as follows:

- **domestic market:** Cameron-Romania SRL Campina; OMV Petrom SA Bucharest; Drilling Equipment SRL Zalau; Multy Products Rom SRL Sighisoara - work site Albesti Prahova; Atlantic Prod Impex SRL Ploiesti; Tehnomet SA Buzau; Automobile Dacia SA Mioveni; Petrofac Solutions & Facilites Support S.R.L. Bucharest; Neptun SA Campina, s.a.



- **intracommunity market:** Robke Erdol Und Erdgastechnk Gmbh Germania; Peseco Limited Aberdeenshire Great Britain; Hartmann Valves & Wellheads Germania ; Grand Import D.O.O. Loznica Serbia ; Deep Drill Equipment Olanda; Nis s.c. Novi Sad Serbia; ZT Valve ou Estonia; Jaddy Carry Doo Belgrad Serbia; Eagle Property Investments LP Scotia; ABB Process Industrie Aix-Les Bains Cedex Franta, s.a.

- **external community:** Omni Valve LLC USA; Ial Engineering Services LTD Trinidad; PT Epsicon Multidaya Utama Indonesia; Array Holdings Inc USA; Ibemo Kazakhstan LTD Kazakhstan; Walveworks USA; PPI Technology Services Middle Least LTD; Romtech LLC Houston USA; Wood Group Amesa S.A. Venezuela; PT Karismakarya Budimandiri Indonesia, etc.

f) on 31.12.2015 the company had liquidities (according to balance sheet) in total amount of 7.359.311,78 lei, namely:

Explanation	lei		
	31-December 2015	31-December 2014	Percent (%)
0	1	2	3 = 1/2*100
bank account 5121 (lei)	1.965.917,69	1.379.209,36	142,54
bank account 5124 (usd)	951.546,92	229.115,15	415,31
bank account 5124 (euro)	550.385,15	149.410,62	368,37
Cash account 531 in lei	11.149,95	16.569,50	67,29
Cash account 531 in foreign	5.925,74	7,62	77.765,62
Account 508 (bank deposit)	3.874.386,33	12.899.401,67	30,04
account 532 (other values- gift voucher)	-	800,00	-
Total cash	7.359.311,78	14.674.513,92	50,15

Cash and cash equivalents recorded in 2015 a reduction from 14.674.513,92 lei at de 31.12.2014 to 7.359.311,78 lei at 31.12.2015, i.e. a percentage reduction of 49,85 %, as result of carrying in full and terms provided quarterly payments for the year 2015 according to the schedule of payment of the debts of Reorganization Plan in the total amount of 8.698.892,75 lei, as follows:

Installment 1st quarter 2015 (09.01.2015) in total amount of 2.345.957,41 lei, of which:

a) Secured claim	1.660.079,00
b) Budgetary Receivables	685.696,41
c) Subordinated debt	182,00



Installment 2nd quarter 2015 (09.04.2015) in total amount of 2.346.330,89 lei, of which:

a) Secured claim	1.660.079,00
b) Budgetary Receivables	685.696,41
c) Subordinated debt	555,48

Installment 3rd quarter 2015 (09.07.2015) in total amount of 2.345.875,37 of which:

a) Secured claim	1.660.078,00
b) Budgetary Receivables	685.706,37
c) Subordinated debt	91,00

Installment 4th quarter 2015 (09.10.2015) in total amount of 1.660.729,08 lei, of which:

a) Secured claim	1.660.078,76
b) Subordinated debt	650,32

The company registered at 31 December 2015 a favorable financial net gain due to currency fluctuations (EUR and USD) for the period January to December:

- Account 665 (expenses from exchange rate differences) = 1.294.763,59 lei
- Account 765 (income from exchange rate differences) = 1.493.583,92 lei

1.1.2 Evaluation of the technical level of the Company

- a) The company has in property, on 31.12.2015 , assets totaling 86.039.177,94 lei:
lei



ASSETS	Balance on 31.12.2015 as of Account balance
Lands	17.312.865,08
Constructions	32.652.252,35
Technological equipment, devices and measurement equipment, vehicles	35.913.429,64
Furniture and office equipment	160.630,87

The production to achieve extraction and construction equipment, industrial valves, spare parts for oil equipment and constructions is carried out in the Oilfield Equipment Department, and casting parts, heat treatments and forging in Section of Hot Sectors.

b) In the period January to December 2015 were recorded following evolutions of the main income of the company compared to total revenues (63.764.551,35 lei) and turnover (45.806.331,72), namely:

Explanations	Value (lei)	Share in Total Income	Share in Turnover %
Revenue from the sale of finished products - domestic	24.285.062,41	38,09	53,02
Revenue from the sale of finished products - External	20.813.166,09	32,64	45,44
Revenue from services rendered – laboratory services	46.794,00	0,07	0,10
Revenue from services rendered – internal transport	3.612,20	0,01	0,01
Revenue from services rendered – external transport	299.929,60	0,47	0,65
Income from royalties, management and rental locations	22.557,48	0,04	0,05
Income from rental of oil equipment and installations	6.675,54	0,01	0,01
Revenue from sale of goods	89.086,53	0,14	0,19
Income from different activities - Domestic	245.732,09	0,39	0,54
Income from different activities – Export	15.945,28	0,03	0,03
Trade discounts - External	22.229,50	0,03	0,05
Turnover - Total	45.806.331,72	71,84	100,00

1.1.3 Evaluation of the technical-material supply (domestic sources and import sources)



The main 10 suppliers of the Company based on purchase volume for the year 2015 are:

Domestic suppliers	Total invoices (lei) Without VAT	Share %
Forja Rotec SRL Buzau	3.623.041,83	14,18
Emsil Techtrans SRL Oradea	1.214.844,35	4,75
Electromagnetica SA Bucuresti	1.200.334,38	4,70
Edenred Romania SRL Bucharest	1.117.549,43	4,37
Hany Industry SRL Ploiesti	1.099.418,76	4,30
GDF Suez Energy Romania SA Bucharest	826.218,72	3,23
Forja Neptun SRL Baicoi	711.120,91	2,78
MSD COM SRL Buzau	641.593,88	2,51
Huttenes Albertus Romania SRL Bucharest	588.346,70	2,30
Electrica Furnizare SA Bucharest	560.050,81	2,19
TOTAL	11.582.519,77	45,31

External Suppliers	Total invoices (euro)	Share %
GPS Oil Tools Oilfield Equipment & Services	68.274,77	37,38
GMBH Vechta Germania		
Jaddy Carry Doo Belgrad Serbia	25.409,00	13,91
CF Service SRL Italia	23.061,63	12,63
Passion SRL Ploiesti	15.435,00	8,45
Continental Logistics SRL Otopeni	14.824,81	8,12
Whitford LTD Anglia	8.123,26	4,45
Quality Bearings Online LTD Great Britain	7.116,00	3,90
Keramtech s.r.o. Czech	5.630,40	3,08
Bocchi SRL Italia	5.077,60	2,78
Hunting Energy Service B.V. Holland	3.238,00	1,77
TOTAL	176.190,47	96,47

External Suppliers	Total invoices (USD)	share %
Parker Hannifin Corporation PGI USA	71.265,00	26,85
Continental Logistics SRL Otopeni	58.420,24	22,01
Trelleborg Sealing Solutions Sofia Bulgaria	34.758,40	13,10



Romtech LLC Houston USA	34.706,75	13,08
Shabum International LTD Tel Aviv Israel	25.805,89	9,72
Omni Valve LLC USA	17.354,00	6,54
Westcoast B.O.P. Products INC USA	14.150,00	5,33
Freudenberg Oil & Gas LLC Houston USA	4.700,00	1,77
American Petroleum Institute Washington USA	2.570,74	0,97
Thomson Ruters (Scientific) LLC New York	1.499,00	0,56
TOTAL	265.230,02	99,93

1.1.4 Evaluation of sales

The main 10 clients per sales volume for the year 2015 are:

Domestic Clients	Total invoices (lei) Without VAT	Weight %
Cameron-Romania SRL Campina	4.810.819,93	19,35
OMV Petrom SA , E&P Division, Bucharest	4.125.416,38	16,59
Drilling Equipment SRL Zalau	3.156.818,59	12,70
Multy Products Rom SRL Sighisoara work site Albesti Prahova	1.579.103,78	6,35
Atlantic Prod Impex SRL Ploiesti	1.568.508,00	6,31
Tehnomet SA Buzau	961.866,60	3,87
Automobile Dacia SA Mioveni	677.368,75	2,73
Petrofac Solutions & Facilites Support S.R.L.	526.025,98	2,12
Neptun SA Campina	493.920,39	1,99
TOTAL	17.899.848,40	72,01

External Clients	Total Invoices (Euro)	Weight %
Robke Erdol Und Erdgastechnk Gmbh	271.250,12	20,65
Peseco Limited Aberdeenshire Great Britain	135.721,00	10,33
Hartmann Valves & Wellheads Germania	125.607,25	9,56
Grand Import D.O.O. Loznica Serbia	118.082,00	8,99
Deep Drill Equipment Holland	89.280,00	6,80
Nis s.c. Novi Sad Serbia	88.164,75	6,71
ZT Valve ou Estonia	87.306,00	6,65
Jaddy Carry Doo Belgrad Serbia	77.241,00	5,88



Eagle Property Investments LP Scotia	54.780,00	4,17
ABB Process Industrie Aix-Les Bains Cedex	40.949,00	3,12
TOTAL	1.088.381,12	82,86

External Clients	Total Invoices (usd)	Weight %
Omni Valve LLC USA	1.419.682,00	40,70
Ial Engineering Services LTD Trinidad	537.344,00	15,41
PT Epsicon Multidaya Utama Indonesia	502.480,00	14,41
Array Holdings Inc USA	259.530,85	7,44
Ibemo Kazakhstan LTD Kazakhstan	170.728,50	4,90
Walveworks USA	167.600,00	4,81
PPI Technology Services Middle Least LTD	164.413,00	4,71
Romtech LLC Houston USA	156.340,00	4,48
Wood Group Amesa S.A. Venezuela	44.725,00	1,28
PT Karismakarya Budimandiri Indonesia	29.340,00	0,84
TOTAL	3.452.183,35	98,98

The effects of manufacturing activity, transactions and events conducted during 2015 in a company differ in stability, risk and predictability, and presentation elements economic - financial helps in understanding the performance achieved and in assessing future results.

Accounting achievements of 2015 show that SC UZTEL S.A. Ploiesti is a viable society with economic and commercial development potential and its reintegration into the economic and trade circuit can be achieved through economic and legal reorganization by compliance with the principles of management performance and efficient administration.

SC UZTEL S.A. have ongoing on 31.12.2015 orders / contracts with internal and external trading partners in the total amount of 9.649.782 lei, din care:

Internal Market - RON	1.301.820
External market - EURO	402.283
External market - USD	1.573.844

These orders / contracts are already underway in manufacturing and are in various stages of technological path and are intended for fabrication and delivery of the company's main products such as: industrial valves, systems and installation and equipment for oil wells blow-out prevention, oilfield equipment repair and manufacturing , services and spare parts, nitriding, packaging, etc.



Concerning the contracts / purchase orders at end-2015, the company is carrying out a series of commercial steps and auctions on domestic and international market that will create the conditions to provide the necessary contracts and orders expected by Income and Expenditure Balance and Cash flows related to 2016, as follows:

Offer's Recipient	Offer's subject	Value EURO	Value USD	Value RON
IAL Engineering Serv. LTD Trinidad	valves 2 9/16-3M, 2 1/16x3M	-	285.040	-
Satco Energy Kuwait	Preventers pumping rods 3 1/8"x3M	-	6.400.000	-
Petrofac Solutions & Facilities Romania	Repair mechanical preventer type B2 7 1/16-3M	-	-	21.512
PT Wijaya Bangun Rigutama Indonesia	Manifold nozzles 2 1/16"x10M	-	87.000	-
BVT Russia	Casing head	346.227	-	-
ABB Process Industrie Aix-Les Bains Cedex	Distribution valves 2", 3", 4" and 6"	-	249.060	-
Fenton Holding Worldwide Singapore	Horizontal preventer assembly 11"x5M+Manifold nozzles Assembly CH6U-3M	-	332.141	-
Liberty Drilling Equipment B.V. Holland	Valves, Flanges, Bonnet CE	31.412	-	-

Offer's Recipient	Offer's subject	Value EURO	Value USD	Value RON
Petrom-OMV Romania	Repair mechanical preventer type tip B2 7 1/16-3M, tip SE 7 1/16-2M, double horizontal preventer hydraulically operated, double blowout preventer for workover , hydraulically operated, control station desk CH4U-	-	-	501.708



	3000 MDW04, hydraulic control +container CH2U-3000, eruption manifold 3 1/16-10M, control station CH4U-3000 + control desk, vertical preventer hydraulically operated 7 1/16-10M, blowout preventer mono block 7 1/16-5M			
Nocsis Ltd. Azerbaijan	Preventer inquiry	-	145.220	-
Peseco LTD Scotland	Casing head	449.162	-	-
Cameron Romania	Pumping head; Tubing head with dual hanging for tubing; Pumping head 11"	80.888	-	-
PT Mandiri Multi Ajijaya Indonesia	Casing head ; swivel flow head	-	491.498	-
Array SUA	RSL 5 1/8x10M , 2 9/16x3/5M	-	33.870	-
Enserv Euroquip Germany	Casing head	19.606	-	-
Drilling Equipment SRL Zalau	Casing head ; swivel flow head	179.480	-	-
Robke Erdol & Erdgastechnik Germany	Casing head, valves 4 1/16-5M , 2 1/16-5M	111.459	-	-
Ibemo Kazakhstan	Casing head ; swivel flow head; TH 11"x10M	-	2.151.681	-
Develtor Romania	Casing head ; swivel flow head	56.772	-	-
Gasoil Service Romania	Casing head ; swivel flow head	56.772	-	-
Foraj Sonde Craiova	Casing head ; swivel flow head	44.000	-	-
Dynamic Drilling Services	Casing head , geothermal	345.368	-	-
Crosco LTD. Croatia	Auction double preventer +manifold nozzle	163.180	-	-
Dafora Romania	Assembly casing head	14.032	-	-

Offer's Recipient	Offer's subject	Value EURO	Value USD	Value RON
Nis Novi Sad Serbia	Auction preventers	585.600	-	-



Manefols Komerz LLP. Azerbaijan	Casing head + swivel flow head + control desk	-	549.740	-
Irem SPA Siracusa Romania	Crankshaft for pump 2PN160	-	-	17.565
Optimum Ltd.Oman	Casing head::; swivel flow head	-	5.050.000	-
TOTAL		2.483.958	15.775.250	540.785

1.1.5 Evaluation of aspects on Company's employees / staff

a) The company recorded at 31.12.2015 a total of 525 employees of which:

People

Engineers	Sub-engineers	economists	Other people with academic education
58	5	12	6

The factory staff is represented as follows:

People

Oilfield equipment Dept.	Hot sectors Depart.	Other activities	Total Techn- Ec. Adm staff
234	132	62	97

b) The relationship between management and employees in 2015 were held in good conditions, labor conflicts are not registered and no otherwise.

1.1.6 Evaluation of aspects of the issuer's main activity impact on the environment

Company runs its business based on the following regulatory acts :

- Environmental authorization no. PH-619 from 21.12.2009 to 21.12.2019 valid until (it renews ten years) for the activity of production assemblies, parts and oilfield equipment and industrial service, recovery of solid recyclable waste, collection, purification and distribution of water, painting workshop.
- Authorization for water management no. 105 dated 22.06.2015 (is renewed every two years) valid until the date of 15.06.2017;
- Certificate of registration in the register of authorized economic operator performing waste recovery operations no. 0325 issued by the Ministry of

Economy - Department of Industrial Policy (renews annually) valid until 31.03.2016.

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). Comply frequency imposed by environmental permit and no exceeding to maximum limits imposed were found.

Environmental management program conducted in 2015 was achieved to 95%. Proposed actions aimed at waste management, emission and immission, drinking water and waste water.

Two important investments for environment protection were completed:

- mounting booths installation Blowtherm with stop paint filters and ceiling filters in the new hall,–
- mounting two filtration units AC 403 Vanterm for retaining– pollutants from the two electric arc furnaces in Workshop Foundry TO2.

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

1.1.7 Evaluation of Research and Development

a) The main objectives in the design and assimilation of new products in 2015:

#	PRODUCT DESCRIPTION
1	Stripping preventer
2	Safety valve spool blade hydraulically operated 3 1/8"-3M
3	Riser 7 1/16"-11"x350bar
4	Riser 11"-13 5/8"x350bar
5	Stripping preventer hydraulically operated
6	Valve , hydraulically operated 3 1/16"-10M
7	Adjustable nozzle 5 1/8"-5M
8	Vertical slip blow-out preventer (tip GK), PVF 7 1/16"-5000psi
9	RSL 3 1/8"-3M



10	Hydraulically operated slide gate valve 3 1/8"-15M
11	Ball valve PN10bar - CFR
12	Ball valve DN100, PN40
13	Riser 7 1/16"-7 1/16"- 10M
14	Double preventer pumping rods 3 1/8" x 3000psi
15	Ball valves DN100, PN10 with locking mechanism
16	Cutting dies for preventer 13 5/8"
17	Safety valve blade gate hydraulically operated 2 1/16"-10M
18	Nozzle 2 1/16" – 3/5M
19	RSL SSV hydraulically operated 3 1/8" - 5M
	RSL SSV hydraulically operated 3 1/8" - 3M
	RSL SSV hydraulically operated 3 1/8" - 2M
20	Band preventer
21	Preventer for pumping rods 3 1/8"-2M with threaded connections TBG 3 1/2" EUE
22	Ball preventer UZSf 7 1/16"-5M
23	Rotary preventer 7 1/16"-3M active type
24	Lower safety valve NC50 (4 1/2" IF)xNC31 (2 7/8" IF)-5M
25	Lower safety valve NC38 (3 1/2" IF)xNC31 (2 7/8" IF)-5M
26	Swivel casing CH 80 UZT
27	Swivel casing CH 25 UZT
28	Winch Drilling Control desk fitted with UPETROM, equipment, for marine conditions.
29	Winch Drilling Control desk fitted with PARKER, for marine conditions

b) In order to ensure conditions of penetration of Uztel products on foreign markets, technical departments obtained in 2015 certifications for licenses as follows:

1. Auditing integrated quality (HSEQ) conducted by DNV-GL-Business Assurance in 11-13.05.2015, included :

- audit for recertification of quality management system according to ISO 9001: 2008 ;



- audit of surveillance of environment management system under ISO 14001 : 2009 ;
 - audit of surveillance of occupational health and safety system under OHSAS 18001 : 2007 ;
2. Audit for recertification conducted by EUROCERT, during 22-23.07.2015, for :
 - using CE marking for products manufactured in accordance with European Directive PED 97/23 / EC;
 - compliance of castings according to European Directive PED 97/23 / EC;
 - Welding certification authorization under the European Directive PED
 - Quality Management System certification according to ISO 9001-2008
 3. Recertification Audit for product licenses API 6A;6D;10D;16A;16D;16C and new licenses API 7-1 ; and API 7K and audit under APIQ1-Ed.9 quality standard requirements conducted by API – American Petroleum Institute in a 20-22.04.2015
 4. Maintaining GOST certification for GOST licenses equivalent to API 6A;6D;10D ;16A;16C and 16D and Recertification ROSTEHNAZOR according to new specification TR CU 10/2011-Russia
 5. Audit by second part - audit at supplier conducted as follows 20-21.05.2015 by OMV Petrom – Bucharest concerning assessment of quality management system under ISO 9001-2008 and assessment of NDT Inspection for equipment according to API 6A and other equipment (Mast, Elevators, Hydraulic swivel casings etc.).
 6. Audit by second part - audit at supplier conducted during 14-17.09.2015 by BVT- concerning assessment of quality management system under ISO 9001-2008 ; ISO 14001-2004; OHSAS -18001 for inclusion in the list of accepted suppliers.
 7. Audit by second part - audit at supplier conducted during 16-17.12.2015 by FMC- Technologies –USA - Assessment of quality management system under ISO 9001-2008 and Product Specification API -6A for valves ; It were audited the forging and heat treatment processes.
- c) Technological work aimed enlargement of processing technologies on CNC machine tools, diverse methods of corrosion protection and production launch within SIVECO Applications Integrated Program as follows:
1. Introduction and launch in SIVECO of a larger number of production



- orders, especially those with a high degree of repeatability;
2. The use of high productivity technologies and modern cutting tools with direct impact on the technical rules of time and thus the cost price of the product;
 3. The design of such devices and controllers that increases the accuracy of product execution and at the same time significantly reduces the percentage of scrap or rework parts;
 4. Permanent technical assistance in the manufacturing process to early detect of technological issues and promptly removing them;
 5. Preparing trained staff for CNC machine tools in order to replace staff who ceased employment with the company;
 6. Design of special tools that allow for the possibility of increasing the mechanical processing enabling assimilation of new products of high complexity required on foreign markets;
 7. Increasing the number of modern CNC machines for increasing labor productivity and quality of mechanical processing;
 8. Drawing with Energy, Investment Maintenance Service of programs to modernize the basic equipment, allowing increased machining capabilities of the company.

1.1.8 Evaluation of the Company's activity for risk management

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.

	Accounting year Ended <u>31 December 2015</u> (lei)	Accounting year ended <u>31 December 2014</u> (lei)
Interest paid	176.486	361.280



Liquidity risk

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

	Accounting year Ended <u>31 December 2015</u> (lei)	Accounting year ended <u>31 December 2014</u> (lei)
Cash and availability on demand	3.484.925	1.775.112
Financial investments TS	3.874.386	12.899.402
Total Cash and cash equivalents	7.359.311	14.674.514

Currency risk

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

	Accounting year Ended <u>31 December 2015</u> (lei)	Accounting year ended <u>31 December 2014</u> (lei)
Result of foreign currency exchange differences	198.820	276.423

Market risk

Company - customer relationship runs based on contracts or orders. In order to reduce price risk, these contracts contain clauses relating to submission of performance guarantees, terms of price indexation or periodic renegotiation of it, the late pay fees and damages for breach of contractual conditions.

Regarding the risk of the company's cash flow can mention the following threats:

- production and repair oil equipment can be affected by the oil sector financing, closely dependent on the micro and macroeconomic policies;
- production activity restriction activity is at risk of decrease of activity of internal and external customers;
- The business of renting oilfield equipment is affected by delays or rescheduling of debts, which may lead to a deterioration in the financial position by slowing the recovery of debts.

Given the above were implemented the following measures:

- a) selecting potential clients by checking their creditworthiness;
- b) negotiate shorter payment terms;
- c) for uncertain - bad payers customers continue legal proceedings of recovery of outstanding debt and enforcement of the assets owned by them;
- d) for internal and external customers is monitored with priority recovery of amounts outstanding older than 30 days from the contractual payment terms

1.1.9 Elements of perspective on the company's activity

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

The uncertainties in the international financial markets have led to significant influence and 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 difficult to anticipate or completely guard against.

Management is unable to reliably estimate the effects on the Company's financial position, liquidity continued to decline in financial markets and increased volatility in the exchange rate of the national currency and indices markets.

Economic, commercial and financial effects of "oil price crisis" in 2015 were felt in the company's business by lowering production (low demand), lower revenues, increased stocks of finished products (available to customers for renting) and not least, reduce employment costs in percentage of about 16% over the previous year (2014). Most oil companies and drilling operators in domestic and international market have shifted the investment policy (acquisition of equipment and oil) by dividing it due to financial and economic reasons into two components:

- acquisition of new oil equipment and machinery with reduced investment budgets;–
- oil equipment and machinery rental with larger investments budgets

The Company does not hold units in other entities

1.19 Elements of perspective on Company's activity

- a) Influence of financial blockage on company's cash is mitigated by reducing the volume of doubtful clients. General liquidity and quick liquidity indicators had the following comparative developments:

Economic -financial indicators	31.12.2015	31.12.2014	31.12.2013
Cash ratio = Current assets/Current Liabilities	2,92	4,75	4,00
Quick ratio = Current assets - Inventories / Current Liabilities	1,09	2,41	2,05

a) According to the note of presentation and justification of the Investment Program for 2016, note prepared by Energy Investment Maintenance Department and approved by the company's executive and administrative management is expected an allocation of approximately 3.560.000 lei for the rehabilitation and modernization of existing assets and acquisition of new equipment, CNC machines tools and equipment necessary for the manufacturing process.

2.Tangible Assets of the Company

2.1 Specifying the location and characteristics of the main production facilities owned by the Company

The company owns a land area of 193.174,35 sqm of which:

- 113.709,32 mp – buildings;
- 32.206,68 mp – free area;
- 43.729,35 mp – factory roads;
- 3.529,00 mp – networks occupied area.

The main activity takes place in the industrial zone on an area of 166.893,00 sqm.

2.2 Description and analysis of the company's properties wear

Company assets are mostly formed and acquired before 1989, which put a high rate of wear and tear.

Some assets have been repaired or upgraded.

The situation of buildings is precarious, we consider an average of 65% wear and if there are no repaired, upgraded rhythmically, the wear will increase rapidly. First of all must be restored the roofs to stop water infiltration, which are the most dangerous.



In 2015 were completed repairs to roofs of NITRIDING workshop. These repair must continue for the rest of buildings property of UZTEL.

Most of the equipment and machine tools are not in the best technical and technological condition. We appreciate that they already have a 55-60% average wear, most requiring repairs.

Overhead traveling cranes and hoist, which mostly had expired lifespan were expertise and recertified by ISCIR. In 2014 was extended lifespan 12 air buffer tanks and 1 Ammonia buffer tank.

Machine tools encounter wear of the slides, gearbox, and main axes so that maintenance becomes increasingly difficult to optimum. Also it should be noted that in 2015 was put in operation a Machining Center CNC type BMC-130 , a vertical machining center VMC 1600HD-CNC and a lathe type ST 70CX-CN. It was replaced the old lighting system (exterior and industrial in the production halls) with LED lighting to save power and provide a better and ergonomic lighting in : Packaging Hall, Modeling, Assembly 3, Processing 3, RM Workshop, Electric Workshop, Compressors Sector, Welding workshop, Assembly 1, Heat plant , and will be continued in 2016 for the remaining facilities.

2.3. Specify potential ownership problems upon the tangible assets of the Company.

The company has title to the land under certificate series MO3 number 3371 / 01.05.1996 and not in ownership disputes.

3. Market Securities Issued by the Company

3.1 Shares issued by Uztel Standard category are listed on the Bucharest Stock Exchange.

3.2 On 31.12.2015 the company has issued a total of 5.365.459 shares under the Consolidated Synthetic Structure of Holders of Financial Instruments issued by the Central Depository under no nr. 7100 of 03.03.2016, as follows:

Shareholder	Nmb. of shares held	Share in capital, %
UZTEL Association	4.498.300	83,8381
Legal persons	536.401	9,9973
Natural persons	330.758	6,1646
TOTAL	5.365.459	100,0000

In 2015 the Company made quarterly payments amounting 1.478,80 lei, representing net dividends due to shareholders for the years 2003, 2005 and 2006, as follows:



	lei
a) Payments 1 st quarter – 3rd year reorganization	182,00
b) Payments 2nd quarter – 3rd year reorganization	555,48
c) Payments 3rd quarter – 3rd year reorganization	91,00
d) Payments 4th quarter – 3rd year reorganization	650,32

The amount of 1.662.927,16 lei represents net dividends registered on 31.12.2015 and due to shareholders for the years 2003, 2005, 2006, 2007 and 2008 are entered in the final table of receivables and will be paid in installments according to the schedule of payments for the Reorganization Plan confirmed by bankruptcy judge by the decision in 1186 of 12/15/2015.

The company has not established and not paid dividends for the years 2011, 2012, 2013, 2014 and 2015

3.3 Description of any activities of the Company to purchase its own shares:

- Company did not bought its own shares in 2015.

3.4 If the company has subsidiaries, specifying the number and nominal value of the shares issued by the parent company owned subsidiaries:

- The Company has no subsidiaries.

3.5 If the company has issued bonds and / or other debt securities, presentation of way in which the company pays its obligations to the holders of such securities:

-In 2015 the company has not issued bonds or other debt securities.

4.Management of Commercial Company

4.1 List of the Company's administrators and the following information for each administrator.

a) In 2015 the company was managed as follows:

- By conclusion pronounced in session in private on 30.06.2011 - file no.

4732/105/2010 Prahova Court, the bankruptcy judge acknowledged the consortium consisting of INSOL EURO SPRL Bucharest and EUROINSOL CONSULTING SPRL Ploiesti, to manage the Uztel SA company's insolvency procedure, taking act , for this purpose, of delimitation of powers between the two administrators set forth in the cooperation protocol concluded on 24.06.2011.

- The Decision no. 10/10/2013 1 of the Extraordinary General Meeting of Shareholders of Uztel S.A. with the quorum and majority required, under the



provisions of art. 115 of Law no. 31/1990 R and the provisions of chapter. IV, art. 11 of the Constitutive Act of SC Uztel SA, revoked the mandate of the Special Administrator Dan N. Radulescu PFA and voted appointment of a new Special Administrator in the person of Mr. Eng. Zidaru Ion - CEO of SC Uztel S.A.

- Approval of Reorganization Plan extension and modification of the debts payment schedule was passed, approved and registered by the Minute no. 38 of 01.16.2014 of the Creditor' Meeting. Bankruptcy Judge by sentence no. 112 of 28/01/2014 confirmed the change and extension of Reorganization Plan of SC Uztel S.A. Ploiesti another year.

-Approval of Reorganization Plan and modification of the debts payment schedule was passed, approved and registered by the Minute no. 500 of 26.11.2015 of the Creditor' Meeting. Bankruptcy Judge by sentence no. 1186 of 15.12.2015 confirmed the change of Reorganization Plan of SC Uztel S.A. Ploiesti.

b) Any agreement, understanding or family connection between that administrator and another person who caused that person be appointed administrator:

- Not applicable.

c) Contribution of the Company manager to capital : - Not applicable

4.2 Presentation of the senior executives of the Company

a) The list of senior executives appointed by the Judicial Administrator for 2014 had the following composition:

PERIOD 01.01.2015 - 31.12.2015			
SURNAME, GIVEN NAME	POSITION	PERIOD	DECISION / DATE OF ISSUE
Zidaru Ion	General Director	01.01.2015-31.12.2015	Decision 44 / 23.04.2013
Gruescu Serban Gheorghe	Technical Director	01.01.2015-31.12.2015	Decision 194/ 28.11.2012
Gheorghiu Mihail Gabriel	Commercial Director	01.01.2015-31.12.2015	CIM 238 / 31.01.2013
Popescu Ileana	Economic Director	01.01.2015-31.12.2015	Decision592 / 30.11.2010

For the period 01.01.2015 - 31.12.2015 total remuneration of the executive management of the Company accounted for a share of 4,61 % of wages fund.

b) Any agreement, understanding or family connection between the person and another and another person who caused that person be appointed member of the executive management:

- Not applicable.

c) Participation of executives in company's share capital is as follows:

SURNAME, GIVEN NAME-POSITION	Number of shares owned
Zidaru Ion	0
Gruescu Serban Gheorghe	0
Gheorghiu Mihail Gabriel	0
Popescu Ileana	122

4.3 The administrative and executive management of the company was not involved in the last five years in litigation activity performed.

5. Finance-Accounting Statement

a) Elements of Financial Statement

a.1. The situation of assets items in 2015 compared to the years 2014 and 2013 is as follows:

lei

Assets	31.12.2015	31.12.2014	31.12.2013
Intangible assets	54.973	52.541	101.649
Tangible assets of which :	58.309.744	64.049.643	67.299.416
Land and buildings	42.563.845	46.582.141	49.319.551
Plant and machinery	12.930.406	13.019.747	12.570.489
Other installations and furniture	90.678	103.622	33.864
Tangible assets in progress	2.601.695	3.639.460	5.375.512
Advance for acquisition of intangible assets	123.120	704.673	0
Total assets	58.364.717	64.102.184	67.401.065
Current assets of which:	67.274.973	75.291.503	83.197.552
Stocks	42.145.939	37.981.286	40.410.024
Receivables	17.766.065	22.632.387	25.041.747
Cash	7.359.311	14.674.514	17.137.959
Prepayments	3.658	3.316	607.822
Total assets	125.639.690	139.393.687	150.598.617

Compared to 2014 it was a decrease of 9,87 % of total assets held by the company, and compared to 2013 a decrease amounted 16,57% .

In nominal values, total assets decreased in 2015 compared to 2014 from 139.393.687 lei at 31.12.2014 to 125.639.690 lei at 31.12.2015, due to:



- assets decrease by 8,95%, and nominal values from 64.102.184 lei at 31.12.2014 to 58.364.717 lei at 31.12.2015;
- decrease in current assets of 10,65%, and nominal values from 75.291.503 lei at 31.12.2014 to 67.274.973 lei at 31.12.2015.

In nominal values, total assets decreased in 2015 compared to 2013 from 150.598.617 lei at 31.12.2013 to 125.639.690 lei at 31.12.2015, on behalf of:

- assets decrease by 13,41 %, and nominal values from 67.401.065 lei at 31.12.2013 to 58.364.717 lei at 31.12.2015;
- decrease in current assets 19,14 %, and nominal values from 83.197.552 lei at 31.12.2013 to 67.274.973 lei at 31.12.2015.

In 2015 value adjustments were recorded as follows:

Clients

On 31 December 2015 subject to management approval analyzing all documents proving doubtful situation and by the substantiation note no. 440 of 08/02/2016 was recorded the partial cancelation of provisions made for doubtful debts and moving to income, as follows:

lei

Company	Date of provision account 491	Amount of provision canceled
Foraj Sonde Ploiesti	2013	38.305,71
Geda Prodexim SRL Bucharest	2014	3.565,23
SAS International PV&AD SRL Negresti Oas	2011	3.361,34
Total Provisions canceled/moved to income at 31.12.2015		45.232,28

Following the Report no. 664/24.02.2016 was approved the transfer of receivables from account 4111.1.01 (Clients) in account 4118.1.02 (Customer disputes) as at risk of not cashing, as follows:

- Oprisan Milu balance at 31.12.2015 totaling 1.035,75 lei ;

For this client no adjustment was sequenced as it is estimated receipts in installments in 2016.

Inventories of raw materials, semi-finished and finished products

By the substantiation note no. 4323 of 23.12.2015 management of company approved moving a part of adjustments for depreciation of inventory into income in account 7814, because in 2015 they were used in manufacturing process (internal consumption) or scrapped from stacked or slow movement raw materials, semi-finished and finished products as follows:

lei

391	=	7814	9.523,20	Adjustment for depreciation of raw material
3921	=	7814	372.365,70	Adjustment for depreciation of consumables
3922	=	7814	11.963,11	Adjustment for depreciation of object of inventory
3941	=	7814	3.391,74	Adjustment for depreciation of semi-finished
3945	=	7814	1.969,10	Adjustment for depreciation of finished products
			399.212,85	total

Analysis, prescription of claims and adjustment provisions is regularly performed during the fiscal year to keep a true picture regarding the amount of the company's current and future claims.

a.2 Liabilities situation in 2015 compared to the years 2014 and 2013 is as follows:

lei

Liabilities	31.12.2015	31.12.2014	31.12.2013
Share capital	13.413.648	13.413.648	13.413.648
Adjustments of share capital	3.453.860	3.453.860	3.453.860
Reserves	69.335.973	71.913.463	71.711.127
Retained earnings	7.952.819	7.694.744	5.528.591
Debt over a year	8.212.877	26.675.376	34.794.415
Deferred incomes	-	-	618.987
Provisions	250.638	253.538	255.858
Debts under one year	23.019.874	15.989.058	20.822.131
Total Liabilities	125.639.689	139.393.687	150.598.617

Compared to 2014, it was a decrease of 9,87% of total liabilities held by the company, in nominal value from 139.393.687 lei at 31.12.2014 to 125.639.689 lei at 31.12.2015;

Compared to 2013, it was a decrease by 16,57% of total liabilities of the company, in nominal value from 150.598.617 lei at 31.12.2013 to 125.639.689 lei at 31.12.2015.

The reduction as percentage and value of total liabilities held by the company is caused by redistribution of total debt of the company (with payment terms of one year and over one year) under Reorganization Plan approved by Sentence no. 1186 din 15.12.2015, which confirm the modification of Reorganization Plan of SC Uztel S.A. Ploiesti.

b) Statement of global income

Structure of overall income in 2015 compared to the years 2014 and 2013 is as follows:

	lei		
Indicators	31.12.2015	31.12.2014	31.12.2013
Net turnover	45.806.332	73.512.397	63.504.266
Operational income	62.009.982	84.444.015	91.707.753
Operational expense	64.018.331	81.605.372	88.901.092
Operating Activities Result	(2.008.349)	2.838.643	2.806.661
Financial income	1.754.570	2.225.844	2.207.349
Financial expenses	1.471.340	1.541.945	2.152.455
Net Financial Result	283.230	683.899	54.894
Total income	63.764.552	86.669.859	93.915.102
Total expenses	65.489.671	83.147.317	91.053.547
Result before tax	(1.725.119)	3.522.542	2.861.555
Income tax	312.177	1.119.193	1.157.198
Income from deferred income tax	-	-	7.557
Overall income for the period	(2.037.296)	2.403.349	1.711.914

Turnover recorded at 31.12.2015 compared to 31.12.2014 a decrease of 37,69%, in nominal value from 73.512.397 lei at 31.12.2014 to 45.806.332 lei at 31.12.2015, and compared to 31.12.2013 recorded a decrease by 27,87%, in nominal value from 63.504.266 lei at 31.12.2013 to 45.806.332 lei at 31.12.2015.

Turnover expresses the income obtained by the company based on commercial operations conducted in the reference year 2015. Turnover totals: sales of products manufactured, works and services, rents and other income.



Operating income showed a decrease of 26,57 % in 2015 compared to 2014, i.e. in nominal values from 84.444.015 lei at 31.12.2014 to 62.009.982 lei at 31.12.2015, on account of:

- products stocks costs related income growth from 10.194.844 lei at 31.12.2014 to 15.164.297 lei at 31.12.2015, a percentage increase of 48,74 %;

- Other operating income increased from 423.774 lei at 31.12.2014 to 760.488 lei at 31.12.2015, a percentage increase of 79,46 %.

- a percentage increase of 73.521.203 lei at 31.12.2014 to 45.739.475 lei at 31.12.2015, a percentage decrease of 37,79%;

Compared to 31.12.2013, operating income showed a decrease of 32,38 %, i.e. in nominal values from 91.707.753 lei at 31.12.2013 to 62.009.982 lei at 31.12.2015, on account of:

- diminishing stocks of products costs related incomes from 27.061.019 lei at 31.12.2013 to 15.164.297 lei at 31.12.2015, a percentage decrease of 43,96 %;

- Sold production decrease from 63.427.607 lei at 31.12.2013 to 45.739.475 lei at 31.12.2015, a percentage decrease of 27,89%;

- Decrease in other operating income from 1.130.082 lei at 31.12.2013 to 760.488 lei at 31.12.2015, a percentage decrease of 32,71 %.

Operating expenses - recorded a decrease of 21,55 % la 31.12.2015 compared to 31.12.2014, in nominal values from 81.605.372 lei at 31.12.2014 to 64.018.331 lei at 31.12.2015, on account of:

- Decreasing costs of raw materials, consumables, goods and utilities from 42.905.897 lei at 31.12.2014 to 30.430.434 lei at 31.12.2015, a percentage decrease of 29,08 %;

- Decrease other external services expenses, taxes from 8.027.156 lei at 31.12.2014 to 6.404.463 lei at 31.12.2015, a percentage decrease of 20,21%;

- Decrease in personnel expenses from 23.135.979 lei at 31.12.2014 to 19.738.549 lei at 31.12.2015, a percentage decrease of 14,68 %.

Compared to 31.12.2013, operating expenses decreased by 27,99 %, in nominal values from 88.901.092 lei at 31.12.2013 to 64.018.331 lei at 31.12.2015, on account of:

- Decreasing costs of raw materials, consumables, goods and utilities from 54.209.604 lei at 31.12.2013 to 30.430.434 lei at 31.12.2015, a percentage decrease of 43,86 %;

- Decrease other external services expenses, taxes from 6.792.617 at 31.12.2013 to 6.404.463 lei at 31.12.2015, a percentage decrease of 5,71 %;

- Decrease in personnel expenses from 20.809.398 lei at 31.12.2013 to 19.738.549 lei at 31.12.2015, a percentage decrease of 5,15 %.

Decrease in operating expenses was mainly influenced by lower volume of purchases of raw materials and utilities necessary to achieve contracted production..

The **result of operational activities** , at 31.12.2013 recorded a gross profit of + 2.806.661 lei, 31.12.2014 when the company recorded a gross profit of + 2,838,643 lei and at 31.12.2015 the company recorded a gross loss of - 2.008. 349 lei.

Financial income recorded a decrease of 21, 17 % la 31.12.2015 compared to 31.12.2014, i.e. in nominal values from 2.225.844 lei at 31.12.2014 to 1.754.570 lei at 31.12.2015. Compared to 31.12.2013, financial income showed a decrease of 20, 51%, i.e. in nominal values from 2.207.349 lei at 31.12.2013 to 1.754.570 lei at 31.12.2015. **Financial expenditure** recorded a decrease of 4, 58 % at 31.12.2015 compared to 31.12.2014, in nominal values from 1.541.945 lei at 31.12.2014 to 1.471.340 lei at 31.12.2015. Compared to 31.12.2013, financial expenditure recorded a decrease of 31,64 %, in nominal values from 2.152.455 lei at 31.12.2013 to 1.471.340 lei at 31.12.2015. The decrease financial expenses was achieved on account of exchange rate differences, appreciation / depreciation of national currency against the euro and dollar currency contract and the volume of credit in foreign currency invoiced and collected.

The net financial result recorded a decrease of 58,58% at 31.12.2015 compared to 31.12.2014,i.e. in nominal values from 683.899 lei at 31.12.2014 to 283.230 lei at 31.12.2015. Compared to 31.12.2013, the net financial result recorded an increase of 415,95 %, i.e. in nominal values from 54.894 lei at 31.12.2013 to 283.230 lei at 31.12.2015.

Total revenue registered a decrease of 26,43% at 31.12.2015 compared to 31.12.2014, i.e. in nominal values from 86.669.859 lei la 31.12.2014 la 63.764.552 lei la 31.12.2015. Compared to 31.12.2013, total revenue decreased by 32,10%, in nominal values from 93.915.102 lei at 31.12.2013 to 63.764.552 lei at 31.12.2015.

Total expenditure recorded a decrease of 21,24 % at 31.12.2015 compared to 31.12.2014, i.e. in nominal values from 83.147.317 lei la 31.12.2014 to 65.489.671 lei at 31.12.2015. Compared to 31.12.2013, total expenditure decreased by 28,08%, i.e. in nominal values from 91.053.547 lei at 31.12.2013 to 65.489.671 lei at 31.12.2015. Total expenditures were harmonized with the rhythm of decrease in total revenues due



to applying a consistent policy of cost reduction and reorganization on the principles of profitability and efficiency.

The overall result before tax global registered at 31.12.2013 a gross profit of +2.861.555, at 31.12.2014 recorded a gross profit of + 3.522.542 lei and at 31.12.2015 the company recorded a gross loss of – 1.725.119 lei.

The overall result for the period recorded at 31.12.2014 a gross profit of de + 2.403.349 lei, compared to 31.12.2015 when the company recorded a gross loss of – 2.037.296 lei, at 31.12.2013 was recorded a gross profit of +1.711.914, compared to 31.12.2015 when the company recorded a gross loss of – 2.037.296 lei.

Economic - financial indicators	31.12.2015	31.12.2014	31.12.2013
Current liquidity – Current Assets / Current Liabilities	2,92	4,75	4,00
Indebtness – Borrowed capital / Equity * 100	5,06%	7,80%	11,89%
Rotation speed debts – clients – Receivables / Turnover * 365 days	141 days	118 days	144 days
Rotation speed of fixed assets – Turnover / Fixed Assets	0,78	1,16	0,94

Current liquidity - provide the guarantee to cover current liabilities from current assets, accepted value is about 2.

Indebtedness - Expresses credit risk management effectiveness. The lower the value resulting from the calculation of indebtedness ratio, the smaller risk associated and less sensitive with changing interest rates. Value obtained of 5,06% indicates that the company does not face potential funding problems.

Rotation speed debts – clients - Express effectiveness of the company in collecting its receivables, namely the number of days until the debtors pay their debt to society. The average number of days in which the company claims back in 2015 was 141days.

Rotation speed of fixed assets - Express effectiveness of business assets by examining the turnover generated by a certain amount of assets. The value obtained was 0,78 and expresses assets management effectiveness by achieving a turnover of 45.806.332 lei generated by an amount of fixed assets amounting to 58.364.717 lei.



a) Cash-flow :

Cash-flow situation on 31 December 2015 compared to 31 December 2014 and 31 December 2013 is as follows:

	<u>31-December</u> <u>2015</u> lei	<u>31-December</u> <u>2014</u> lei	<u>31-December</u> <u>2013</u> lei
Net profit for the year	(2.037.296)	2.403.349	1.711.914
Income tax expenses	312.177	1.119.193	1.157.198
Long term asset depreciation /impairment	7.043.308	7.513.542	10.433.155
	-	-	-
Gain / loss on sale of fixed assets			
Expenses / income provisions for customers	(4.124.629)	(4.169.862)	(1.055.263)
Losses on receivables and sundry	-	-	-
Provisions for stocks	(2.669.738)	(3.068.951)	(3.195.167)
Interest expense	(176.486)	(361.280)	(827.379)
Interest income	258.873	688.688	1.109.318
Dividend income	-	-	-
Gain / loss exchange rate differences	198.820	276.423	(197.200)
Movements in working capital	842.324	1.997.754	7.424.662
Increase / (decrease) in trade receivables	4.868.566	(1.234.716)	(3.441.724)
Increase /(decrease) in other current assets	(342)	(604.506)	(155.718)
Increase / (decrease) in inventories	4.164.653	(2.891.152)	(43.106)
Increase / (decrease) in trade payables	858.206	(6.078.814)	1.575.021
Increase / (decrease) in deferred revenue	0	794.900	174.708
	(10.576.377)	12.050.431	(8.101.356)
Increase / (decrease) in other liabilities			
	(687.538)	2.036.143	(9.992.175)
Cash used in operating activities			
Income tax paid	(194.348)	(576.375)	(1.757.321)
Interest paid	(176.486)	(361.280)	(1.078.457)
Cash generated from operating activities	(2.253.343)	5.499.591	(3.691.377)
	(2.304.511)	(4.269.428)	(699.895)
Net cash from investing activities			
Cash payment for acquisition of land and assets	(2.304.511)	(4.269.428)	(699.895)
Net cash from financing activities	(2.757.350)	(3.693.608)	(3.267.796)



Cash repayments of borrowings	(2.755.871)	(3.658.177)	(3.182.551)
Dividends paid	(1.479)	(35.431)	(85.245)
Increase / decrease in net cash and cash equivalents	(7.315.203)	(2.463.445)	(7.659.068)
Cash and cash equivalents at beginning of period	14.674.514	17.137.959	24.797.027
cash and cash equivalents at the end of period	7.359.311	14.674.514	17.137.959
Net increase / decrease in cash and cash equivalents	(7.315.203)	(2.463.445)	(7.659.068)

In cash and cash equivalents decreased compared to 2014 with 7.315.203, 00 lei due to:

- decrease of cash generated from operating activities with 7.752.934 lei, from 5.499.591 lei at 31.12.2014 to -2.253.343 lei at 31.12.2015;
- Increase of net cash generated from investment activity with 1.964.917 lei, from -4.269.428 lei at 31.12.2014 to -2.304.511 lei at 31.12.2015;
- Increase of net cash generated from financing activity with 936.258 lei, from -3.693.608 lei at 31.12.2014 to -2.757.350 lei at 31.12.2015.

Compared to 2013, cash and cash equivalents decreased in 2015 by 9.778.648 lei, because of:

- Increase of net cash generated from operating activities with 1.438.034 lei, from -3.691.377 lei at 31.12.2013 to -2.253.343 lei at 31.12.2015;
- Increase of net cash generated from financing activity with 510.446 lei, from -3.267.796 lei at 31.12.2013 to -2.757.350 lei at 31.12.2015;
- Decrease of cash generated from investment activity with 1.604.616 lei, from -699.895 lei at 31.12.2013 to -2.304.511 lei at 31.12.2015.



Euro INSOL SPRL and Euroinsol Consulting SPRL
By Coordinator Practitioner 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 66/15.03.2016 , kept in the archives of the undersigned.

SWORN NTERPRETER AND TRANSLATOR

