SEMESTER REPORT AT 30.06.2018

Half-yearly report according to the financial statement as at 30.06.2018
Date of report: 14.08.2018
Name of the company: UZTEL S.A.
Headquarters: Mihai Bravu Str., 243, Ploiesti, code 100410, Prahova County
Phone: 040/0244/541399 or 0372441111 -call center
Fax: 040/0244/521181
E-mail: office@uztel.ro
Unique Registration Code at the Trade Registry Office: RO1352846
Order number in the Trade Register: J29 / 48/1991
Subscribed and paid-up share capital: 13.413.647,50 lei
The regulated market on which the issued securities are traded:
Bucharest Stock Exchange - Symbol UZT

The Interim Report of the Board of Directors of Uztel SA Ploiesti for the first semester of 2018 shows the events and transactions significant for understanding the changes in the company's position and performance that took place between January 1 and June 30, 2018 drafted according to the provisions of the ASF Regulation no. 5/2018 on Issuers of Financial Instruments and Market Operations (Annex 14).

1. Economic and financial situation

1.1. Presentation of an analysis of the current economic and financial situation compared to the same period last year, referring at least to:

a) Elements of financial position

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Indicators	30.06.2018	31.12.2017	30.06.2017
TOTAL ASSETS, of which:	**98.189.065**	**96.363.498**	**104.365.918**
· Fixed assets	45.341.866	47.069.235	49.498.705
· Current assets	52.842.905	49.290.308	54.862.873
· Other assets	4.294	3.955	4.340

Total Assets - recorded 1,89 % percent increase at 30.06.2018 compared to 31.12.2017 and 5,92 % decrease compared to 30.06.2017 , due to the following developments :

Fixed assets recorded a percentage decrease of 3,67 % on 30.06.2018 compared to 31.12.2017 and a 8,40 % decrease compared to 30.06.2017 ;

Current assets recorded a 7,21 % increase on 30.06.2018 compared to 31.12.2017 and a 3,68 % decrease compared to 30.06.2017 ;

Other asset items (prepaid expenses) recorded a 8,57 % increase at 30.06.2018 compared to 31.12.2017 and a 1,06 % decrease compared to 30.06.2017 .

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Indicators	30.06.2018	31.12.2017	30.06.2017
TOTAL LIABILITIES, of which:	**98.189.065**	**96.363.498**	**104.365.918**
• Current liabilities	28.328.172	27.862.649	25.277.429
• Long-term debt	7.364.273	6.913.206	8.795.713
• Equity	62.245.332	61.334.230	70.048.689
• Other liabilities	251.288	253.413	244.087

Total Liabilities - registered a 1,89% increase at 30.06.2018 compared to 31.12.2017 and 5,92 % decrease compared to 30.06.2017 , due to the following developments :

Current payables (amounts payable over a period of up to one year) recorded a 1,67 % increase at 30.06.2018 compared to 31.12.2017 and 12,07 % increase compared to 30.06.2017 , due to :

- contracting in 4th term -2016 a bank loan in the amount of 7.492.504,37 lei, to repay 1.873.126,08 lei in a period of up to one year (3rd and 4th trimestry 2018 + trim I and the third year of 2019);

- the contracting of a financing facility by factoring the internal and external commercial receivables of the company;–

– the impossibility to pay the commercial debts of the company on the terms negotiated with the suppliers of raw materials, materials and services due to the non-payment in due time of the commercial contracts in lei and foreign currency and the low yields on the turnover.

Long-term payables (amounts payable over a period of one year) increased by 6,52 % at 30.06.2018 compared to 31.12.2017 and a decrease of 16,27 % compared to 30.06.2017 , due to :

– contracting in– 4th-2016 a bank loan in the amount of 7.492.504,37 lei over a period of 4 years, net amount to repay 3.277.970,64 lei over a period of more than one year (third quarter and fourth indent of 2019, 2020 and the first half of 2021);

– the conclusion of the rescheduling agreements for chirographic receivables and subordinated debts in the period 2017-2020.

Shareholders' equity recorded 1,49 % increase at 30.06.2018 compared to 31.12.2017 and a decrease by 11,14 % compared to 30.06.2017 ;

Other liabilities (provisions for litigation and warrantees to clients) recorded a percentage decrease of 0,84 % at 30.06.2018 compared to 31.12.2017 and increased by 2,95 % compared to 30.06.2017 .

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b) Items of global result

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Explanations	01January- 30 June 2018	01 January - 30 June 2017
TOTAL REVENUE, of which:	**38.737.414**	**24.914.630**
· Operational revenues (operation)	38.143.565	24.614.978
· Financial income	593.849	299.652
TOTAL EXPENDITURE of which :	**38.445.929**	**29.370.900**
· Operational expenses (operation)	37.864.509	28.926.648
· Financial expenses	581.420	444.252
Result of operational activity (operation)	**279.056**	**(4.311.670)**
Financial result	**12.429**	**(144.600)**
GROSS RESULT	**291.485**	**(4.456.270)**
NET RESULT	**291.485**	**(4.456.270)**

The total revenues - registered a percentage increase of 55,48 % at 30.06.2018 compared to 30.06.2017 , ie in nominal values from 24.914.630 lei at 30.06.2017 to 38.737.414 lei at 30.06.2018 .

Total expenditures - registered a percentage increase of 30,90 % at 30.06.2018 compared to 30.06.2017 , i.e. in nominal values from 29.370.900 lei at 30.06.2017 to 38.445.929 lei at 30.06.2018.

The operating result (operation) recorded at 30.06.2018 an increase compared to 30.06.2017 , i.e. in nominal values from – 4.311.670 lei at 30.06.2017 to + 279.056 lei at 30.06.2018 .

The financial result recorded an increase on 30.06.2018 as compared to 30.06.2017 , i.e. in nominal values from –144.600 lei at 30.06.2017 to + 12.429 lei at 30.06.2018.

The gross result of the period recorded an increase at 30.06.2018 compared to 30.06.2017 , ie in nominal values from – 4.456.270 lei at 30.06.2017 to + 291.485 lei at 30.06.2018.

The net result of the period a recorded an increase at 30.06.2018 compared to 30.06.2017 , ie in nominal values from – 4.456.270 lei at 30.06.2017 to + 291.485 lei at 30.06.2018.

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c) Cash-flow elements

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Explanations	**01January-30 June 2018**	**01 January -30 June 2017**
A. Net cash from operating activities	4.332.926	2.930.167
B. Net cash derived from investment business	(140.179)	(301.330)
C. Net cash from financing	(5.709.903)	(3.047.470)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(1.517.156)	(418.633)
Cash and cash equivalents at the beginning of the period	**1.771.478**	**1.245.085**
Cash and cash equivalents at the end of the period	**254.322**	**826.452**

The process of commercial, economic and financial profitability of Uztel SA is continued through:

- Maintaining an optimal level of sales on the domestic and international market;
- Optimization of stock levels of raw materials, finished materials and products;
- A more "aggressive" policy of conquering new sales markets;
- Medium and long-term development of external joint ventures;
- More accelerated dynamics in recovering company's outstanding commercial receivables;
- Making investments to improve technological performance and ensure health and safety conditions of work;
- Achieving a balance between revenue and expenditure to maintain the profitability threshold by reducing the direct and indirect costs of the company according to the sales volume .

UZTEL SA aims to respect the income and expenditure budget assumed in 2018 and to carry out its activity in accordance with the provisions of OMFP 2844/2016 on accounting regulations in line with International Financial Reporting Standards.

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2. Analysis of the activity of Company

2.1. Compared to the same period last year (semester I 2017), during the first semester of 2018 the following are retained:

- Respecting the principle of continuity of activity by providing financial resources necessary for the commercial development of the company;
- increase of interest expenses on 30.06.2018 by 31.91% compared to u 30.06.2017 , i.e. in nominal values from 113.453 lei at 30.06.2017 to 149.659 lei at 30.06.2018 due to finance sources found ; the interest rates mentioned are paid for contracted and consumed bank credits;
- A percentage increase by 9,18 % of expenses for staff at 30.06.2018 compared to 30.06.2017, in nominal values from 10.295.169 lei at 30.06.2017 to 11.240.576 lei at 30.06.2018.

Due to the nature of its activities, the Company is exposed to various risks, including: interest rate risk, liquidity risk, currency risk, market risk. Management aims to reduce the potential adverse effects associated with these risk factors to the financial performance of the company by maintaining an adequate level of capital and results.

Interest rate risk

The Company's cash flows are affected by interest rate fluctuations. The Company does not use financial instruments to protect against interest rate fluctuations (ROBOR).

	Accounting reporting at June 30 , 2018 (lei)	**Accounting reporting at June 30, 2017** (lei)
Interest paid	149.659	113.453

Liquidity risk

The prudent management of liquidity risk involves maintaining sufficient cash in current bank accounts in RON and foreign currency.

	Accounting reporting June 30 , 2018 (lei)	**Accounting reporting at June 30, 2017** (lei)
Cash and availability at sight	254.322	826.452

Currency risk

The company is subject to fluctuation in exchange rates due to transactions in foreign currency.

	Accounting reporting June 30 , 2018 (lei)	Accounting reporting June 30, 2017 (lei)
Net result of exchange rate	159.931	(34.478)

Market risk

Any market study that would be conducted by the company at this time, it cannot provide accurate information about the stock sale of manufactured products. The demand for products made by UZTEL SA Ploiesti is currently more elastic than stable, as consumer preferences and orientations (internal and external customers),raise of the oil price and investment budgets of the big oil companies and the size of the competitors' offers are unpredictable. As a result, the company is currently facing an instability in the demand for oil equipment, sales and oil barrel prices, which generated changes in sales on domestic market reduction in turnover and, implicitly, of the volume of sales on the domestic and international market and therefore a decrease of the cash flows generated by the operating activity.

2.2. Compared to the same period last year, in the first half of 2018 Uztel SA Ploiesti sustained the expenditures from its own sources and sources attracted by internal and external factoring.

- Fixed assets decreased in the first half of 2018 compared to the first semester 2017 by 8.40%, from 49.498.705 lei at 30.06.2017 to 45.341.866 lei on 30.06.2018 as a result of the decrease of the net value of tangible assets by 8,40%, from 49.393.633 lei at 30.06.2017 to 45.244.918 lei on 30.06.2018 by calculating and recording the amortization, as well as the decrease of the net value of the intangible assets by 7.73%, from 105.072 lei to 30.06.2017 to 96.948 lei at 30.06.2018.
- Current assets decreased in the first half of 2018 compared to the first semester 2017 by 3.69% from 54.867.213 lei at 30.06.2017 to 52.842.905 lei at 30.06.2018.

2.3. The volume of sales of the company in the first half of 2018 was 29.781.663 lei, representing a percentage increase of 61,66 % compared to the same period of the previous year, ie in nominal values from 18.422.908 lei at 30.06.2017 to 29.781.663 lei at 30.06.2018 .

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- Income from the core business of the company

Turnover for the period 01.01.2018 – 30.06.2018 is as follows:

Accounting reporting at 30.06.2018	Value (lei)	Share in Total revenue %	Share in Turnover %
Income from the sale of finished products - domestic	10.341.049	26,70	34,72
Revenues from the sale of finished products - external	19.219.430	49,61	64,53
Revenue from services rendered - Laboratory benefits	36.718	0,09	0,12
Revenue from rendered services - internal transport	46.245	0,12	0,16
Revenue from rendered services – external transport	60.171	0,16	0,20
Income from rental of oil equipment and equipment	8.711	0,02	0,03
Income from sale of goods	10.649	0,03	0,04
Income from various activities -	53.240	0,14	0,18
Income from various activities - export	5.451	0,01	0,02
Total turnover	**29.781.663**	**76,88**	**100,00**

The turnover for the period 01.01.2018 - 30.06.2018 per business segments is as follows:

Reporting on operational segments at June 30, 2018	Value (lei)	Share in Total revenues %
Income from the sale of finished products - domestic	10.341.049	26,70
Revenues from the sale of finished products - external	19.219.430	49,61

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Income related to the cost of finished product stocks and production in progress	7.892.423	20,37
Revenue from services rendered	201.824	0,52
Income from royalties, management locations and rents	8.711	0,02
Income from sale of goods	10.649	0,03
Total	**37.674.086**	**97,26**

lei

For the trade segment the turnover is in the sum of:	10.649
For the service segment the turnover is in the sum of:	210.536
For the production segment the turnover is in the amount of:	29.560.478

The turnover for the period 01.01.2017 – 30.06.2017 is as follows:

Accounting reporting at 30.06.2017	**Value (lei)**	**Share in Total revenues %**	**Share in turnover %**
Income from the sale of finished products - domestic	9.395.782	37,71	51,00
Revenues from the sale of finished products - external	8.628.704	34,63	46,84
Revenue from services rendered - Laboratory benefits	14.269	0,06	0,08
Revenue from rendered services - internal transport	3.538	0,01	0,02
Income from rental of oil equipment and equipment	142.627	0,57	0,77
Income from sale of goods	172.667	0,69	0,94
Income from various activities -	29.912	0,12	0,16
Income from various activities -export	35.409	0,14	0,19
Total turnover	**18.422.908**	**73,94**	**100,00**

The turnover for the period 01.01.2017 - 30.06.2017 per business segments is as follows:

Reporting on operational segments at June 30, 2017	Value (lei)	Share in Total income %
Income from the sale of finished products -	9.395.782	37,71
Revenues from the sale of finished products -	8.628.704	34,63
Income related to the cost of finished product stocks and production in progress	3.610.521	14,49
Revenue from services rendered	83.128	0,33
Income from royalties, management locations and rents	142.627	0,57
Income from sale of goods	172.667	0,69
Total	**22.033.429**	**88,44**

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For the trade segment the turnover is in the sum of:	172.667
For the service segment the turnover is in the sum of:	225.755
For the production segment the turnover is in the amount of:	18.024.486

OPERATION INCOME	**6 months 2018 lei**	**6 months 2017 lei**
Total operation income of which:	**38.143.565**	**24.614.978**
Turnover	29.781.663	18.422.908
Income related to the cost of finished product stocks and production in progress	7.892.423	3.610.521
Income from the production of intangible and tangible assets	5.586	39.023
Other operation revenues	463.893	2.542.526

- **The top of sales on the main internal and external clients** of the company and their weight in total turnover on the domestic / foreign market in the first semester of 2018 is as follows:

Domestic clients	Total invoices (lei) VAT excluded	Share %
Cameron-Romania SRL Campina	4.135.165,79	39,28
Automobile Dacia SA Mioveni	726.974,09	6,91
Tehnomet SA Buzau	720.798,14	6,85
GSP Offshore SRL Constanta	690.742,04	6,56
Multy Products Rom SRL Sighisoara Punct de Lucru Albesti Prahova	490.204,80	4,66
Neptun SA Campina	434.813,80	4,13
Drilling Equipment SRL Zalau	370.794,94	3,52
Vulcan SA Bucuresti	297.768,75	2,83
Upetrom 1 MAI SA Ploiesti	221.981,64	2,11
Expert Petroleum Solutions SRL Bucuresti	208.472,66	1,98
TOTAL	**8.297.716,65**	**78,83**

External Clients	Total invoices (Eur)	Share %
Robke Erdol Und Erdgastechnk Gmbh Germania	640.518,00	46,5
TDE Field Services Zrt Ungaria	377.797,20	27,43
ABB Process Industrie Aix-Les Bains Cedex Franta	153.476,19	11,14
Green Control SRL Italia	60.407,00	4,39
Liberty Drilling Equipment B.V. Olanda	37.670,00	2,74
Elematic OY AB Toijala Finlanda	29.440,75	2,14
Independent Oil Tools Iraq	28.125,00	2,04
VT Veres KFT Kecskemet Ungaria	15.031,40	1,09
Geolog International BV Olanda	13.950,00	1,01
Poltava Petroleum Company	9.432,00	0,69
TOTAL	**1.365.847,54**	**99,17**

External Clients	Total invoices (USD)	Share %
FMC Technologies Canada	1.541.678,00	50,27
Desert Sand Oil & Gas LLC Muscat Oman	993.375,40	32,39
Omni Valve LLC USA	443.450,00	14,46
Ibemo Industrie Service Germania	32.941,28	1,07
Independent Oil Tools IRAQ	25.414,00	0,83
Tartan Valve Repair LTD Canada	23.644,00	0,76
PT Bangun Mitra Sinergi Jakarta Indonezia	6.235,00	0,22
TOTAL	**3.066.737,68**	**100**

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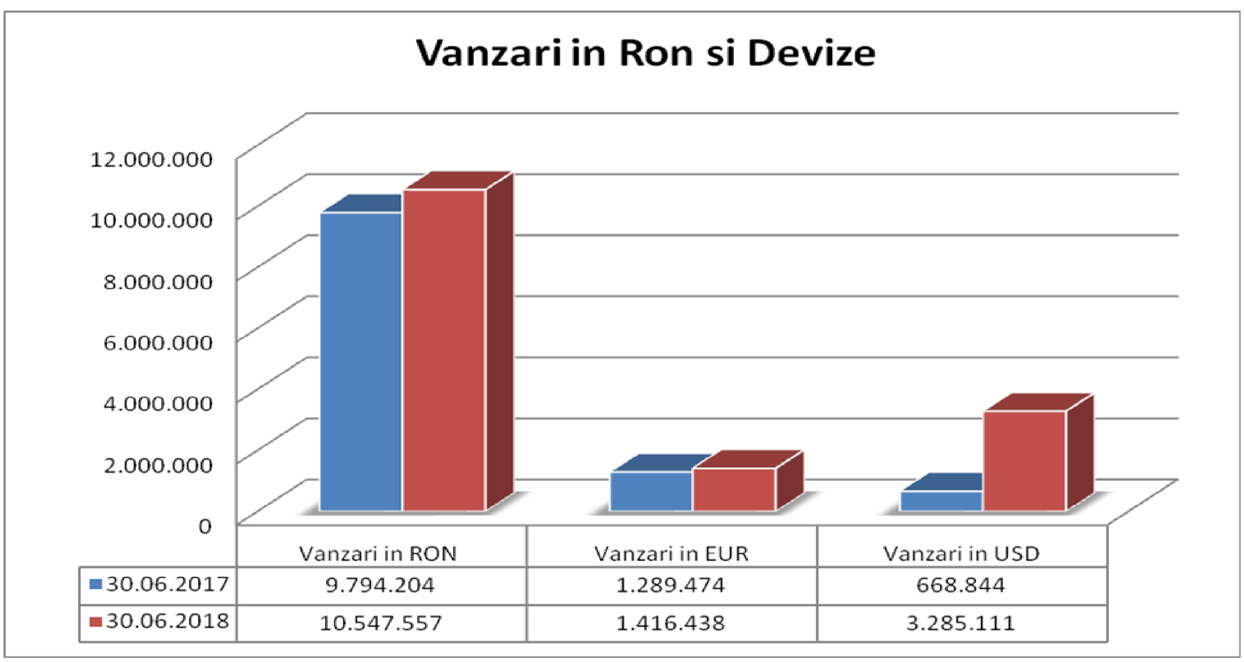
- **Evolution of sales on domestic and foreign market:**

  - **Sales in RON** increased from RON 9.794.204 lei at 30.06.2017 to 10.547.557 lei at 30.06.2018, i.e. an increase by 7,69% over the same period of 2017;
  - **Sales in EUR** increased from 1.289.474 eur at 30.06.2017 to 1.416.438 eur at 30.06.2018, i.e. an increase by 9,85% over the same period of 2017;
  - **Sales in USD** increased from a 668.844 usd at 30.06.2017 to 3.285.111 usd at 30.06.2018, that means a significant increase over the same period of 2017.

Explanations	30.06.2017	30.06.2018	30.06.2018/30.06.2017*100
Sales in RON	9.794.204	10.547.557	107,69
Sales in EUR	1.289.474	1.416.438	109,85
Sales in USD	668.844	3.285.111	491,16



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3. Changes affecting the equity and management of the company

3.1 From January 1st to June 30th, 2018, the company fully paid all statutory payables and salaries and tries to maintain an acceptable volume of trade debts compared to the volume of sales achieved and the estimated one to be achieved.

3.2. The Company recorded changes regarding the rights of the holders of securities issued by the company as follows:

- According to the existing records at the Central Depository S.A. , the situation of the owners of shares on 30.06.2018 is the following::

Shareholder	Nmb.of shares	Percent (%)
UZTEL Association	4.498.300	83,8381
Natural persons	452.526	8,4341
Legal entities	414.633	7,7278
TOTAL	**5.365.459**	**100**

- According to records of Depozitarul Central S.A. , the situation of shareholders at 30.06.2017 was as bellow:

Shareholder	Nmb.of shares	Percent (%)
UZTEL Association	4.498.300	83,8381
Natural persons	361.175	6,7315
Legal entities	505.984	9,4304
TOTAL	**5.365.459**	**100**

By sentence no.129 dated 03.03.2017 pronounced in File no. 4732/105/2010 by Dolj Court; Department of -II- of Civil, was ordered closure of the Uztel SA company's reorganization procedures, following the fulfilment of payment obligations assumed in the plan confirmed by sentence no. 1282 /9 October 2012 and the Uztel SA Company's reintegration into the economic environment with continued activity.

In accordance with the legal provisions in force, namely Law 31/1990 as amended and updated, UZTEL SA proceeded to the election of a Board of Directors with a four-year term of office, consisting of five members with full powers:

PERIOD 01.01.2018 - 30.06.2018		
Surname and Given Name	**Position**	**Duration of function**
Popescu Ileana	CEO	01.01.2018-30.06.2018
Maer Alina Mariana	Membber of Board of Directors	01.01.2018-30.06.2018
Hagiu Neculai	Membber of Board of Directors	01.01.2018-30.06.2018
Legal entity COMIS SRL conventional representative Badea Florian	Membber of Board of Directors	01.01.2018-30.06.2018
Gheorghiu Mihail Gabriel	Membber of Board of Directors	01.01.2018-30.06.2018

From 01.01.2018 , by Decision of Board of Directors of Uztel SA , Mr Eng. Zidaru Io, the legal representative of the company. was appointed as General Manager of the company

4. Significant transactions

IAS 24 "Affiliated Party Operations" regulates business operations with entities that have cash holdings as associate members of the Uztel Ploiesti Association (the majority shareholder of UZTEL SA - Ploiesti with a total of 4.498.300 shares, representing 83,84 % of the share capital of the company).

The following transactions have been made with affiliated parties:

A) Sales of products and services

Description of entity	**6 months 2018 lei**	**6 months 2017 lei**
Axon SRL Ploiesti	773,50	1.677,90

B) Purchase of goods and services

Description of entity	**6 months 2018 lei**	**6 months 2017 lei**
Aprodem SA Ploiesti	51.861,51	-
Axon SRL Ploiesti	128.469,26	348.018,83
Comis SRL Valeni de Munte	7.972,01	63.025,97
Electro Service Onel & CO SRL Ploiesti	-	30.048,69
Passion SRL Ploiesti	273	244
Platus Com SRL Campina	133.802,97	40.009,05
Romconvert SA Ploiesti	-	34.724,20
Titancore SRL Ploiesti	201.126,20	135.110,68
Rikora FLM SRL (Vaspet SRL Focsani)	73.674,11	33.423,25

Description of entity	**6 months 2018 usd**	**6 months 2017 usd**
Shabum International LTD Tel Aviv	22.798,32	3.455,66

Description of entity	**6 months 2018 eur**	**6 months 2017 eur**
Passion SRL Ploiesti	5.301,00	7.335,00

Board of Directors by,
CEO
Hagiu Nicolae

General Director
Ing. Zidaru Ion

Economic Director ,
Ec. Popescu Ileana

Head of gen. Acct. Dept
Ec. Ilie Marian

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INTERIM FINANCIAL STATEMENTS AT THE DATE OF AND FOR 6 MONTH PERIOD ENDED AT JUNE 30, 2018

Prepared in accordance with International Financial Reporting Standards adopted by the European Union

The interim financial statement were not subject to audit

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Interim statement of the individual financial position
For Accounting Reporting on 30.06.2018

În LEI	Nota	30-June 2018	31-December 2017
Long-term Assets			
Tangible assets	9	45.244.918	46.995.454
Intangible assets	9	96.948	73.781
Total long-term assets		**45.341.866**	**47.069.235**
Current assets			
Stocks	10	33.914.259	33.811.683
Trade receivables and other receivables	4	18.678.618	13.711.102
Cash and cash equivalents	4	254.322	1.771.478
Total current assets		**52.847.199**	**49.294.263**
Total Assets		**98.189.065**	**96.363.498**
EQUITY AND LIABILITIES			
Capital and reserves			
Equity	5	13.413.648	13.413.648
Adjustments of equity	5	3.453.860	3.453.860
Reserves	5	39.577.640	40.780.480
Result for the year		291.485	(13.170.728)
Result reported		5.820.184	3.686.242
Total Capital		**62.245.332**	**61.334.230**
Long term loans			
Loans	4	3.746.252	4.214.534
Trade debts and other debts	4	3.618.021	2.698.672
Provisions for disputes	8	251.288	253.413
Total long term liabilities	4	**7.615.561**	**7.166.619**
Current liabilities			
Trade payables	4	17.054.754	17.819.320
Loans	4	5.141.606	3.284.264
Income in advance	4	1.589.529	2.749.697
Other liabilities	4	4.542.283	4.009.368
Total current liabilities		**28.328.172**	**27.862.649**
Total liabilities		**35.943.733**	**35.029.268**
Total equity and liabilities		**98.189.065**	**96.363.498**

These interim statements were approved by on 09.08.2018.

General Director	Economic Director	Head of Gen. Acct. Dept.
Ing. Zidaru Ion	Ec. Popescu Ileana	Ec. Ilie Marian

UZTEL S.A.
OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS
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FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Interim statement of comprehensive income
For Accounting Reporting on 30.06.2018

În LEI	**Nota**	**30-June 2018**	**30-June 2017**
Income	11	29.781.663	18.422.908
Other income	11	469.479	2.581.549
Other gains / (losses) -net	11	2.125	1.797
Income cost of inventories of finished goods and production in progress	11	7.892.423	3.610.521
Expenses with raw materials and consumables	11	(20.702.330)	(12.316.241)
Asset depreciation and amortization expense	11	(1.789.265)	(2.514.899)
Employee benefits expense	11	(10.909.632)	(8.392.425)
Expenditure on insurance contributions and social security	11	(330.944)	(1.902.744)
Expenses with external supply	11	(3.483.399)	(3.235.853)
Other expenses	11	(651.064)	(566.283)
Operation profit	11	**279.056**	**(4.311.670)**
Financial income	11	593.849	299.652
Financial expenses	11	581.420	444.252
Other financial gains / (losses) -net		**12.429**	**(144.600)**
Profit / (loss) before tax		**291.485**	**(4.456.270)**
Profit / (loss) of period- net	6	**291.485**	**(4.456.270)**
Total consolidated income for the year		**291.485**	**(4.456.270)**
Earnings per Share	6	**0,05**	**(0,83)**
Number of shares	6	**5.365.459**	**5.365.459**

These interim statements were approved on 09.08.2018.

General Director	Economic Director	Head of Gen. Acct. Dept.
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Interim Statement of Changes in Equity
For Accounting Reporting at 30.06.2018

În LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance on 01 January 2018		**13.413.648**	**3.453.860**	**1.916.641**	**38.232.706**	**631.133**	**3.686.242**	**61.334.230**
Reserve Reclassification From Revaluation At reported Result	**8**	**-**	**-**	**-**	**(1.222.840)**	**-**	**-**	**(1.222.840)**
Net Profit of period	**6**	**-**	**-**	**-**	**-**	**-**	**291.485**	**291.485**
Transfer between Equity accounts	**5**	**-**	**-**	**-**	**-**	**-**	**1.842.457**	**1.842.457**
Balance on 30 June 2018		**13.413.648**	**3.453.860**	**1.916.641**	**37.009.866**	**631.133**	**5.820.184**	**62.245.332**

În LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance at 01 January 2017		**13.413.648**	**3.453.860**	**1.916.641**	**65.159.672**	**631.133**	**(10.069.996)**	**74.504.958**
Reserve Reclassification From Revaluation At reported Result	**8**	**-**	**-**	**-**	**-**	**-**	**26.926.966**	**26.926.966**
Net Profit of period	**6**	**-**	**-**	**-**	**-**	**-**	**(13.170.728)**	**(13.170.728)**
Transfer between Equity accounts	**5**	**-**	**-**	**-**	**(26.926.966)**	**-**	**-**	**(26.926.966)**
Balance at 31 December 2017		**13.413.648**	**3.453.860**	**1.916.641**	**38.232.706**	**631.133**	**3.686.242**	**61.334.230**

Continued Interim Statement of Changes in Equity

As a result of the application of IFRS from the financial year 2012, the financial statements have been restated, resulting in the application of IAS 29, an adjustment of the own funds inflation of ROL 3.453.860.

No deferred tax adjustments for revaluation reserves for the period of 01.01.2018 – 30.06.2018 have been calculated.

These interim statements were approved on 09.08.2018.

General Director	Economic Director	Head of Gen. Acct. Dept.
Ing. Zidaru Ion	Ec. Popescu Ileana	Ec. Ilie Marian

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Interim statement of cash flows
For Accounting Reporting at 30.06.2018

În LEI	30-June 2018	30-June 2017
Net profit for the period	**291.485**	**(4.456.270)**
Amortization / depreciation of long term assets	1.789.265	2.514.899
Gain / loss on sale of fixed assets	(19.987)	(36.660)
Adjustments for impairment of receivables - clients	1.546.766	730.576
Interest expenses	(149.659)	(113.453)
Interest income	2.323	3.336
Gain / loss from exchange rate differences	159.931	(34.478)
Movements in working capital	**3.328.639**	**3.064.220**
Increase / (decrease) in trade receivables and other receivables	1.232.016	1.043.308
Increase / (decrease) in inventories	102.576	468.283
Increase / (decrease) in other current assets	339	(371)
Increase / (decrease) in trade payables	551.046	3.596.046
Increase / (decrease) in deferred revenue	(1.160.168)	(274.625)
Increase / (decrease) other liabilities	136.652	(396.971)
Cash used in operating activities	**862.461**	**4.435.670**
Interest paid	(149.659)	(113.453)
Cash generated from operating activities	**4.332.926**	**2.930.167**
Net cash from investing activities	**(140.179)**	**(301.330)**
Cash payment for acquisition of land and assets	(140.179)	(301.330)
Net cash from financing activities	**(5.709.903)**	**(3.047.470)**
Cash repayments of borrowings	(5.663.065)	(3.046.140)
Dividends paid	(46.838)	(1.330)
Increase / decrease in net cash and cash equivalents	**(1.517.156)**	**(418.633)**
Cash and cash equivalents at beginning of period	**1.771.478**	**1.245.085**
Cash and cash equivalents at end of period	**254.322**	**826.452**
Increase / decrease in net cash and cash equivalents	**(1.517.156)**	**(418.633)**

These interim statements were approved by on 09.08.2018.

General Director	Economic Director	Head o Gen. Acct. Dept.
Ing. Zidaru Ion	Ec. Popescu Ileana	Ec. Ilie Marian

NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS at June 30 2018

1. REPORTING ENTITY UZTEL S.A. (THE "COMPANY")

IAS 1.138 (a)-(b) UZTEL S.A. Ploiesti (the "Company") is a company based in Romania.
IAS 1.51 the financial statements have been prepared under IFRS for the period of 01.01.2018 – 30.06.2018.
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 core 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 balance 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. Ploiesti was founded in 1904 having an experience of over 113 years in the main activity: designing, manufacturing, repairing, selling on domestic and international market parts, assemblies and oil equipment and manufacture forgings and moulded parts, spare parts for oil equipment, industrial machines, machine tools repair and others.
Since establishment "Company Romano - Americana" was meant to drilling, processing and distribution of petroleum products in Romania. The company was nationalized in 1948 and has expanded its business by embedding business of oilfield equipment repairs.
In 1950 it was renamed "Uzina Teleajen" and became a unit independent of the refinery sector.
In 1958 the company was taken over by the Ministry of Oil and Chemistry and in 1963 became a part of the General Directorate for Construction and Repair Oil Equipment. After 1966 the company was under the Ministry of Petroleum.
The company was founded and registered in the Trade Registry Prahova on 02.15.1991, at no. J29 / 48/1991, with unique registration code RO 1352846 under the name S.C. UZTEL S.A. as a joint stock company, Romanian legal person with unlimited runtime in accordance with Law No.31 / 1990 - Companies Law.

Until 1990 it was called "Oil and Repair Equipment Company Teleajen" and then, based on Law No.15 / 1990, Law No.31 / 1990 H. G.no. 1213/1990 was reorganized as a company, registered with the name S.C. UZTEL S.A.
In 2004 the company was privatized as a result of the contract of sale of shares No.77 / 2004 signed between A.V.A.S. Bucharest as Seller and the Consortium Association UZTEL Ploiesti and Array Products CO LLC as Buyer.
UZTEL Company S.A. Ploiesti's main objective is increasing the market share on production
efficiency by improving responsiveness to customer requests, the range of products and services offered the creation of joint companies for joint venture and opening commercial offices in areas of interest in the industry in operating.
Decisions with immediate effect will generate visible changes on short term as:

- conduct permanent auditing processes and logistics to minimize time and cost of production;
- implementation of program of "Change Management" that will help in the creation and implementation of new visions, strategies and initiatives to support medium and long duration of action;
- comparative evaluation (integration, outsourcing) costs not affect– the core business, as well as those that affect a small proportion;
- optimization of decision-making information.–

Decisions on permanent optimization and cost control generate visible effects and evaluated in regular activity of the company, among which we can mention:

- operational costs are subject to a continuous optimization process production expenses are planned and regularly checked;
- staff resizing according to functional categories and depending on workload;
- reducing costs that are not directly related to sales (guard services, telephony, transport, etc.)
- fully optimized operating cost structure, adapted to the new market– conditions that will sustain profitable growth in the future.

Permanent decisions on boosting sales generated and generate visible effects and evaluated the company's activity, among which we can mention:

- redefining the range of products, focusing on products– and keeping only the most popular products with fast motion (for slow moving products are not considered stocks);
- implementation of training programs for the sales department employees-tender;–
- full range of integrated products and services for its customers and to initiate a program of service for international clients through partners;
- forming a team to promote interdepartmental (focused on improving brand perception sensitive and significant);
- rethinking marketing strategy of the company and social responsibility.

Permanent decisions on the optimization of all company processes have had and will have visible and evaluable effects through the values of key company indicators through cost reduction and efficiency and will allow for managerial decisions based on updated real time financial and accounting information.

The core of the current strategy consists in positioning the client in the center of company interests and maximizing potential profitability of existing customers, and the potential ones and increase turnover and thus the sales volume of the company.
The company UZTEL S.A. is a viable and mobile economic system, optimally dimensioned, is a recoverable enterprise that has the ability to continue its productive activity.
The company has integrated production with local design skills, uses high technologies in accordance with API specifications or CE standards. Quality and OHSE Department using modern laboratories and procedures ensure compliance with international standards ISO-14001-2015, ISO 9001-2015, OHSAS 18001:2007 and API specifications. UZTEL maintain and continuously improves quality management system and "SMC" ISO 9001: 2008 and API Spec. Q1 harmonized with the OHSE Management System under 14001 and ISO 14001 si OHSAS18001)
The Quality, Environment and SSM Integrated Management System is certified by DNV-Germanischer Lloyd to ensure product quality on the background of protecting the environment and creating a safe and healthy working environment in the workplace.

2. BASIS OF PREPARATION OF INDIVIDUALFINANCIAL STATEMENTS IAS 1.112

a. Statement of compliance with IFRS

IAS 1.7 states that International Financial Reporting Standards include: International Financial Reporting Standards, International Accounting Standards, IFRIC and SIC interpretations. These provisions imply that an entity will include in its financial statements an explicit and unreserved statement of compliance with IFRSs whether to apply all the provisions of International Financial Reporting Standards, International Accounting Standards, SIC and IFRIC interpretations.

IAS 1.16 The Company has a complete set of financial statements prepared in accordance with the Order of Ministry of Public Finance no. 881/2012 and the Order of Ministry of Public Finance. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards.
These financial statements have been prepared considering the ongoing business principle. Amounts are expressed in lei in all parts of the financial statements.

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;
- 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.

UZTEL SA is not part of a group of entities under the control of a parent company and does not apply IAS 10 - Consolidated and Separated Financial Statements since the company was not in a consolidation perimeter.

Company managers take responsibility for preparation of financial statements on 30.06.2018 and confirm that they are in accordance with applicable accounting regulations and the company is ongoing.

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

By sentence no.129 dated 03.03.2017 pronounced on File no. 4732/105/2010 by Dolj Court; Department of -II- Civil, was ordered closure of the Uztel SA company's reorganization procedures, following the fulfillment of payment obligations assumed in the plan confirmed by Sentence no. 1282 dated October 9, 2012 and the Uztel SA Company's reintegration into the economic circuit with continued activity

The Management of the Company analyzed the forecasts regarding the future of the operational activity, highlighting, at least for the period 01.01.2018 – 30.06.2018 , a volume of entries insured both by the execution of some existing contracts, but also by the reasonable certainty of contracting 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.

Based on the analyzes made, the Company's Directors confirm that it will be able to continue its activity in the foreseeable future and therefore the application of the principle of continuity of activity is justified and appropriate for the preparation of the financial statements based on this principle.

d. Functional and presentation currency

Under IAS 1.51 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. Using estimations 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. POLITICI CONTABILE

ACCOUNTING POLICIES

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 of managing Company's equity.

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 by the key management personnel according to 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

Under IAS 1.51 (d), (e) foreign currency transactions are expressed in RON by applying the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency at the end of the year are expressed in RON at the exchange rate at that date. Foreign exchange gains and losses, realized or unrealized, are recorded in the income statement for the year, in accordance with IAS 21.

The official exchange rates used to convert foreign currency balances to 30 June 2018 are as follows

Currency	30 June 2018
1 Euro	4,6611 lei
1 USA dollar	4,0033 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 are 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, an estimate 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 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.

Short-term investments

the Company has no short-term investments at 30.06.2018.

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, cancelled 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.

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d. Trade payables

Payables to suppliers 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 unfavourable 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

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 progress.
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 balance 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 service lives, they are considered separate asset. Tangible assets are retired or balances 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.

When an asset is classified as investment property, the property is revalued at fair value. Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of the property and any remaining winnings recognized as other elements of overall income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss. Subsequent costs are capitalized only when it is probable that such expenditure will generate future economic benefits of the Company. Maintenance and repairs are expenses in the period
The fair value of tangible assets has been determined on the basis of continuity.

The company was founded in 1904 and became the joint stock company under Law no. 15/1990 on the reorganization of the state economic units as autonomous regies and commercial companies and on the basis of GD no. 1213/20 November 1990. Throughout this period, the company had an uninterrupted production activity. The UZTEL company operates in a compact perimeter of about 20 ha in the peripheral industrial area of Ploiesti, and the industrial buildings and halls it uses within this perimeter are in a connection closely related to the manufacturing process, from buildings - industrial halls destined for the hot sectors (ex steel castings, cast iron and non-ferrous, forge building, modelling building) to industrial buildings mechanical machining (ex - building montage valves and equipments, building dyeing - packing, warehouse parts for installation).
The company owns on 30.06.2018 technological equipment, measuring, control, adjustment, transport, furniture and office equipment with a net book value of 9,622,086 lei, with a life span between 2 - 22 years, used in industrial purpose, commissioned since 1970.

„"Frequency of revaluation depends on changes in fair values of revalued tangible assets. If the fair value of a revalued asset differs significantly from the carrying amount, a new revaluation is required. Some items of tangible assets suffer significant and fluctuating changes in fair value, requiring annual revaluations. In the case of tangible assets whose fair values are not subject to significant changes, there is no need to re-evaluate so frequently. Instead, it may be necessary to revaluate that item only once every three or five years ".

The Company has chosen through its accounting policies for the property, plant and equipment category to apply IAS 16.34 on the revaluation of tangible assets every five years. The company owns, in particular, old buildings, put into operation during the period 1921 - 1999, in which there is a production activity (eg building materials warehouse - putting into operation in 1921, prototype building - commissioning in 1922, building - commissioning in 1925, modelling building -

putting into operation in 1933, office building - commissioning in 1935) with life span between 24 - 60 years.

These tangible assets are specific to the manufacturing process, having no active market for valuation and trading, in the absence of comparison periods.

In accordance with IAS 16.31 and IAS 16.34, the Company applied professional judgment and accounting treatment for property, plant and equipment used (buildings, technological equipment, measurement, control and adjustment facilities, means of transport, furniture and office equipment). their nature and destination do not have an active market, representing technological equipment, machine tools purchased on the basis of projects specific to the company's activity.

– **Buildings and constructions**

lei

	Book net value	Fair value	Difference
Year 2011	37.848.508,91	33.181.183,00	- 4.667.325,91
Year 2013	29.005.259,62	31.448.397,00	+ 2.443.137,38
Year 2017	17.678.131,03	-	-
30 June 2018	16.477.734,48	-	-

The total net book value of buildings and constructions decreased on the basis of depreciation in 2011-2013 by 8,843,249.29 lei and in the period 2013-2017 by 11,327,128.59 lei and between 2017 and June 2018 by 1,200,396, 55 lei, while the fair value for 2013 decreased by RON 1,732,786 from the fair value in 2011.

- **Technological equipment, technical installations, cars, furniture and office equipment**

lei

	Book net value	Fair value	Difference
year 2007	14.960.673,69	19.580.900,00	+ 4.620.226,31
year 2017	10.172.516,70	-	-
30 June 2018	9.622.085,68	-	-

The total net book value of technological equipment, technical installations, machinery, furniture and office equipment diminished on the basis of amortization between 31 December 2007 and 30 June 2018 with 5.338.588,01 lei.

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:

	Service life (years)
Buildings, constructions and special installations	25 - 60
Machinery and equipment	03 - 28
Measuring and Control Equipment	05 - 10
Machines	04 - 10
Other tangible assets	03 - 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 are 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 accounting value of an asset is written down immediately to its recoverable amount if the carrying amount exceeds the estimated recoverable amount.

i. Assets acquired under leasing

IFRS 1 does not include any exception to the retrospective application of IAS 17. Entities will need to consider leases at the date of transition to IFRS and classify them according to IAS 17. Certain operating leases may be reclassified into the category of finance leases. In this case, the entity recognizes that the date of passing to IFRS the asset leased with related depreciation, liability duty assessed under IAS 17 and impute to earnings any difference.
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.

At 30.06.2018 the Company does not hold any assets bought by leasing.

j. Intangible

Intangible assets with determined service life are amortized over the economic life and assessed for depreciation whenever there are indications that intangible assets may be impaired. The amortization period for an intangible asset with a useful life determined is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period, and treated as changes in accounting estimates. Amortization expense of intangible assets with useful lives determined is recognized in profit or loss category operational expenses. 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.

The company uses the following life spans for intangible assets:

– Development cost	5 years
– Software licences	3 years
– Antivirus licences	1 an

The Company applies the straight-line depreciation method for intangible assets.

k. Inventory

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 ongoing inventory method, quantity and value management being watched (store sheet and Integrated Informatics Storage Program SIVECO 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.

l. 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. Employees Benefits

Under IAS 9, 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

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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 is 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 cancelled 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 on dividend payment.

Income tax rate used to calculate the current and deferred income tax at June 30, 2018 was 16% .

The Company has recognized the deferred tax asset and will recover to the extent that future taxable profit will become probable to allow the deferred tax asset to be recovered. **Amendments to IAS 12** - Income Taxes clarify the accounting for deferred tax on receivables at fair value.

s. Earnings per share

In accordance with IAS 33, earnings per share are 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 and adopted by the EU but not yet in force

Currently, the EU adopted IFRS does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB) except for the following standards, amendments to existing standards and interpretations, which have not been approved for use at the date of preparation of statements:

- *IFRS 14 Deferred accounts for regulated activities* - the Standard becomes operative for annual periods beginning on or after 1 January 2016. The European Commission has decided not to initiate the process of adopting this interim standard but to wait for the final standard,
- *IFRS 16 Leasing* applicable for annual periods beginning on or after 1 January 2019,
- *Amendments to IFRS 2* Share-based Payment - Classification and measurement of share-based transactions (applicable for annual periods beginning on or after 1 January 2018),
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates*

and Joint Ventures - Sale or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (the effective date has been postponed to for an undetermined period until the research project on the equivalence method is completed),

- *Amendments to IFRS 15 Revenue from contracts with customers* - IFRS 15 clarifications Revenue from contracts with customers (applicable for annual periods beginning on or after 1 January 2018). IFRS 15 must identify the contract with a customer, identify all individual performance within the contract, determine the transaction price, allocate the price of the performance obligations, recognize the revenues in which the performance obligations are met,
- *Amendments to IAS 40 Investment Property* - Transfer of Investment Property (effective for annual periods beginning on or after 1 January 2018) adopted by the IASB on 8 December 2016,
- *Amendments to various standards Improvements to IFRS (Cycle 2014-2016*) resulting from the annual IFRS Improvement Project (IFRS 1, IFRS 12 and IAS 28) with the primary purpose of eliminating inconsistencies and clarifying certain formulations (amendments to IFRSs 12 are applicable for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are applicable for annual periods beginning on or after 1 January 2018,
- *IFRIC 22 Foreign Currency Transactions and Contributions* (applicable for annual periods beginning on or after 1 January 2018).

New international standards not applied by the Company

- The Company does not apply some new provisions IFRS or IFRS issued and not entered in force on the date of financial statements. The Company cannot estimate the impact of this provision on the financial statements and intends to apply these provisions with the entry into force.
- The standards issued but not yet in force, the company will not be in a position to apply prospectively none of them.

These are:

- IFRS 9 *Financial Instruments* incorporating the requirements for classification and evaluation, depreciation, general accounting coverage and recognition of the financial instruments, released in July 2014, with effect on or after 1 January 2018. In the European Union (EU) this standard is pending.
- IFRS 15 applies to the first annual financial statements IFRS of an entity for the period commencing on or after January 1, 2018, was published in May 2014 and adopted by the European Union in September 2016, with effect in the EU since January 1, 2018
- IFRS 16 applies to the first annual financial statements IFRS of an entity for the period commencing on or after January 1, 2018, was published in May 2014 and adopted by the European Union in September 2016, with effect in the EU since January 1, 2018.

Reconciliation between IFRS and the accounting policies of previous years 31.12.2012, Uztel SA has made reconciliation between IFRS and local accounting policies applicable to previous years.
Financial statements for 2012 represent the first financial statements that the company was prepared in accordance with IFRS adopted by the EU, as provided OMPF 1286/2012.

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

The Company prepared financial statements in accordance with IFRS as adopted by the EU applicable for financial years ending 31.12.2012 and comparative data on the conclusion of 2011, respectively 31.12.2011. For preparing these financial statements was drawn opening situation of financial position at January 1, 2011, transition date.

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

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.

1. *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.

2. *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.

3. *Property and equipment*

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

The determination of the fair value of fixed assets in the "Constructions" class was performed on 31.12.2013 by an authorized ANEVAR evaluator, using the net replacement cost method, the method being chosen due to the lack of valid real transaction data in the last 12 months for industrial sites in that area. This represents the statistical value of the prices per square meter of the built-up area on the market at national level, adjusted after applying the related corrections and depreciations. The establishment of the fair value of the "Technological equipment, measuring, control, adjustment, transport, furniture and office equipment" was performed by an authorized ANEVAR evaluator on 31.12.2007, using the cost method net replacement. There is insufficient information on sales of similar assets on the market, but there is market information on costs and cumulative depreciation. Thus, the recorded value is the highest value between its use value and its fair value minus the selling costs.

IFRS 13 establishes a fair value hierarchy whereby inputs used in fair value measurement techniques are classified on three levels.

Fair values have been determined for the purpose of evaluating and disclosing information based on the methods described. Where appropriate, additional information about the assumptions used to determine fair value is disclosed in the notes to the asset or liability.

The Company considers that the level at which the valuation of tangible fixed assets is classified at fair value in the hierarchy of fair value is level 2, taking into account the following aspects:

- the condition, location and features of the asset;
- estimating the physical, functional and external depreciation of the asset and adjusting the cost of gross replacement in order to obtain the net replacement cost.

Comparative situations

For each balance sheet, profit and loss account and, where appropriate, for the statement of changes in equity and the cash flow statement, for comparative purposes, the amount corresponding to the corresponding item for the preceding business year is presented.

IAS 8 Accounting Errors

If the company reports mistakes made in accordance with previous GAAP, reconciliations should highlight the correction of those accounting policy errors. When recording operations to correct accounting errors, the provisions of IAS 8 apply.Accounting policies have been consistently applied by the Company in accordance with IAS 1.134-135.

Under IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*," accounting policies are the principles, rules, conventions, bases, and specific practices applied by that company in the preparation and presentation of financial statements. It stipulates that the voluntary change of an accounting policy is made only if such a change is imposed by a Standard or an Interpretation and results in financial statements that provide more reliable and relevant information about the effects of transactions or other events or position conditions financial.

The Company did not apply the provisions of IAS 8.28 on Changes in Accounting Policies in the first half of 2018 (January - June).

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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

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

	Accounting reporting at 30 June 2018 (lei)	Accounting reporting at 30 June 2017 (lei)
Receivables	18.678.618	15.668.677

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: tangible assets.

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 June 30,2018 the company's trade receivables situation is as follows:

Receivables at 30.06.2018			**lei**
RECEIVABLES	Balance at 30.06.2018	maturity	
		Less 1 year	Over 1 year
0	1 = 2 + 3	2	3
Total, of which:	**18.678.618**	**16.354.495**	**2.324.123**
Domestic Client	**3.068.509**	3.068.509	-
External Client	**3.845.000**	3.845.000	-
Doubtful client, litigation	**3.863.332**	-	3.863.332
Other receivables (Performance Assurance client Naftagas Oilfield Services Serbia)	**38.939**	38.939	-
Exigible VAT	**1.486.902**	1.486.902	-
Salary advance	**14.010**	14.010	-
Suppliers borrowers	**386.550**	386.550	-
Debtors	**6.254.803**	6.254.803	-
Other social receivables- sick leaves	**268.491**	268.491	-
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	**991.291**	991.291	-
Adjustments for impairment of client receivables	**1.546.766**	-	1.546.766
Deferred tax receivables	**7.557**	-	7.557

Claims are recorded at face value and are highlighted for each individual or legal entity. Foreign currency claims were measured using the exchange rate ruling at the year-end, and the exchange differences recognized as income or expense for the period.

Seniority analysis of trade receivables and other outstanding receivables at the end of the period that are not impaired IFRS 7.37 (a)

lei

Trade Receivables and Other Receivables	Balance at 30.06.2018	Of which outstanding 31-90 days	91-120 days	> 120 days
1. Internal clients	3.068.507,97	201.522,30	86.585,74	380.305,98
2. External customers	3.845.000,84	497.240,22	94.396,63	82.272,22
3. Internal clients uncertain	3.863.331,57	0,00	0,00	3.863.331,57
4. Impairment adjustments	(1.546.765,98)	0,00	0,00	0,00
5. Debt suppliers	824.697,76	0,00	0,00	824.697,76
Net receivables	**10.054.772,16**	**698.762,52**	**180.982,37**	**5.150.607,53**

In accordance with IFRS 7.37 (b), the Company presents an individual analysis of trade receivables found to be impaired at the end of the reporting period (30.06.2018), including the factors that determined their depreciation, as follows:

– Clients who have entered into bankruptcy proceedings or in the process of reorganization under Law no.– 85/2014, and which are experiencing major financial difficulties related to the non-payment of debts, namely:

- **ALTEX SRL TULCEA** debit registered at debtor's creditor's mass in the amount of 439.960,00 lei;
- **ARMAX GAZ MEDIAS** debit registered at debtor's creditor's mass in the amount of 16.750,11 lei;
- **ARPEGA TRADING SRL BLEJOI** for the outstanding debts amounting to 444.504,74 lei the legal procedure of recovery was started.
- **BAT SERVICE SA BUZAU** debit registered at debtor's creditor's mass amounting to 5.138,37 lei;
- **CONDMAG SA BRASOV** debit registered at debtor's creditor's mass amounting to 564,20 lei;
- **FEPA SA BARLAD** debit registered at debtor's creditor's mass amounting to 41.108,56 lei;
- **FORAJ SA BUZAU** debit registered at debtor's creditor's mass amounting to 539.128,14 lei;
- **GRUP ROMET SA BUZAU** debit registered at debtor's creditor's mass amounting to 909,87 lei;
- **HIDRAULIC SA MOINESTI** debit registered at debtor's creditor's mass amounting to 17.603,42 lei;
- **FORAJ SONDE PLOIESTI** debit registered at debtor's creditor's mass amounting to 87.965,13 lei;
- **MARIAN TRANS CONSTRUCT SRL CHIOJDU** debit registered at debtor's creditor's mass amounting to 446,40 lei;
- **METAL PROIECT PROSPER** debit registered at debtor's creditor's mass amounting to 20.871 lei;

- **STITRANS SA BLEJOI** debit registered at debtor's creditor's mass amounting to 442,98 lei;
- **UBEMAR SA PLOIESTI** debit registered at debtor's creditor's mass amounting to de 25.112,69 lei;
- **VIPREC COM SRL BAIA MARE** debit registered at debtor's creditor's mass amounting to 20.360,80 lei;
- **VULCAN SA BUCURESTI** debit amounting to 43.088,69 enrolled in the Preliminary Table of Receivables.

Main Customers, depending on the volume of transactions during 01.01.2018 - 30.06.2018 :

Domestic clients	Total Invoices (lei) VAT excluded	Share %
Cameron-Romania SRL Campina	4.135.165,79	39,28
Automobile Dacia SA Mioveni	726.974,09	6,91
Tehnomet SA Buzau	720.798,14	6,85
GSP Offshore SRL Constanta	690.742,04	6,56
Multy Products Rom SRL Sighisoara Punct de Lucru Albesti Prahova	490.204,80	4,66
Neptun SA Campina	434.813,80	4,13
Drilling Equipment SRL Zalau	370.794,94	3,52
Vulcan SA Bucuresti	297.768,75	2,83
Upetrom 1 MAI SA Ploiesti	221.981,64	2,11
Expert Petroleum Solutions SRL Bucuresti	208.472,66	1,98
TOTAL	**8.297.716,65**	**78,83**

External Clients	Total Invoices (Eur)	Share %
Robke Erdol Und Erdgastechnk Gmbh Germania	640.518,00	46,5
TDE Field Services Zrt Ungaria	377.797,20	27,43
ABB Process Industrie Aix-Les Bains Cedex Franta	153.476,19	11,14
Green Control SRL Italia	60.407,00	4,39
Liberty Drilling Equipment B.V. Olanda	37.670,00	2,74
Elematic OY AB Toijala Finlanda	29.440,75	2,14
Independent Oil Tools Iraq	28.125,00	2,04
VT Veres KFT Kecskemet Ungaria	15.031,40	1,09
Geolog International BV Olanda	13.950,00	1,01
Poltava Petroleum Company	9.432,00	0,69
TOTAL	**1.365.847,54**	**99,17**

External Clients	Total Invoices (USD)	Share %
FMC Technologies Canada	1.541.678,00	50,27
Desert Sand Oil & Gas LLC Muscat Oman	993.375,40	32,39
Omni Valve LLC USA	443.450,00	14,46
Ibemo Industrie Service Germania	32.941,28	1,07
Independent Oil Tools IRAQ	25.414,00	0,83
Tartan Valve Repair LTD Canada	23.644,00	0,76
PT Bangun Mitra Sinergi Jakarta Indonezia	6.235,00	0,22
TOTAL	**3.066.737,68**	**100**

- **Trade payables and other payables**

At June 30,2018 company's debts are the following:

Debt situation at 30.06.2018				lei
DEBTS	balance 30.06.2018	Maturity		
		Less 1 year	1-5 years	Over 5 years
0	1 = 2 + 3 + 4	2	3	4
Total, of which:	**35.943.733**	**28.328.172**	**7.615.561**	**-**
Amounts owed to credit institutions	**8.887.858**	5.141.606	3.746.252	-
Advances collected for orders	**1.589.529**	1.589.529	-	-
Trade payables - suppliers	**20.672.775**	17.054.754	3.618.021	-
Income tax	**-**	-	-	-
Other creditors including tax and social security	**4.542.283**	4.542.283	-	-
Provisions and deferred income	**251.288**	-	251.288	-

The amount of 4.542.283 lei registered in the account "Other debts, including tax debts and social security debts" refers to:

- amounts from account 462 (various creditors - rescheduling agreements) = 1.576.047,66 lei;
- account 457dividends=1.575.715,21 lei, out of which rescheduling agreements1.007.874,37 lei;
- Current budget debts = 746.674,58 lei;
- Current salary liabilities = 636.493,04 lei;
- Ineligible VAT = 7.352,28 lei.

lei

Trade payables and other payables	Balance at 30.06.2018	arrears		
		31-90 days	91-120 days	> 120 days
1. Internal suppliers	18.036.484,87	3.238.663,05	1.455.554,70	5.026.569,54
2. External suppliers	2.636.289,62	317.911,09	277.016,85	239.785,99
3. Client creditors	1.589.529,43	-	-	-
Net debts	**22.262.303,92**	**3.556.574,14**	**1.732.571,55**	**5.266.355,53**

Main Suppliers, depending on volume of transactions during 01.01.2018 - 30.06.2018 :

Domestic Suppliers	Total Invoices (lei) without VAT	share %
Forja Rotec SRL Buzau	1.859.896,97	12,26
Electrica Furnizare SA Bucuresti	1.190.216,37	7,85
Sodexo Pass Romania SRL Bucuresti	812.067,98	5,36
Metarex SRL Bucuresti	708.729,16	4,67
Arva Metals & Steels SRL Cornetu-Ilfov	697.588,04	4,60
MSD Com SRL Buzau	607.135,20	4,00
Huttenes Albertus Romania SRL Bucuresti	595.428,62	3,93
Hany Industry SRL Ploiesti	567.333,36	3,74
Engie Romania SA Bucuresti	517.153,30	3,41
Miras International SRL Buftea	345.502,44	2,28
TOTAL	**7.901.051,44**	**52,10**

External Suppliers	Total Invoices (Euro)	share %
Riganti SPA Italia	111.250,00	43,06
Forgital Italy S.P.A. Italia	46.600,00	18,04
Danco Industry LTD Bulgaria	34.251,26	13,26
Nov Completion & Production Solutions Vechta	22.481,75	8,70
CF Service SRL Italia	19.052,17	7,37
Ham-Let Advanced Control Technology INC Israel	6.432,30	2,49
Passion SRL Ploiesti	5.301,00	2,05
Keramtech S.R.O. Cehia	3.312,00	1,28
Bronkhorst High-Tech BV Olanda	2.308,00	0,89
Seeif Ceramic A.S. Cehia	1.780,20	0,69
TOTAL	**252.768,68**	**97,83**

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External Suppliers	Total Invoices (USD)	share %
Parker Hannifin Corporation PGI USA	52.275,00	25,91
Manefols Komerz LLP Belfast Irlanda	43.857,00	21,74
Optimum LTD Liban	43.443,18	21,53
Shabum International LTD Tel Aviv Israel	22.798,32	11,30
American Petroleum INST. Washington	20.500,00	10,16
Gebruder Wess SRL Bucuresti	12.955,00	6,42
Omni Valve LLC USA	4.045,00	2,00
Hub Dacia SRL Bucuresti	1.617,00	0,80
Techstreet – Clarivate Analytics LLC Canada	273,50	0,14
TOTAL	**201.764,00**	**100,00**

Total debts of which :	amount - lei	Percent of total amount of debts (%)
Budgetary debts	754.027	2,10
Commercial debt	20.672.775	57,51
Bank loans	8.887.858	24,73
Other debts (various creditors)	1.576.048	4,38
Dividends	1.575.715	4,38
Customer creditors	1.589.529	4,42
Salary debts	636.493	1,77
Provisions and earnings recorded in advance	251.288	0,70
Total debts	**35.943.733**	**100,00**

Bank loans are secured by:

- Real estate mortgages totalling 29.434.935 lei (insurance policy nmb 2509660 of 25.05.2018) ;
- Pledge Stocks of raw materials, inventory and finished goods totalling 24.651.575 lei (insurance policy nmb. 2493798 of 23.11.2017) ;
- Pledge on equipment totalling 5.852.629 lei (insurance policy nmb. 2503328 of 03.03.2018).

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 (ROBOR).

	Accounting reporting at 30 June 2018 (lei)	Accounting reporting at 30 June 2017 (lei)
Interest paid	149.659	113.453

Liquidity risk

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

	Accounting reporting at 30 June 2018 (lei)	Accounting reporting at 30 June 2017 (lei)
Cash and availability on demand	254.322	826.452

Currency risk

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

	Accounting reporting at 30 June 2018 (lei)	Accounting reporting at 30 June 2017 (lei)
Net result of foreign exchange	159.931	(34.478)

Market risk

Any market study that would be conducted by the company at this time, it cannot provide accurate information about the stock sale of manufactured products.
The demand for products made by UZTEL SA Ploiesti is currently more elastic than stable, as consumer preferences and orientations (internal and external customers), the dramatic reduction of the oil price and investment budgets of the big oil companies and the size of the competitors' offer are unpredictable. As a result, the company is currently facing an instability in the demand for oil equipment, sales and oil barrel prices, which generated a reduction in turnover and, implicitly, of the volume of sales on the domestic and international market and therefore a decrease of the cash flows generated by the operating activity.

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5. EQUITY

Share capital

The share capital of SC UZTEL S.A. at June 30, 2018, amounting to 13.413.648 lei, divided in 5.365.459 shares with a nominal value of 2,50 lei.

According to the existing records at the Central Depository S.A. and address no. 5137 dated 24.07.2018 issued by the Bucharest Stock Exchange, the stockholders' status as of 30.06.2018 is the following:

Shareholder	Nmb. of shares	Weight in share
UZTEL Association	4.498.300	83,8381
Natural persons	452.526	8,4341
Legal persons	414.633	7,7278
TOTAL	**5.365.459**	**100**

All shares are common, were subscribed and paid in full on June 30, 2018.
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 June 30, 2018 Company constitutes legal reserves totalling 1.916.641 lei.

	Accounting reporting at 30 June 2018 (lei)	Accounting reporting at 30 June 2017 (lei)
Legal reserves	1.916.641	1.916.641

The company did not constitute legal reserve on 30.06.2018.

Other reserves

	Accounting reporting at 30 June 2018 (lei)	Accounting reporting at 30 June 2017 (lei)
Other reserves	631.133	631.133

According to IAS 1.79 (b), the Company recorded in the individual situation the changes in equity for the "**Other reserves**" chapter, the amount of 631,133 lei representing the fiscal profit tax facility according to the legal provisions in force at the date of its constitution (31.05.2004) - Law 416 / 26 June 2002.

Revaluation reserve

The revaluation reserve is the amount of 36.830.072 lei at 30 June 2018 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 reporting 30 June 2018 (lei)	Accounting reporting 30 June 2017 (lei)
Revaluation reserves	37.009.866	40.711.088

The revaluation reserve decreased during the period January - June 2018 by the amount of RON 1,222,840.03 by capitalizing the revaluation surplus and reserves highlighted in the tax register.

6. RESULT FOR THE PERIOD

Result for the period

At the end of January - June 2018, the Company recorded the following results:

- **The result of the operational activity (operation**) registered an increase on 30.06.2018 compared to 30.06.2017, ie in nominal values from – 4.311.670 lei at 30.06.2017 to + 279.056 lei at 30.06.2018.
- **The financial result** recorded an increase on 30.06.2018 as compared to 30.06.2017, ie in
- nominal values from -144.600 lei at 30.06.2017 to + 12.429 lei at 30.06.2018.
- **The gross result of the period** recorded an increase on 30.06.2018 as compared to 30.06.2017, ie in nominal values from - 4.456.270 lei at 30.06.2017 to + 291.485 lei at 30.06.2018.
- **The net result of the period** recorded an increase on 30.06.2018 as compared to 30.06.2017, ie in nominal values from – 4.456.270 lei at 30.06.2017 to + 291.485 lei at 30.06.2018.

The turnover registered a 61.66% increase in the first semester of 2018 compared to the same period of the previous year (semester I 2017), namely from 18.422.908 lei at 30.06.2017 to 29.781.663 lei at 30.06.2018, the management of the company has endeavoured and managed the situation in such a manner that it correlated the operating expenses in accordance with the volume of production achieved.
In the first semester of 2018, the exploitation expenditures registered a 30,90% increase in the same period of the previous year (semester I 2017), ie from 28.926.648 lei at 30.06.2017 to 37.864.509 lei at 30.06. 2018.

	Accounting reporting 30 June 2018 (lei)	Accounting reporting 30 June 2017 (lei)
Net result -profit / (loss)	291.485	(4.456.270)

Dividends

During January 1st - June 30, 2018 the Company made payments of 46.837,88 lei , meaning the net dividends due to shareholders for 2003 , 2005 , 2006 , 2007 and 2008 , as below:

	lei
1st quarter – year 2018	10.445,29
2nd quarter – year 2018	36.392,59

7. PROFIT TAX

	Accounting reporting 30.06.2018 (lei)	Accounting reporting 30.06.2017 (lei)
Gross book value	291.485,00	(4.456.269,72)
Non-taxable Income	(2.125,00)	(7.397,94)
Items assimilated to revenue	-	7.439.665,51
Non-deductible expenses	1.436.044,01	93.482,94
Established legal reserve	-	-
Profit / (Fiscal Loss)	1.725.404,01	3.069.480,79
Fiscal loss from previous years highlighted in statement 101	(18.480.426,35)	(16.085.862,00)
Registered Fiscal Loss	(16.755.022,34)	(13.016.381,21)
Profit tax resulting	-	-
Sponsorship	-	-
Profit tax due	-	-
Net profit / (Net loss)	291.485,00	(4.456.269,72)

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 and late payment penalties under the tax regulations in force.

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.

8. PROVISIONS

The statement of provisions made by the company is presented in the following table:

	Accounting reporting 30 June 2018 (lei)	Accounting reporting 30 June 2017 (lei)
Provisions for litigations	238.987	244.087
Provisions for guarantees to customers	12.301	-
Total Provisions	**251.288**	**244.087**

9. FIXED ASSETS

– **Tangible assets**

	lands	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 2017	16.764.100	32.015.002	35.857.772	160.630	2.962.757	123.120	87.883.381
Increases	-	-	715.024	7.247	155.999	-	878.270
Outputs	161.311	11.300	142.111	2.100	699.859	-	1.016.681
Balance ata 31 December 2017	16.602.789	32.003.702	36.430.685	165.777	2.418.897	123.120	87.744.970
Accumulated depreciation							
Balance at 01 January 2017	-	11.069.760	24.957.337	82.449	-	-	36.109.546
Depreciation of period	-	3.263.727	1.378.025	13.024	-	-	4.654.776
Depreciation of outputs	-	7.916	5.990	900	-	-	14.806
Balance at 31 December 2017	-	14.325.571	26.329.372	94.573	-	-	40.749.516

Continuation tangible assets Adjustments							
Balance at 01 January 2017	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance at 31 December 2017	-	-	-	-	-	-	-
Net book value							
Balance at 01 January 2017	16.764.100	20.945.242	10.900.435	78.181	2.962.757	123.120	51.773.835
Balance at 31 December 2017	16.602.789	17.678.131	10.101.313	71.204	2.418.897	123.120	46.995.454

	lands	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 2018	16.602.789	32.003.702	36.430.685	165.777	2.418.897	123.120	87.744.970
Increases	-	-	-	-	15.629	14.750	30.379
Outputs	30.087	-	-	-	-	-	30.087
Balance at 30 June 2018	16.572.702	32.003.702	36.430.685	165.777	2.434.526	137.870	87.745.262
Depreciation accumulated							
Balance at 01 January 2018	-	14.325.571	26.329.372	94.573	-	-	40.749.516
Depreciation of period	-	1.200.397	543.925	6.506	-	-	1.750.828
Depreciation of outputs	-	-	-	-	-	-	-
Balance at 30 June 2018	-	15.525.968	26.873.297	101.079	-	-	42.500.344

Continued tangible assets							
Adjustments							
Balance at 01 January 2018	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance at 30 June 2018	-	-	-	-	-	-	-
Net book value							
Balance at 01 January 2018	16.602.789	17.678.131	10.101.313	71.204	2.418.897	123.120	46.995.454
Balance at 30 June 2018	16.572.702	16.477.734	9.557.388	64.698	2.434.526	137.870	45.244.918

The tangible assets under construction recorded an increase of 15.629 lei between 01 January and 30 June 2018, representing:

- Modernization of the overhead crane with radiocommunication, worth 11.408 lei;
- Modernization of the protocol hall, worth 4.221 lei.

During the period 01 January - 30 June 2018, the "Land" class registered a decrease of 30.087 lei by selling the surface of 333.33 sq. M. Intravilan land, according to the sale contract with authentication conclusion no. 1894 / 04.05.2018 to the individual.

Between 01 January and 30 June 2018, "Advances granted for the acquisition of tangible assets" recorded an increase of 14,750 lei, representing an advance for modernization through the provision of radiocontrol of overhead cranes Qmax-8 to andQmax-5to.

- Intangible assets

	Development expenditures	Other intangible assets	Intangible assets in progress	Total
Cost	**Lei**	**Lei**	**Lei**	**Lei**
Balance at 01 January 2017	192.705	499.147	-	691.852
Inputs	5.245	62.416	-	67.661
outputs	20.615	-	-	20.615
Balance at 31 December 2017	177.335	561.563	-	738.898
Accumulated depreciation				
Balance at 01 January 2017	109.475	472.760	-	582.235
Depreciation of year	11.574	77.427	-	89.001
Depreciation of outputs	6.119	-	-	6.119
Balance la 31 December 2017	114.930	550.187	-	665.117
Net book value				
Balance at 01 January 2017	83.230	26.387	-	109.617
Balance at 31 December 2017	62.405	11.376	-	73.781

	Development expenses	Other intangible assets	Intangible assets in progress	Total
Cost	**Lei**	**Lei**	**Lei**	**Lei**
Balance at 01 January 2018	177.335	561.563	-	738.898
Inputs	1.365	60.239	-	61.604
outputs	-	-	-	-
Balance at 30 June 2018	178.700	621.802	-	800.502
Accumulated depreciation				
Balance at 01 January 2018	114.930	550.187	-	665.117
Depreciation of period	4.869	33.568	-	38.437
Depreciation of outputs	-	-	-	-
Balance at 30 June 2018	119.799	583.755	-	703.554
Net book value				
Balance at 01 January 2018	62.405	11.376	-	73.781
Balance at June 30, 2018	58.901	38.047	-	96.948

Between 1 January and 30 June 2018, development expenses increased by 1.365 lei, accounting for expenditures of manufacture of main body 3"-SCH40 welded design and casting expenses , 1 st operation and heat treatment for valve body 2 1/16X3/5M and valve body 4 1/16X5M.

The company acquired intangible assets in the amount of 60,239 lei, representing: Technical support for SIVECO integrated program worth 53,718 lei and ESET ENDPOINT antivirus license worth 6,521 lei

10. INVENTORY

By comparison, the stocks are presented as follows:

	30 June 2018	31 December 2017
	lei	lei
Raw material	1.501.987	1.876.772
Additional material	849.370	829.196
Fuels	12.790	60.335
Packaging materials	1.755	2.729
Spare parts	3.612.921	3.777.611
Other consumables	211.875	207.008
Other consumables- protocol	17	23
Inventory items	362.122	379.477

	lei	lei
Products in progress	8.514.034	6.944.754
Semi- manufactured	1.491.612	1.350.955
Finished product	9.457.105	8.944.209
Difference of price of finished products	7.587.676	9.010.016
Packing	7.270	9.260
Residual products	3.448	-
Total	**33.613.982**	**33.392.345**
Advances to purchases assets such as stocks	300.277	419.338
Total General Inventory	**33.914.259**	**33.811.683**

11. SHARE OF THE INCOME FROM THE COMPANY'S BASIC ACTIVITY:

The turnover for the period 01.01.2018 – 30.06.2018 is as follows:

Accounting reporting at 30.06.2018	Value (lei)	Share in Total income %	Share in turnover %
Income from the sale of finished products - internal	10.341.049	26,70	34,72
Revenues from the sale of finished products - external	19.219.430	49,61	64,53
Revenue from services rendered - Laboratory benefits	36.718	0,09	0,12
Revenue from rendered services - internal transport	46.245	0,12	0,16
Revenue from rendered services - external	60.171	0,16	0,20
Income from rental of oil equipment and equipment	8.711	0,02	0,03
Income from sale of goods	10.649	0,03	0,04
Income from various activities - Domestic	53.240	0,14	0,18
Income from various activities - Export	5.451	0,01	0,02
Turnover - TOTAL	**29.781.663**	**76,88**	**100,00**

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Turnover for the period 01.01.2017 – 30.06.2017 is as follows:
:

Accounting reporting at 30.06.2017	**Value (lei)**	**Value (lei) Total income %**	**Share in turnover %**
Income from the sale of finished products - internal	9.395.782	37,71	51,00
Revenues from the sale of finished products - external	8.628.704	34,63	46,84
Revenue from services rendered - Laboratory benefits	14629	0,06	0,08
Revenue from rendered services - internal transport	3.538	0,01	0,02
Income from rental of oil equipment and equipment	142.627	0,57	0,77
Income from sale of goods	172.667	0,69	0,94
Income from various activities - domestic	29.912	0,12	0,16
Income from various activities -export	35.409	0,14	0,19
Total turnover	**18.422.908**	**73,94**	**100,00**

INCOME FROM OPERATION	**6 months lei**	**6 months lei**
Total operation income, of which:	**38.143.565**	**24.614.978**
Turnover	29.781.663	18.422.908
Income related to the cost of finished product stocks and production in progress	7.892.423	3.610.521
Income from the production of intangible and tangible assets	5.586	39.023
Other operating revenues	463.893	2.542.526

OPERATION EXPENSES	**6 months lei**	**6 months lei**
Total operation expenses, of which:	**37.864.509**	**28.926.648**
Expenditure on raw materials and consumables	18.415.332	10.344.711
Other material expenses	560.920	315.227
Other external costs	1.719.375	1.518.398
Goods Expenses	6.703	137.905
Staff costs	11.240.576	10.295.169
Value adjustments on intangible assets, tangible assets, real estate investments and biological assets at cost	1.789.265	2.514.899
Value adjustments for current assets	-	328
Other operating expense	4.134.463	3.802.136
Adjustments for provisions	(2.125)	(2.125)

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FINANCIAL REVENUE	**6 months lei**	**6 months lei**
Total financial revenue, of which:	**593.849**	**299.652**
Income from exchange rate fluctuations	591.524	296.315
Interest income	2.323	3.336
Other financial income	2	1

FINANCIAL EXPENSES	**6 months lei**	**6 months lei**
Total financial expenses, of which:	**581.420**	**444.252**
Interest expenses	149.659	113.453
Other expenses	431.761	330.799

CASH FROM OPERATION

În LEI	**30-June 2018**	**30-June 2017**
Net result of period	**291.485**	**(4.456.270)**
Depreciation / depreciation of long-term assets	1.789.265	2.514.899
Gain / (loss) on the sale of fixed assets	(19.987)	(36.660)
Adjustments for impairment of receivables - clients	1.546.766	730.576
Interest Expenses	(149.659)	(113.453)
Interest Income	2.323	3.336
Gain / (loss) of course differences	159.931	(34.478)
Movements in working capital	**3.328.639**	**3.064.220**
Increase / (decrease) of trade receivables and other receivables	1.232.016	1.043.308
Increase / (decrease) of inventory	102.576	468.283
Increase / (decrease) in other current assets	339	(371)
Increase / (Decrease) Commercial Debt	551.046	3.596.046
Increase / (Decrease) Revenue Received in Advance	(1.160.168)	(274.625)
Increase / (Decrease) of other debts	136.652	(396.971)
Cash used from operation	**862.461**	**4.435.670**
Interest paid	(149.659)	(113.453)
Cash generated from exploitation activities	**4.332.926**	**2.930.167**

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12. INFORMATION ON SEGMENTS

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.

Reporting by operational segments for the period 01.01.2018 - 30.06.2018 is as follow:

Report on operating segment at 30 June 2018	Amount (lei)	Share Of total income %
Revenue from the sale of finished products - internal	10.341.049	26,70
Revenue from the sale of finished products - external	19.219.430	49,61
Income from finished products and products in progress	7.892.423	20,37
Income from services rendered	201.824	0,52
Income from royalties, rental and locations	8.711	0,02
Income from sales	10.649	0,03
Total	**37.674.086**	**97,26**

lei

For the trade segment the turnover is totaling :	10.649
For the segment of services , turnover amounts to :	210.536
For the production segment the turnover is totaling :	29.560.478

Reporting by operational segments for the period 01.01.2017 – 30.06.2017 is as follows:

Report on operating segment 30 June 2017	**Amount (lei)**	**Share Of total income %**
Revenue from the sale of finished products - internal	9.395.782	37,71
Revenue from the sale of finished products - external	8.628.704	34,63
Income from finished products and products in progress	3.610.521	14,49
Income from services rendered	83.128	0,33
Income from royalties, rental and locations	142.627	0,57
Income from sale	172.667	0,69
Total	**22.033.429**	**88,44**

lei

For the trade segment the turnover is totaling :	172.667
For the segment of services , turnover amounts to :	225.755
For the production segment the turnover is totaling :	18.024.486

13. 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).

Transactions with affiliated parties are:

A) Sales of finished products and services

Entity name	**6 months 2018 lei**	**6 months 2017 lei**
Axon SRL Ploiesti	773,50	1.677,90

B) Purchase of goods and services

Entity name	6 months 2018 lei	6 months 2017 lei
Aprodem SA Ploiesti	51.861,51	-
Axon SRL Ploiesti	128.469,26	348.018,83
Comis SRL Valeni de Munte	7.972,01	63.025,97
Electro Service Onel & CO SRL Ploiesti	-	30.048,69
Passion SRL Ploiesti	273	244
Platus Com SRL Campina	133.802,97	40.009,05
Romconvert SA Ploiesti	-	34.724,20
Titancore SRL Ploiesti	201.126,20	135.110,68
Rikora FLM SRL (Vaspet SRL Focsani)	73.674,11	33.423,25

Entity name	6 months 2018 usd	6 months 2017 usd
Shabum International LTD Tel Aviv	22.798,32	3.455,66

Entity name	6 months 2018 eur	6 months 2017 eur
Passion SRL Ploiesti	5.301,00	7.335,00

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).

	6 months 2018	6 months 2017
Gross salary	1.485.386 lei	1.102.701 lei

14. OTHER INFORMATION

(1) ***Fees paid to auditors***

For the period January 1 – June 30 2018 the Company's expenses on fees paid to auditors worth 129.055,01 lei VAT excluded , consisting of:

a) Statutory auditor

	lei
- Ecoteh Expert SRL Bucuresti Romania	16.315,15

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b) Audits for certification of quality management systems and products (licenses)

	lei
- American Petroleum Institut Washington - USA	78.892,20
- Certification Center Constand Moscova	4.622,85
- DNV-GL Business Assurance Romania SRL	28.189,20
- Techstreet-Clarivate Analystics LLC Canada	1.035,61

(2)Expenses with wages for personnel

	Accounting Reporting at 30 June 2018 (lei)	Accounting Reporting at 30 June 2017 (lei)
Expenses with wages for personnel	10.909.632	8.392.425

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

Average number of employees in the period January - June 2018 was:

	Accounting Reporting at 30 June 2018	Accounting Reporting at 30 June 2017
Average number of employees (persons)	476	479

(3)Financial guarantees given / received by the company.

Financial guarantees granted

Uztel SA Ploiesti has established a good performance guarantee at the request of the customer Naftagas Oilfield Services Serbia in the amount of **7,043.37** Euros by issuing letters of collateral bank guarantee with limited expiration terms, namely:

- Good Execution Guarantee 7.043,37 EUR Maturity 12.10.2018

This guarantee is registered in the treasury account and was created at the request of the company's clients when negotiating contracts for the sale of assemblies, subassemblies, oil equipment and installations, industrial valves, mud pumps, other spare parts for oil equipment, cast and forged parts. The company has a good execution guarantee of a total amount of 38.939,07 lei (customer Naftagas Oilfield Services Serbia) by registering these amounts with a fixed term (12 to 19 months) in the fixed debts account, according to the contractual provisions negotiated with the clients internal and external to society.

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Financial guarantees received

Uztel SA Ploiesti did not request and did not benefit during the period January - June 2018 from good performance guarantees from suppliers for repair and investment works.

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(4) Insurance policies held by the company

The company owns insurance police OMNIASIG F Series F no. 2509660 for a period of 12 months, valid from 25.05.2018 until 24.05.2019, representing fire insurance and other risks for a declared value of 29.434.935 lei of a number of 26 industrial buildings and production halls owned by the company.

The company owns insurance police OMNIASIG F Series F no. 2493798 for a period of 12 months, namely from 23.11.2017 to 22.11.2018 (renewed annually) representing fire insurance and other risks (risk packages) for stocks (raw materials, inventory items, finished products) with a declared value of 24.651.575 lei.

The company owns insurance police OMNIASIG F Series F no. 2503328 for a period of 12 months, namely from 01.03.2018 to 28.02.2019 (renewed annually) representing fire insurance and other risks (risk packages) for machinery (according to the evaluation report) with a declared value of 5.852.629 lei.

All the insurance policies the company has concluded have generated financial costs (cash outflows), operating revenues through sales of complex products and services and mainly provided shareholders, company managers and trading partners with stability and confidence in commercial activities and present and future financials of society.

(5) Assessment on the impact of the activity of the society on the environment

The company's activity is conducted according to the following regulatory acts:

- Environmental authorization no.– PH-619 from 21.12.2009 valid until 12/21/2019 reviewed on 24.09.2015, for the activity of production assemblies, parts and equipment and servicing industrial oil, recovery of recyclable industrial waste, capture, water treatment and distribution, painting workshop.
- Water Management Authorization no 107 of 15.06.2017 valid until 15.06.2019;
- Certificate of enrolment in the register of authorized economic operators that carry out waste recovery operations no.– 0325 issued by the Ministry of Economy - Department for Industrial Policy registration nmb. 220845/30.03.2018, valid until 31.03.2019.

Company Uztel S.A. constantly and consistently pay a special care to environmental protection, with particular regard to this:

- compliance with the legislation in force on environmental protection;–
- saving natural resources;
- identification of potential risks, anticipation of consequences and taking them into account;

Uztel S.A. has implemented the Environmental Management System according to the ISO 14001-2015 standard. The activities regulated by this system are maintained and continuously improved, being systematically overseen by internal audit but also by the certification authority.

Environmental factors (drinking water, wastewater, air-emission-imission air, soil, waste) were monitored as required by applicable legal activities within Uztel S.A. (Monthly, quarterly, semi-annually). It has been observed frequency imposed by the environment authority and no exceeding the maximum levels imposed was found.

Dangerous chemicals and chemicals have been acquired, stored, handled and used in compliance with applicable legislation, in accordance with the safety data sheets.

***(6)* Aspects of legal disputes of the company**

The company, as a creditor, undertook all legal steps necessary for the recovery of overdue commercial debts from legal entities and physical persons carrying out during the period 01.01.2018 - 30.06.2018 a number of commercial files through the courts, files in different stages of the trial and execution and is a civil party (without material implications) in work group files (labour litigation) with former employees

Debt Recovery / Claims	22 files
Enforcement	16 files
Insolvency Procedure	19 files
Labor disputes (work groups, special conditions, claims, dismissal contest)	214 files

The Company regularly monitors overdue commercial receivables and applies the best estimates for their accountability and accounting.

15. 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.

Economic environment

The adjustment values in risk-held on international financial markets beginning with 2016 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 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 l 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.

Labor Framework

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 market as lowering prices and liquidity of 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.

16. THROUGHOUT THE INSOLVENCY - REORGANIZATION PROCEEDINGS

By Order no.129 dated 03.03.2017 pronounced on File no. 4732/105/2010 by Dolj Court; Department of -II- of Civil, was ordered closure of the Uztel SA company's reorganization procedures, following the fulfillment of payment obligations assumed in the plan confirmed by sentence no. 1282 9 October 2012 and the Uztel SA Company's reintegration into the economic circuit with continued activity.

COMPANY'S BOARD OF DIRECTORS

In accordance with the legal provisions in force, namely amended and updated Law 31/1990, UZTEL SA proceeded to the election of a Board of Directors with a four-year term of office, consisting of five members with full powers:

UZTEL S.A.
OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS
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PERIOD OF 01.01.2018 - 30.06.2018		
SURNAME ,GIVEN NAME	**POSITION**	**TERM OF FUNCTION**
Popescu Ileana	CEO.	01.01.2018-30.06.2018
Maer Alina Mariana	Member of Board of Directors	01.01.2018-30.06.2018
Hagiu Neculai	Member of Board of Directors	01.01.2018-30.06.2018
Persoana Juridica COMIS SRL prin reprezentant conventional Badea Florian	Member of Board of Directors	01.01.2018-30.06.2018
Gheorghiu Mihail Gabriel	Member of Board of Directors	01.01.2018-30.06.2018

On January 1, 2018, Mr. Uzidaru Ion was appointed General Manager - Legal Representative of the Company by the Decision of the Board of Directors of Uztel SA.

For the period 01.01.2018 - 30.06.2018 the total remuneration of the Board of Directors of the Company represented 2.33% of the salary fund.

THE EXECUTIVE MANAGEMENT OF THE COMPANY - during 01.01.2018 - 30.06.2018 was provided by:

PERIOD 01.01.2018 - 30.06.2018			
SURNAME,GIVEN NAME	**POSITION**	**PERIOD**	**DECISION/DATE OF ISSUE**
Popescu Ileana	Economic Director	01.01.2018-30.06.2018	C.M 2 / 14.05.2017
Zidaru Ion	General Director	01.01.2018-30.06.2018	C.M 6 / 05.01.2018
Anghel George Marinelo	Technical Director	01.01.2018-30.06.2018	Decizia 170 / 16.10.2017
Gheorghiu Mihail Gabriel	Commercial Director	01.01.2018-30.06.2018	C.M 12 / 24.04.2017
Ristoiu Mariana	Manager of Quality Management System	10.04.2018-30.06.2018	Decizia 64 / 05.04.2018

For the period 01.01.2018 – 30.06.2018 the total remunerations of the Board of Directors of the Company represented 8,34 % of the salary fund.

General Director	Economic Director	Head o Gen. Acct. Dept.
Ing. Zidaru Ion	Ec. Popescu Ileana	Ec. Ilie Marian

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STATEMENT

According to the provisions of art.65 paragraph (2) letter c of the Law no. 24/2017 on issuers of financial instruments and market operations

According to the best available information, we confirm that the individual financial statements for the first half of 2018, prepared in accordance with International Financial Reporting Standards, provide a true and fair view of the assets, liabilities, financial position and profit and loss account of the company Uztel SA Ploiesti.

We also confirm that the operational performance situation and the information presented in the Board of Directors' Report provide a fair and consistent picture of the main events that took place during the first six months of 2018 and their impact on the financial statements

Board of Directors through,
CEO
Hagiu Nicolae