



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

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

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

SEMESTER REPORT AT 30.06.2020

Half-year report according to the financial statement as at 30.06.2020

Date of report: 27.08.2020

Name of the company: UZTEL S.A.

Headquarters: Str.Mihai Bravu, nr.243, Ploiesti city, zip 100410, Prahova County

Phone :0040/0244/541399 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 2019 shows the significant events and transactions for understanding the changes in the company's position and performance that took place between January 1 and June 30, 2020, prepared according to the provisions of the N.S.C. Rule no. 5/2018 regarding issuers of financial instruments and market operations (Annex nmb. 14).



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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

lei

Indicator	30.06.2020	31.12.2019	30.06.2019
TOTAL ASSETS, of which:	85.695.720	92.855.500	95.827.561
· Fixed assets	38.978.987	40.959.949	42.067.913
· Current assets	46.711.252	51.891.216	53.756.181
· Other assets	5.481	4.335	3.467

Total Assets - registered a percentage decrease by 7,71% on 30.06.2020 compared to 31.12.2019 and a percentage decrease by 10,57% compared to 30.06.2019, due to the following evolutions:

Fixed assets registered a percentage decrease by 4,84% on 30.06.2020 compared to 31.12.2019, and a percentage decrease by 7,34% compared to 30.06.2019;

Current assets registered a percentage decrease by 9,98% on 30.06.2020 compared to 31.12.2019 and a percentage decrease by 13,10% compared to 30.06.2019;

Other assets (expenses in advance) registered a percentage increase of 26,44% on 30.06.2020 compared to 31.12.2019 and a percentage increase of 58,09% compared to 30.06.2019.

lei

Indicator	30.06.2020	31.12.2019	30.06.2019
TOTAL LIABILITIES, of which:	85.695.720	92.855.500	95.827.561
• Current liabilities	26.316.574	25.959.244	30.655.824
• Long-term debt	4.038.966	3.574.799	4.471.106
• Equity	55.340.180	63.321.457	60.455.904
• Other liabilities	239.597	241.307	244.727



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Total Liabilities - registered a percentage decrease by 7,71% on 30.06.2020 compared to 31.12.2019 and a percentage decrease by 10,57% compared to 30.06.2019, due to the following evolutions:

Current liabilities (amounts to be paid in a period of up to one year) registered a percentage increase of 1,38% on 30.06.2020 compared to 31.12.2019 and a percentage decrease of 14,15% compared to 30.06.2019.

Long-term debts (amounts to be paid in a period of more than one year) registered a percentage increase of 12,98% on 30.06.2020 compared to 31.12.2019 and a percentage decrease of 9,67% compared to 30.06 .2019.

The equity registered a percentage decrease by 12,60% on 30.06.2020 compared to 31.12.2019 and a percentage decrease by 8,46% compared to 30.06.2019.

Other liabilities (provisions for litigation and guarantees granted to customers) recorded a percentage decrease of 0,71% on 30.06.2020 compared to 31.12.2019 and a percentage decrease of 2,10% compared to 30.06.2019.

b) Elements of the overall result

lei

Explanations	01 January - 30 June 2020	01 January - 30 June 2019
TOTAL REVENUE, of which:	17.994.618	36.265.673
· Operational revenues (operation)	17.789.498	35.971.871
· Financial income	205.120	293.802
TOTAL EXPENDITURE of which:	25.975.894	38.546.417
· Operational expenses (exploitation)	25.331.275	37.775.835
· Financial expenses	644.619	770.582
Result of operational activity (exploitation)	(7.541.777)	(1.803.964)
Financial result	(439.499)	(476.780)
GROSS RESULT	(7.981.276)	(2.280.744)
NET RESULT	(7.981.276)	(2.280.744)

Total revenues - registered a percentage decrease by 50,38% on 30.06.2020 compared to 30.06.2019, ie in nominal values from 36.265.673 lei to 30.06.2019 to 17.994.618 lei on 30.06.2020.



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Total expenses - registered a percentage decrease by 32,61% on 30.06.2020 compared to 30.06.2019, ie in nominal values from 38.546.417 lei on 30.06.2019 to 25.975.894 lei on 30.06.2020.

The result from the operational activity (operation) registered a significant decrease on 30.06.2020 compared to 30.06.2019, ie in nominal values from -1.803.964 lei on 30.06.2019 to -7.541.777 lei on 30.06.2020.

The financial result registered an increase on 30.06.2020 compared to 30.06.2019, ie in nominal values from -476.780 lei on 30.06.2019 to -439.499 lei on 30.06.2020.

The gross / net result of the period registered a significant decrease on 30.06.2020 compared to 30.06.2019, ie in nominal values from -2.280.744 lei on 30.06.2019 to -7.981.276 lei on 30.06.2020.

c) Cash-flow elements

Explanations	lei	
	01 January -30 June 2020	01 January -30 June 2019
A. Net cash from operating activities	(2.348.843)	(4.405.052)
B. Net cash derived from investment business	(373.706)	(353.246)
C. Net cash from financing	1.458.926	3.825.864
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(1.263.623)	(932.434)
Cash and cash equivalents at the beginning of the period	1.971.117	1.330.657
Cash and cash equivalents at the end of the period	707.494	398.223

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 joint ventures;



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- 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 has proposed to carry out its activity in conditions of continuity and compliance with the provisions of OMFP 2844/2016 regarding the accounting regulations compliant with the International Financial Reporting Standards. The evolution of the national and international epidemiological situation determined by the spread of SARS – coV – 2 coronavirus in more than 150 countries, as well as the declaration of the “Pandemic” by the World Health Organization on 11.03.2020 and the Presidential Decrees establishing the state of emergency and of the alert state on the Romanian territory determined social and commercial, economic and financial phenomena and aspects independent of the society and which cannot be controlled by it, which led and will inevitably lead to an inevitable negative impact regarding the drastic decrease of the volume of orders and commercial contracts related to 2020, the achievement of the provided budgetary indicators.

2. Analysis of the activity of Trading Company

2.1. Compared to the same period last year (semester I 2019), during the first semester of 2020 the following are observed:

- Respecting the principle of continuity of activity by providing financial resources necessary for the commercial development of the company;
- A percentage increase of 32,27% of interest expenses on 30.06.2020 as compared to 30.06.2019, i.e. in nominal values from 319.482 lei at 30.06.2019 to 422.593 lei at 30.06.2020 due to the financing sources attracted- the aforesaid interest are paid for contracted and consumed bank credits;
- A percentage decrease of 2,33% of the expenses with personnel at 30.06.2020 compared to 30.06.2019, i.e. in nominal values from 12.853.322 lei to 30.06.2018 at 12.553.402 lei at 30.06.2020.

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



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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 30 June 2020	Accounting reporting at 30 June 2019
Interest paid	(lei) 422.593	(lei) 319.482

Liquidity risk

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

	Accounting reporting 30 June 2020	Accounting reporting at 30 June 2019
Cash and cash on hand	(lei) 707.494	(lei) 398.223

Currency risk

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

	Accounting reporting 30 June 2020	Accounting reporting 30 June 2019
Net result of exchange rate	(lei) (30.190)	(lei) (159.095)

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 increase 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 instability in the demand for oil equipment, sales and oil barrel prices, which generated a variation in turnover and, implicitly, of the volume of sales on the domestic



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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 semester of 2020 Uztel SA Ploiesti supported the expenses of the activity from its own sources and attracted by financing by internal and external banking factoring and subsidies granted by the state authorities by partially supporting the personnel expenses during the period " technical unemployment " 25.03.2020 - 15.05.2020.

- Fixed assets decreased in the first half of 2020 compared to the first half of 2019 by 7,34%, from 42.067.913 lei on 30.06.2019 to 38.978.987 lei on 30.06.2020 due to the decrease of the net value of tangible fixed assets by 7,47%, from 42.012.959 lei on 30.06.2019 to 38.876.566 lei on 30.06.2020 by calculating and recording depreciation, as well as increasing the net value of intangible assets by 86,82%, from 54.954 lei to 30.06.2019 to 102.421 lei on 30.06.2020.
- Current assets decreased in the first half of 2020 compared to the first half of 2019 by 13,11% from 53.756.181 lei on 30.06.2019 to 46.711.252 lei on 30.06.2020.

2.3. The sales volume achieved by the company in the first half of 2020 was 20.531.586 lei, representing a percentage decrease of 35,74% compared to the same period of the previous year, i.e. in nominal values from 31.951.218 lei to 30.06.2019 at 20.531.586 lei on 30.06.2020.

The decrease in sales volume was determined by the reduction of the volume of contracts and orders at the company level on the background of the evolution of the international and national epidemiological situation of the spread of SARS-CoV-2 coronavirus, corroborated with the sudden decrease of the oil barrel price.

As in March 2020 there was a decrease in the average income and receipts from January and February 2020 by a higher percentage of 25%, the company requested the Ministry of Economy, Energy and Business Environment to issue the Emergency Certificate - type 2 (yellow) for supporting economic operators in relations with public institutions to obtain, in accordance with the law, credit facilities, support measures in trade relations, as a result of economic, financial and social impact on them, caused by the spread of SARS - coV - coronavirus 2 and deferral of payment for utility services.

The evolution of the international epidemiological situation determined by the spread of the SARS - coV - 2 coronavirus and the declaration of the pandemic by the World Health Organization on 11.03.2020 imposed the establishment of a state of emergency on the Romanian territory, according to the Decree of the Romanian President no. 195 from 16.03.2020.



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During the state of emergency March 16 - May 15, 2020, according to GEO 30/2020, the company suspended a limited number of individual employment contracts and benefited, based on a declaration on its own responsibility, from technical unemployment benefits borne by the insurance budget for unemployment up to the limit of 75% of the basic salary corresponding to the job occupied, but not more than 75% of the average gross earnings provided by Law no. 6/2020 of the state social insurance budget for 2020 (i.e. 75% of 5,429 lei).

The company received during the state of emergency from the social insurance budget the amount of 1.039.831 lei and paid social insurance contributions, social health insurance contributions and income tax in the nature of salaries amounting to 431.375 lei.

Income from the core business of the company

Turnover for the period 01.01.2020 - 30.06.2020 is as follows:

Accounting reporting at 30.06.2020	Value (lei)	Share in Total revenue %	Share in Turnover %
Income from the sale of finished products - domestic	14.057.739	78,12	68,47
Revenues from the sale of finished products - external	6.419.827	35,68	31,27
Revenue from rendered services - internal transport	12.136	0,07	0,06
Revenue from rendered services – external transport and goods insurance	6.637	0,04	0,03
Revenue from rendered services – external transport	34.943	0,19	0,17
Income from sale of goods	20.636	0,11	0,10
Income from various activities - domestic	70.238	0,39	0,34
Trade discounts granted	(90.570)	(0,50)	(0,44)
Turnover - total	20.531.586	114,10	100,00

The turnover for the period 01.01.2020 - 30.06.2020 per business segments is as follows:



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Reporting on operational segments at June 30, 2020	Value (lei)	Share in Total revenues %
Income from the sale of finished products - domestic	13.967.169	77,62
Revenues from the sale of finished products - external	6.419.827	35,68
Income related to the cost of finished product stocks and production in progress	(1.511.976)	(8,40)
Revenue from services rendered	123.954	0,69
Income from sale of goods	20.636	0,11
Income from operating subsidies for the payment of technical unemployment	1.039.945	5,78
Other operating income	(2.272.928)	(12,63)
Total	17.786.627	98,84

lei

For the trade segment the turnover is in the sum of:	20.636
For the service segment the turnover is in the sum of:	123.954
For the production segment the turnover is in the amount of:	20.386.996

The turnover for the period 01.01.2019 – 30.06.2019 is as follows:

Accounting reporting at 30.06.2019	Value (lei)	Share in Total revenues %	Share in turnover %
Income from the sale of finished products - domestic	12.458.638	32,32	38,99
Revenues from the sale of finished products - external	19.305.058	50,08	60,42
Revenue from services rendered - Laboratory benefits	31.275	0,08	0,10
Revenue from rendered services - internal transport	13.898	0,04	0,04
Revenue from rendered services - external transport	109.254	0,28	0,34
Income from sale of goods	14.958	0,04	0,05
Income from various activities - domestic	367	0,00	0,00
Income from various activities -export	17.770	0,05	0,06
Total Turnover	31.951.218	82,89	100,00



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The turnover for the period 01.01.2019 - 30.06.2019 per business segments is as follows:

Reporting on operational segments at June 30, 2019	Value (lei)	Share in Total income %
Income from the sale of finished products - domestic	12.458.638	32,32
Revenues from the sale of finished products - external	19.305.058	50,08
Income related to the cost of finished product stocks and production in progress	3.730.245	9,68
Revenue from services rendered	172.563	0,45
Income from sale of goods	14.958	0,04
Total	35.681.463	92,56

lei

For the trade segment the turnover is in the sum of:	14.958
For the service segment the turnover is in the sum of:	172.563
For the production segment the turnover is in the amount of:	31.763.696

6 months
2020 **6 months**
2019

OPERATING INCOME

	<u>lei</u>	<u>lei</u>
Total operating income from what:	17.789.498	35.971.871
Turnover	20.531.586	31.951.218
Income related to the cost of finished product stocks and production in progress	(1.511.976)	3.730.245
Income from the production of intangible and tangible assets	2.871	6.118
Revenue from operating subsidies for the payment of technically unemployed staff	1.039.945	-
Other operating revenues	(2.272.928)	284.290

The top sales made to 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 2020 is as follows:



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Domestic clients	Total bills (lei) VAT excluded	Share %
ABB Process Industrie Aix-Les Bains Cedex	3.977.171,46	28,64
Cameron-Romania SRL Campina	1.836.285,05	13,22
Rohrer Servicii Industriale Bucuresti	1.469.994,40	10,58
G.R.I.M.E.X. SRL Bucuresti	623.500,00	4,49
Petro Welt Technologies AG Austria	555.736,06	4,00
Tehnomet SA Buzau	466.965,38	3,36
Automobile Dacia SA Mioveni	457.155,88	3,29
Amromco Energy SRL Ploiesti	401.265,80	2,89
Multy Products Rom SRL Sighisoara-work point Albesti	397.853,24	2,86
Voicilas Laurentiu	342.360,11	2,46
TOTAL	10.528.287,38	75,78

External Clients	Total bills (Euro)	Share %
Robke Erdol Und Erdgastechnk Gmbh Germania	177.463,90	31,53
ABB Process Industrie Aix-Les Bains Cedex Franta (NE)	146.436,40	26,01
Naftagas Oilfield Services LLC Novi Sad	62.937,00	11,18
VT Veres KFT Kecskemet Ungaria	61.299,00	10,89
Jaddy Carry Doo Belgrad	43.891,80	7,79
Eurotech INT Sp zoo Wojska Polonia	20.370,60	3,62
TDE ITS KFT Ungaria	18.053,00	3,21
Belorusneft Gomel Belarus	11.960,00	2,12
Elematic OY AB Toijala Finlanda	5.845,00	1,04
N.V. Turkse Perenco Ankara	5.335,00	0,95
TOTAL	553.591,70	98,34

External Clients	Total bills (USD)	Share %
Technip FMC Canada Ltd	266.526,00	33,49
IAL Engineering Services LTD. Trinidad	214.125,20	26,90
Independent Oil Tools Iraq	182.462,70	22,92
Desert Sand Oil & Gas LLC Muscat Oman	66.243,20	8,32



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Ibemo Industrie Service Germania	46.414,00	5,83
FMC Technologies INC Bogota Columbia	14.260,00	1,79
Peseco Limited Aberdeenshire United Kingdom (non UE)	5.968,00	0,75
TOTAL	795.999,10	100,00

Evolution of sales on the domestic and foreign market:

- **Sales in RON** increased from 12.519.136 lei on 30.06.2019 to 14.025.221 lei on 30.06.2020, i.e. a percentage increase of 12,03% compared to the same period of 2019;
- **Sales in EUR** decreased from 1.143.148 eur on 30.06.2019 to 562.906 euro on 30.06.2020, i.e. a percentage decrease of 50,76% compared to the same period of 2019;
- **Sales in USD** decreased from USD 3.325.813 on June 30, 2019 to USD 795.999 on June 30, 2020, i.e. a percentage decrease of 76,07% compared to the same period of 2019.

Explanations	30.06.2019	30.06.2020	30.06.2020/30.06.2019*100
Sales in RON	12.519.136	14.025.221	112,03
Sales in EURO	1.143.148	562.906	49,24
Sales in USD	3.325.813	795.999	23,93

3. Changes affecting the capital and management of the company

3.1. From January 1st to June 30th, 2020, the company 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 did not 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 30.06.2019 is the following:



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Shareholder	Nmb. Of shares	Percent (%)
UZTEL Association	4.498.300	83,8381
Natural persons	447.033	8,3317
Legal entities	420.126	7,8302
TOTAL	5.365.459	100

- According to records of Depozitarul Central S.A. , the situation of shareholders at 30.06.2019 was as bellow:

Shareholder	Nmb. Of shares	Percent (%)
UZTEL Association	4.498.300	83,8381
Natural persons	447.033	8,3317
Legal entities	420.126	7,8302
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 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 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 01.01.2020 - 30.06.2020		
Surname, given name	POSITION	PERIOD
Hagiu Neculai	CEO	01.01.2020-30.06.2020
Popescu Ileana	Member of Board of Directors	01.01.2020-30.06.2020
Serbaniuc Tudor	Member of Board of Directors	01.01.2020-30.06.2020
Stan Vasile Armis	Member of Board of Directors	01.01.2020-30.06.2020
Grigore Victor	Member of Board of Directors	01.01.2020-30.06.2020



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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

<u>Description of entity</u>	<u>6 months 2020</u> <u>lei</u>	<u>6 months 2020</u> <u>lei</u>
Axon SRL Ploiesti	36.028,80	420,04
Ipsar SRL Valeni de Munte	-	(19.359,64)
Hany Industry SRL Ploiesti	-	4.165,00

B) Achizitii de bunuri si servicii

<u>Description of entity</u>	<u>6 months 2020</u> <u>lei</u>	<u>6 months 2020</u> <u>lei</u>
Axon SRL Ploiesti	217.574,82	159.512,87
Comis SRL Valeni de Munte	-	11.552,13
Ipsar SRL Valeni de Munte	-	2.808,40
Hany Industry SRL Ploiesti	381.541,43	726.227,23
Passion SRL Ploiesti	-	306,00
Platus Com SRL Campina	11.463,00	83.142,48
Romconvert SA Ploiesti	24.528,28	-
Titancore SRL Ploiesti	77.056,68	150.913,32
Rikora FLM SRL (Vaspel SRL Focsani)	-	1.300,61

<u>Description of entity</u>	<u>6 months 2020</u> <u>usd</u>	<u>6 months 2020</u> <u>usd</u>
Shabum International LTD Tel Aviv	6.383,10	32.542,34

<u>Description of entity</u>	<u>6 months 2020</u> <u>euro</u>	<u>6 months 2020</u> <u>euro</u>
Passion SRL Ploiesti	-	6.162,00



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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According to IAS 24 (Presentation of the information regarding the affiliated parties), the company considered it appropriate to describe the commercial transactions carried out with the legal entities that hold money funds as associate members of the UZTEL Association.

The legal entities whose transactions were mentioned above do not fall under the provisions of art. 82 paragraph (1) of Law no. 24/2017 due to the fact that the holdings, i.e. the money funds, do not allow them to hold the control.

The company UZTEL SA presents the following additional information regarding the Share of the money funds held, on 30.06.2020, by the legal entities in their capacity as members of the Uztel Association, as follows:

<u>Description of entity</u>	% money hold in Asociatia UZTEL
Aprodem SA Ploiesti	0,2805
Axon SRL Ploiesti	0,7380
Comis SRL Valeni de Munte	8,2977
Electro Service Onel & Co SNC Ploiesti	8,4355
Iulnicomnic SRL Ploiesti	1,8897
Passion SRL Ploiesti	0,3982
Platus Com SRL Campina	0,6090
Romconvert SA Ploiesti	0,7609
Titancore SRL Ploiesti	4,2191
Rikora Flm SRL Focsani (Vaspel SRL Focsani)	0,5087
<u>Description of entity</u>	
Shabum International LTD Tel Aviv	0,2640

Board of Directors, through,
CEO
Hagiu Neculai

General Director
Eng. Anghel George Marinelo

Economic Director,
Ec. Popescu Ileana

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



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**INTERIM FINANCIAL STATEMENTS AT THE DATE
OF AND FOR 6 MONTH PERIOD ENDED
AT JUNE 30, 2020**

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

Interim financial statement is not audited



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Interim statement of the individual financial position For Accounting Reporting on 30.06.2020

In LEI	Nota	<u>30-June 2020</u>	<u>31-December 2019</u>
Long-term Assets			
Tangible assets	9	38.876.566	40.879.834
Intangible assets	9	102.421	80.115
Total long-term assets		<u>38.978.987</u>	<u>40.959.949</u>
Current assets			
Stocks	10	37.080.295	40.547.659
Trade receivables and other receivables	4	8.928.944	9.376.723
Cash and cash equivalents	4	707.494	1.971.169
Total current assets		<u>46.716.733</u>	<u>51.895.551</u>
Total Assets		<u>85.695.720</u>	<u>99.855.500</u>
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	35.421.174	37.055.314
Result for the period		(7.981.276)	584.808
Result reported	8	3.051.498	9.398.635
Total Capitals		<u>55.340.180</u>	<u>63.324.457</u>
Long term debts			
Loans	4	2.473.104	357.419
Trade debts	4	1.326.265	2.976.073
Provisions for disputes	8	239.597	241.307
Total long-term debts	4	<u>4.038.966</u>	<u>4.621.446</u>
Current liabilities			
Trade payables	4	8.991.334	13.392.009
Loans	4	7.617.103	6.967.761
Income in advance	4	1.129.498	1.297.948
Other liabilities	4	8.578.639	4.301.526
Total current liabilities		<u>26.316.574</u>	<u>25.959.244</u>
Total liabilities		<u>30.355.540</u>	<u>29.534.043</u>
Total equity and liabilities		<u>85.695.720</u>	<u>92.855.500</u>

These interim statements were approved by on 20.08.2020.

General Director
Eng. Anghel George Marinelo

Economic Director
Ec. Popescu Ileana

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



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Interim statement of comprehensive income For Accounting Reporting on 30.06.2020

In LEI	Nota	<u>30-June 2020</u>	<u>30-June 2019</u>
Income	11	20.531.586	31.951.218
Income from operation subsidies	11	1.039.945	-
Other income	11	(2.272.928)	290.408
Other gains / (losses) -net	11	1.710	3.327
Income cost of inventories of finished goods and production in progress	11	(1.511.976)	3.730.245
Expenses with raw materials and consumables	11	(8.190.017)	(18.646.034)
Asset depreciation and amortization expense	11	(1.251.978)	(1.592.651)
Employee benefits expense	11	(12.153.814)	(12.480.033)
Expenditure on insurance contributions and social security	11	(399.588)	(373.289)
Expenses with external supply	11	(1.885.229)	(3.875.960)
Other expenses	11	(1.452.359)	(811.195)
Operating profit	11	<u>(7.541.777)</u>	<u>(1.803.964)</u>
Financial income	11	205.120	293.802
Financial expenses	11	644.619	770.582
Financial costs - net		<u>(439.499)</u>	<u>(476.780)</u>
Profit / (loss) before tax		<u>(7.981.276)</u>	<u>(2.280.744)</u>
Profit / (loss) of period - net	6	<u>(7.981.276)</u>	<u>(2.280.744)</u>
Total consolidated income for the period		<u>(7.981.276)</u>	<u>(2.280.744)</u>
Earnings per Share	6	<u>(1,49)</u>	<u>(0,43)</u>
Number of shares	6	<u>5.365.459</u>	<u>5.365.459</u>

These interim statements were approved by on 20.08.2020.

General Director
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Interim Statement of Changes in Equity For Accounting Reporting on 30.06.2020

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance on January 01, 2020		13.413.648	3.453.860	1.985.076	34.439.105	631.133	9.398.635	63.321.457
Reserve Reclassification From Revaluation At reported Result	5	-	-	-	-	-	1.634.139	1.634.139
Net Profit of period	6	-	-	-	-	-	(7.981.276)	(7.981.276)
Transfer between Equity accounts	5	-	-	-	(1.634.140)	-	-	(1.634.140)
Balance on June 30, 2020		13.413.648	3.453.860	1.985.076	32.804.965	631.133	3.051.498	55.340.180

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance at January 01, 2019		13.413.648	3.453.860	1.955.836	36.170.003	631.133	7.112.169	62.736.649
Reserve Reclassification From Revaluation At reported Result	5	-	-	-	-	-	1.104.102	1.104.102
Net Profit of period	6	-	-	-	-	-	(2.280.744)	(2.280.744)
Transfer between Equity accounts	5	-	-	-	(1.104.103)	-	-	(1.104.103)
Balance at June 30, 2019		13.413.648	3.453.860	1.955.836	35.065.900	631.133	5.935.527	60.455.904



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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 01.01.2020 - 30.06.2020 have been calculated.

These interim statements were approved by on 20.08.2020.

General Director
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Economic Director
Ec. Popescu Ileana

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



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Interim statement of cash flows For Accounting Reporting on 30.06.2020

In LEI	30-June 2020	30-June 2019
Net profit for the year	(7.981.276)	(2.280.744)
Amortization / depreciation of long-term assets	1.251.978	1.592.651
Gain / loss on sale of fixed assets	593.922	(51.079)
Adjustment for depreciation of receivables - clients	1.546.766	1.546.766
Interest expenses	(422.593)	(319.482)
Interest income	1.341	1.797
Gain / loss from exchange rate differences	11.507	(159.095)
Movements in working capital	2.982.921	2.611.558
Increase / (decrease) in trade receivables and other receivables	488.925	(2.158.886)
Increase / (decrease) in inventories	3.467.364	(928.190)
Increase / (decrease) in other current assets	(1.146)	1.154
Increase / (decrease) in trade payables	3.431.829	(2.320.925)
Increase / (decrease) in deferred revenue	168.450	880.121
Increase / (decrease) other liabilities	(4.443.317)	110.342
Cash used in operating activities	3.072.105	(4.416.384)
Interest paid	(422.593)	(319.482)
Cash generated from operating activities	(2.348.843)	(4.405.052)
Net cash from investing activities	(373.706)	(353.246)
Cash payment for acquisition of land and assets	(373.706)	(353.246)
Net cash from funding activity	1.458.926	3.825.864
Cash repayments of borrowings	419.141	-
Cash collected from loans and credits	-	3.826.555
Dividends paid	1.039.945	-
Increase / decrease in net cash and cash equivalents	(160)	(691)
Cash and cash equivalents at beginning of period	(1.263.623)	(923.434)
Cash and cash equivalents at end of period	1.971.117	1.330.657
Increase / decrease in net cash and cash equivalents	707.494	398.223
Interest paid	(1.263.623)	(932.434)

These interim statements were approved by on 20.08.2020.

General Director
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Economic Director
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NOTES TO INTERM INDIVIDUAL FINANCIAL STATEMENTS at June 30 JUNE 2020

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 year on 31.12.2019.

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 116 years in the main activity: designing, manufacturing, repairing, selling on domestic and international market parts, assemblies and oil equipment and manufacture forgings and molded 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.



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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;
- building a team to promote interdepartmental (focused on improving brand perception sensitive and significant);–
- rethinking marketing strategy of the company and social responsibility.

The permanent decisions regarding the optimization of all the processes of the company have ,had and will have visible and evaluable effects through the values of the key indicators of the company, by reducing and streamlining the costs and will allow the management decisions based on financial information - accounting updated in real time.

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.



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The company UZTEL S.A. it is a viable and mobile economic system, optimally dimensioned, it is a rectifiable enterprise that has the capacity to continue its productive activity.

The company has an integrated production with local design skills, applies high technologies according to the product specifications API6A; 16A; 16C; 16D and European Directive 2014/68 EU. The Department of Environmental Quality S.S.M., using modern laboratories and procedures, ensures compliance with international standards ISO-14001-2015, ISO 9001-2015, ISO 45001/2018 and API Q1 specification. UZTEL continuously maintains and improves the quality management system "SMC" ISO 9001: 2015 and API Spec. Q1, integrated with the environmental management system according to ISO 14001 and the occupational health and safety system according to ISO 45001, certified by GR EUROCERT SRL Ploiesti, to ensure the quality of the products against the background of the environment and to create a safe and healthy working climate at work.

2. BASIS OF PREPARATION OF INDIVIDUAL FINANCIAL 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 prepared the complete set of financial statements in accordance with the Order of the Minister of Public Finance no. 881/2012 and the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards.

These financial statements have been prepared on a going concern basis. The amounts are expressed in lei in all components of the financial statements.

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

Significant adjustments to the statutory financial statements refer to:

- grouping a number of accounts in positions of the more comprehensive financial position situation;
- preparation of the notes to the financial statements, as well as of the other presentation requirements in accordance with IFRS.

Uztel SA is not part of a group of entities under the control of a parent company, is not in a consolidation perimeter and does not apply IFRS 10 - Consolidated financial statements.

The Board of Directors assumes responsibility for the preparation of the financial statements as at 30.06.2020 and confirms that they are in accordance with the applicable accounting regulations, and the company carries out its activity in conditions of continuity.



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b Basis of valuation

IFRS require that the 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. Ongoing activity

The 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 01.01.2020 - 30.06.2020, 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.

UZTEL S.A. Ploiesti joins other large national and international oil companies that report commercial and financial results below expectations due to historical collapses in oil demand given that the population is in quarantine / isolation, and the activity of companies has been / is suspended due to the pandemic of coronavirus. In addition, the oil industry is suffering from a supply surplus caused by a price war between the world's major producers Saudi Arabia and Russia. There is a global surplus of oil reserves for which there is a significantly diminished demand due to the drastic restrictions of circulation (air, naval, car) and consumption caused by the isolation of the population in front of the coronavirus pandemic.

Currently, the price of oil is one third lower than at the end of 2019.

All these events (medical / sanitary crisis and oil crisis) affected the commercial and economic activity of the company:

- The turnover registered for the first semester of 2020 is diminished by approximately 36% compared



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to the same period of the previous year;

- The budget of revenues and expenditures forecasted for 2020 cannot be fully fulfilled;
- The commercial activity of selling / bidding the company is hampered by: travel bans, stopping global oil equipment auctions, volatile oil price hikes, price reductions requested by major national and international drilling companies, breaking supply chains -sales of national and international companies. In this respect, the company has managed and will succeed in resizing its business according to the specific market conditions in which it operates, but with production and personnel costs, costs that have affected the results recorded in the first half of 2020.

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. Use of estimates and judgments

Preparation of financial statements in accordance 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 (i.e. equipment), determine the recoverable amount of tangible assets involving a lease, the estimated provisions for doubtful debts , for depreciation of old stocks and stocks without movement, provisions for risks and charges.

3. 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 for managing capital Society.

In order to comply with IAS1.134 Society presents:

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



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The Company relies on information provided internally by the key management personnel according to IAS 1.135.

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 current / fixed assets and current/long term debt

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

a. Transactions in foreign currencies

According to IAS 1.51 (d), (e) foreign currency transactions are expressed in RON by applying the exchange rate at the date of the transaction. Monetary assets and liabilities expressed in foreign currency at the end of the period are expressed in RON at the exchange rate from that date. Gains and losses on exchange differences, realized or unrealized, are recorded in the profit and loss account for the respective year, in accordance with IAS 21.

The official exchange rates used to convert foreign currency balances as of June 30, 2020 are as following

<u>Currency</u>	<u>30 June 2020</u>
1 Euro	4,8439 lei
1USD	4,2988 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



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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 available includes the house, current accounts and other cash equivalents. The cash provisions in the currency are revalued at the exchange rate at the end of the period. Financing through internal and external factoring without regress is an integral part of the management of the Company's money funds, and is included as a component of the cash availabilities in order to present the cash flow situation.

Short-term investments

The Company does not own short term financial investment at 30.06.2020.

c. Non-derivative financial debt

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

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



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The company has the following non-derivative financial debts: internal and external factoring without regression, bank loans, commercial debts and other debts.

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

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 unfavorable foreign exchange differences, risk fees and commissions.

Interest income is recognized in profit or loss in the year they occur, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the Company's right to receive dividends is recognized.

f. Equity (share capital)

Ordinary shares

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

g. Tangible assets

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.



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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.

The tangible assets balance or out of service 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 reclassified 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 regarding the reorganization of state economic units as autonomous kings and commercial companies and based on GD no. 1213/20 November 1990. During all this period the company had an uninterrupted production activity. The company UZTEL operates in a compact perimeter of approximately 20 ha in the peripheral industrial area of the city of Ploiesti, and the industrial buildings and halls they use within this perimeter are in a close connection with the manufacturing process, from the buildings - industrial halls intended for the hot sectors (ex-steel foundry, cast iron and non-ferrous buildings, forge building, model building) to industrial halls mechanical processing (ex-building for mechanical processing, building of oil equipment) to buildings - assembly halls, assembling, assembly tests, tests (ex - building of valves and machines, building of paint - packaging, warehouse hall for assembly).

The company owns on 30.06.2020 technological equipment, measuring, control, and adjustment, transportation, furniture and office equipment with a net book value of 7.513.407 lei, with a life span between 2 - 22 years, used in industrial purpose, put into operation since 1970.

"The frequency of revaluations depends on the changes in the fair values of the revalued tangible assets. If the fair value of a revalued asset is significantly different from the carrying amount, a new



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revaluation is required. Some elements of property, plant and equipment are subject to significant and fluctuating changes in fair value, requiring annual revaluation. In the case of tangible fixed assets whose fair values do not undergo significant changes, it is not necessary to make such frequent revaluations. Instead, it may be necessary to reevaluate that item only once every three or five years. ”
The company chose through the accounting policies for the class of tangible assets - buildings to apply IAS 16.34 regarding the revaluation of the tangible assets once every 5 years.

The company owns, in particular, old buildings, put into operation between 1921 - 1999, in which production activity is carried out (i.e. building warehouse materials - commissioning in 1921, building prototypes - commissioning in 1922, factory building - commissioning in 1925, model building - commissioning in 1933, office building - commissioning in 1935) with lifetimes ranging from 24 to 60 years.

These tangible assets are specific to the manufacturing process, not having an active market for their evaluation and trading, in the absence of the comparison terms.

In accordance with the provisions of IAS 16.31 and IAS 16.34, the company applied the professional rationing and accounting treatment for the tangible assets used (buildings, technological equipment, measuring, control and adjustment facilities, means of transport, furniture and office equipment), considering that through 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 2019	13.674.682,88	-	-
30 June 2020	12.330.261,98	-	-

The total net book value of buildings and constructions decreased by the amount of depreciation in 2011 - 2013 by 8.843.249,29 lei, in 2013 - 2019 by 15.330.576,74 lei and in the period January 2020 - June 2020 by 1.344.420,90 while the fair value in 2013 decreased compared to the fair value in 2011 by 1.732.786,00 lei.

Technological equipment, technical installations, machines, furniture and office

lei

	Net book value	Fair value	Difference
Year 2007	14.960.673,69	19.580.900,00	+ 4.620.226,31
Year 2019	7.959.075,54	-	-
30 June 2020	7.513.407,14	-	-

The total net book value of the technological equipment, technical installations, cars, furniture and office equipment decreased on account of the depreciation between December 31, 2007 - June 30, 2020 by 7.447.266,55 lei.



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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:

	<u>Service life (years)</u>
Buildings, constructions and special installations	25 - 60
Machinery and equipment	03 - 28
Measuring and Control	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.

On 30.06.2020 the Company does not hold assets bought under 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



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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 lifetimes for intangible assets:

– Development expenses	5 years
– Licenses for programs	3 years
– Antivirus licenses	1 year

The company applies for the intangible assets held the linear amortization.

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.

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

l. Dividends



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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 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 canceled by resuming revenue. No provisions are recognized for costs that are incurred for the activity in the future.

o. Income

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

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

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

Financial expenses comprise interest expense related to loans and impairment losses on financial assets. Interest on borrowed capital and commissions related to these loans are capitalized in production costs and those that are not directly attributable to the acquisition, construction or production are recognized in profit or loss using the effective interest method.

Losses and gains from exchange rate differences are recorded at net value under IAS 21.



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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, 2020 was 16% .

The company has recognized the deferred tax debt, and it will be recovered to the extent that it is likely that the future taxable profit will allow the deferred tax debt to be recovered.

Amendments to IAS- Profit tax clarifies the accounting method for deferred tax related to receivables valued 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. Implications of the new International Financial Reporting Standards (IFRS)

- Currently, IFRS as adopted by the European Union does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations, which have not been approved for use. in the EU the date of publication of the financial statements (the entry into force mentioned below are for the IFRS standards issued by the IASB):



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- IFRS 14 *Deferred accounts related to the regulated activities* - the standard enters into force for annual periods starting on or after January 1, 2016. The European Commission has decided not to issue the approval process for this interim standard and to wait for the final standard to be issued,
- IFRS 16 *Leasing Contracts* - adopted by the EU on October 31, 2017 (applicable for annual periods beginning on or after January 1, 2019),
- IFRS 17 *Insurance contracts* - applicable for annual periods beginning on or after January 1, 2021,
- *Amendments to IFRS 3 Business combinations - Definition of an enterprise* - applicable to business combinations whose acquisition date starts with or after the first annual reporting period starting with or after January 1, 2020 and of asset purchases taking place with or after that period,–
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures* - Sale of or contribution with assets between an investor and its associates or its joint ventures and subsequent amendments (effective date has been deferred on the indefinite period, until the research project regarding the method of equivalence will be completed),
- *Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors* - Definition of materiality - applicable for annual periods starting on or after January 1, 2020,
- *Amendments to IAS 19 Employee benefits* - Modification, reduction or settlement of the plan - applicable for annual periods beginning with or after January 1, 2019,
- *Amendments to IAS 28 Investments in associates and joint ventures* - Long-term interests in associates and joint ventures - applicable for annual periods beginning on or after January 1, 2019,
- *Amendments to IFRS 9 Financial Instruments - Prepayment Features through Negative Compensation* - adopted by the EU on March 22, 2018 - applicable for annual periods beginning on or after January 1, 2019,
- *Amendments to various standards due to IFRS Improvements (2015-2017 cycle) resulting from the annual IFRS Improvement Project (IFRS 3, IFRS 11, IAS 12 and IAS 23)* with the main purpose of eliminating inconsistencies and clarifying certain applicable forms for annual periods beginning on or after January 1, 2019,
- *Amendments to the References to the Conceptual Framework of IFRS Standards* - applicable for annual periods beginning on or after January 1, 2020,
- IFRIC 23 *Uncertainty regarding the treatments applied for the income tax* - adopted by the EU on October 23, 2018 (applicable for annual periods starting on or after January 1, 2019).

The company anticipates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the individual financial statements of the company during the initial application period.

Initial application of the new amendments to the existing standards in force for the current reporting period

In force, for the current reporting period were the following amendments to the existing standards and new interpretations issued by the International Accounting Standards Board (IAS) and adopted by the EU:



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- IFRS 9 Financial Instruments - adopted by the EU on November 22, 2016 - applicable for annual periods beginning on or after January 1, 2018,
- IFRS 15 Revenue from contracts with clients and amendments from IFRS 15 - adopted by the EU on September 22, 2016 - applicable for annual periods beginning with or after January 1, 2018,
- Amendments to IFRS 2 Share-based payment - Classification and evaluation of share-based payment transactions - adopted by the EU on February 27, 2018 - applicable for annual periods beginning on or after January 1, 2018,
- Amendments to IFRS 4 Insurance contracts - application of IFRS 9 Financial instruments together with IFRS 4 Insurance contracts - adopted by the EU on November 3, 2017 - applicable for annual periods beginning with or after January 1, 2018 or for the first time application of IFRS 9 Financial instruments,
- Amendments to IFRS 15 Income from customer contracts - Clarifications to IFRS 15 - adopted by the EU on October 31, 2017 - applicable for annual periods beginning on or after January 1, 2018,
- Amendments to IAS 40 Real Estate Investments - Real Estate Investment Transfers - adopted by the EU on March 14, 2018 - applicable for annual periods beginning on or after January 1, 2018,
- Amendments to IFRS 1 and IAS 28 due to IFRS Improvements (2014 - 2016 cycle) resulting from the annual IFRS Improvement Project (IFRS 1, IFRS 12 and IAS 28) with the main purpose of eliminating inconsistencies.

Reconciliation between IFRS and accounting policies related to previous financial years

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

The financial statements for 2012 represent the first financial statements that the company has prepared according to IFRS, adopted by the EU, as stipulated by OMFP 1286/2012.

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

The company prepared financial statements in accordance with IFRS, adopted by the EU, applicable for the financial years ended on 31.12.2012, as well as the comparative data at the end of 2011, respectively 31.12.2011. For the preparation of these financial statements was prepared the situation of opening the financial position on January 1, 2011, the date of transition.

There was no reconciliation of the global result according to IFRS 1 with the global result determined by OMFP 3055/2009, as no differences were identified between the global result determined according to the local accounting principles applied for the previous accounting periods and the global result determined according to 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.



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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 Tangible assets

The fair value of these elements was established following the reassessment carried out by one independent evaluator, member ANEVAR, using the comparison method for land and the capitalization method for buildings and constructions.

The determination of the fair value of the assets in the "Constructions" class was performed on 31.12.2013 by an ANEVAR authorized evaluator, using the net replacement cost method, the method being chosen due to the lack of valid information regarding the actual transactions concluded in the last 12 months for industrial objectives in the respective area. This represents the statistical value of the prices per sqm built on the market at national level, value adjusted after applying the corresponding corrections and depreciations.

The establishment of the fair value of the fixed assets of nature "Technological equipment, measuring, control, adjustment, means of transport, furniture and office equipment" was performed by an authorized evaluator ANEVAR on 31.12.2007, using the cost method of net replacement. In the market there is not enough information about sales of similar assets, but there is market information regarding costs and accumulated 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 the input data used in fair value assessment techniques is classified on three levels.

Fair values have been determined for the purpose of evaluating and presenting information based on the described methods. When appropriate, additional information regarding the assumptions used in determining the fair value is presented in the notes specific to the respective asset or debt.

The company considers that the level at which the valuations regarding the tangible assets at the fair value in the fair value hierarchy are classified are level 2, taking into account the following aspects:

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

Comparative situations

For each item on the balance sheet, profit and loss account and where appropriate, for the situation of changes in equity and the cash flow statement, for the comparability the value of the corresponding item for the preceding financial period is presented.

Correction of accounting errors IAS 8

If the company notices errors made in accordance with the generally accepted accounting principles, the reconciliations made must highlight the correction of those errors by the accounting policies. When



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registering operations related to the correction of accounting errors, the provisions of IAS 8 apply. The accounting policies have been consistently applied by the company in accordance with IAS 1.134-135.

According to IAS 8 "*Accounting policies, changes in accounting estimates and errors*", accounting policies represent the specific principles, rules, conventions, bases and practices applied by this company when preparing and presenting the financial statements. It provides that the voluntary change of an accounting policy is to be made only if such change is required by a Standard or an interpretation and results in financial statements that provide more reliable and relevant information about the effects of transactions, other events or conditions regarding the financial position.

The company did not apply in the first half of 2020 (January - June) the provisions of IAS 8.28 regarding changes in accounting policies.

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 monitor 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.

	<u>Accounting reporting at</u> <u>30 June 2020</u> (lei)	<u>Accounting reporting at</u> <u>30 June 2019</u> (lei)
Receivables	8.928.944	16.145.705

For other operations, where the amounts are significant, references to the creditworthiness references 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



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exposure classes:

- claims on local government: budgetary claims;
- claims on institutions and financial institutions: bank loans;
- 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 30,2020 the company's trade receivables situation is as follows:

Receivables at 30.06.2020			lei
RECEIVABLES	Balance at 30.06.2020	maturity	
0	1 = 2 + 3	Less 1 year	Over 1 year
Total, of which:	8.923.463	6.618.067	2.305.395
Domestic Client	3.417.320	3.417.320	-
External Client	1.724.274	1.724.274	-
Doubtful client, litigation	3.844.604	-	3.844.604
Other receivables (Performance Assurance OMV Petrom Bucharest)	23.718	23.718	-
Salary advance	8.000	8.000	-
Suppliers borrowers	376.914	376.914	-
Debtors	792.613	792.613	-
Other social debts- sick leaves	160.823	160.823	-
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	114.406	114.406	-
Adjustments for impairment of client receivables	1.546.766	-	1.546.766
Receivables on current income tax	7.557	-	7.557

Claims are recorded at face value and are evidenced on each natural or legal person. The receivables in foreign currency were evaluated on the basis of the exchange rate valid at the end of the financial year, and the differences in the exchange rate were recognized as income or expenses of the period.

Seniority analysis of Trade receivables and Other receivables outstanding at the end of the period, which are not impaired IFRS 7.37 (a)



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lei

Trade receivables and other receivables	balance at	from which overdue		
	30.06.2020	31-90 days	91-120 days	> 120 days
1. Internal clients	3.417.319,71	158.493,08	377,75	421.910,00
2. External clients	1.724.274,00	700.597,00	261.001,00	449.858,00
3. Internal doubtful clients	3.844.604,00	0,00	0,00	3.844.604,00
4. Adjustment for depreciation	(1.546.765,98)	0,00	0,00	0,00
5. Debtor Suppliers	376.914,00	0,00	0,00	376.914,00
Net receivables	7.816.345,73	859.090,08	261.378,75	5.093.286

- In accordance with the provisions of IFRS 7.37 (b), the company presents an individual analysis of the commercial receivables found to be impaired at the end of the reporting period (30.06.2020), including the factors that determined their impairment, as follows:

- Debt clients who have entered the bankruptcy procedure or in the reorganization procedure according to Law no. 85/2014, which has major financial difficulties related to non-payment of receivables, namely:

- **ALTEX SRL TULCEA** debit registered at the creditor's table in the amount of 439.960,00 lei (including contractual penalties);
- **ARMAX GAZ MEDIAS** debit registered at the debtor's credit card amounting to 16.750,11 lei;
- **ARPEGA TRADING SRL BLEJOI** for the outstanding debit amounting to 444.504,74 lei (including contractual penalties) the legal recovery procedure was started.
- **BAT SERVICE SA BUZAU** debit registered at the debtor's credit card amounting to 5.138,37 lei;
- **CONDMAG SA BRASOV** debit registered at the creditor's table of the amount of 564,20 lei;
- **FEPA SA BARLAD** debit registered at the debtor's credit card amounting to 41.108,56 lei;
- **FORAJ SA BUZAU** debit registered at the creditor's table in the amount of 539.128,14 lei;
- **GRUP ROMET SA BUZAU** debit registered at the creditor's table in the amount of 909,87lei;
- **HIDRAULIC SA MOINESTI** debit registered at the debtor's credit card amounting to 17.603,42 lei (including contractual penalties);
- **FORAJ SONDE PLOIESTI** debit registered at the debtor's credit card amounting to 87.965,13 lei;
- **MARIAN TRANS CONSTRUCT SRL CHIOJDU** debit registered at the creditor's table in the amount of 446.40 lei;
- **METAL PROJECT PROSPER** debit registered at the debtor's credit card amounting to 20.871 lei;
- **UBEMAR SA PLOIESTI** debit in execution by judicial executor in the amount of 25.112,69 lei;



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- **VIPREC COM SRL BAIA MARE** debit registered at the creditor's table in the amount of 20.360,80 lei.
- **VULCAN SA BUCURESTI** debit registered at the creditor's table in the amount of 102.436,45 lei.

Main Customers, Depending on Volume of Transactions during 01.01.2020 - 30.06.2020:

Domestic clients	Total bills (lei) VAT excluded	Share %
ABB Process Industrie Aix-Les Bains Cedex	3.977.171,46	28,64
Cameron-Romania SRL Campina	1.836.285,05	13,22
Rohrer Servicii Industriale Bucuresti	1.469.994,40	10,58
G.R.I.M.E.X. SRL Bucuresti	623.500,00	4,49
Petro Welt Technologies AG Austria	555.736,06	4,00
Tehnomet SA Buzau	466.965,38	3,36
Automobile Dacia SA Mioveni	457.155,88	3,29
Amromco Energy SRL Ploiesti	401.265,80	2,89
Multy Products Rom SRL Sighisoara-punct de	397.853,24	2,86
Voicilas Laurentiu	342.360,11	2,46
TOTAL	10.528.287,38	75,78

Foreign clients	Total bills (Euro)	Share %
Robke Erdol Und Erdgastechnk Gmbh Germania	177.463,90	31,53
ABB Process Industrie Aix-Les Bains Cedex Franta (NE)	146.436,40	26,01
Naftagas Oilfield Services LLC Novi Sad Serbia	62.937,00	11,18
VT Veres KFT Kecskemet Ungaria	61.299,00	10,89
Jaddy Carry Doo Belgrad	43.891,80	7,79
Eurotech INT Sp zoo Wojska Polonia	20.370,60	3,62
TDE ITS KFT Ungaria	18.053,00	3,21
Belorusneft Gomel Belarus	11.960,00	2,12
Elematic OY AB Toijala Finlanda	5.845,00	1,04
N.V. Turkse Perenco Ankara	5.335,00	0,95
TOTAL	553.591,70	98,34

Foreign clients	Total bills (USD)	Share %
Technip FMC Canada Ltd	266.526,00	33,49



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IAL Engineering Services LTD. Trinidad	214.125,20	26,90
Independent Oil Tools Iraq	182.462,70	22,92
Desert Sand Oil & Gas LLC Muscat Oman	66.243,20	8,32
Ibemo Industrie Service Germania	46.414,00	5,83
FMC Technologies INC Bogota Columbia	14.260,00	1,79
Peseco Limited Aberdeenshire United Kingdom (non UE)	5.968,00	0,75
TOTAL	795.999,10	100,00

▪ **Trade payables and other payables**

At June 30 2020, the company's debts are the following:

Debt situation at 30.06.2020				lei
DEBTS	balance at 30.06.2020	Maturity		
		less 1 year	1-5 years	Over 5 years
0	1 = 2 + 3 + 4	2	3	4
Total, of which:	30.355.540	26.316.574	4.038.966	-
Amounts owed to credit institutions	10.090.207	7.617.103	2.473.104	-
Advances collected for orders	1.129.498	1.129.498	-	-
Trade payables - suppliers	10.317.599	8.991.334	1.326.265	-
Other creditors including tax and social security	8.578.639	8.578.639	-	-
Provisions and deferred income	239.597	-	239.597	-

The amount of RON 8.578.639 lei registered in the account "Other debts, including tax liabilities and social security debts" refers to:

- the amounts from the account 462 (various creditors - rescheduling agreements) = 924.974 lei;
- account for 457 dividends = 1.569.917 lei, of which rescheduling agreements 1.007.874 lei;
- current budgetary debts = 5.089.370 lei;
- current salary debt = 994.378 lei.

lei

Trade receivables and other receivables	balance at	of which overdue		
	30.06.2020	31-90 days	91-120 days	> 120 days
1. Domestic suppliers	8.869.741,61	996.179,63	980.382,03	3.880.282,58



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2. Foreign suppliers	1.447.857,39	168.686,23	124.826,22	870.030,17
3. Creditor Clients	1.129.497,72	-	-	-
Net debts	11.447.096,72	1.164.865,86	1.105.208,25	4.570.312,75

Main Suppliers, depending on volume of transactions during 01.01.2020 - 30.06.2020:

Domestic suppliers	Total bills (lei) VAT excluded	Share %
Electrica Furnizare SA Bucuresti	1.229.308,03	15,93
Sodexo Pass Romania SRL Bucuresti	546.240,05	7,08
Engie Romania SA Bucuresti	531.023,72	6,88
Forja Rotec SRL Buzau	488.291,84	6,33
Arva Metals & Steels SRL Cornetu-Ilfov	395.740,83	5,13
Bronic Security Bucuresti	370.416,96	4,80
Hany Industry SRL Ploiesti	320.623,07	4,16
Huttenes Albertus Romania SRL Bucuresti	209.480,03	2,72
Axon SRL Ploiesti	182.835,95	2,37
Mechanic&Hydro Pneumatic Systems SRL Bucuresti	174.657,54	2,26
TOTAL	4.448.618,02	57,66

Foreign suppliers	Total bills (EURO)	Share %
Danco Industry LTD Bulgaria	61.168,06	46,40
Ompa SRL Italia	29.060,00	22,04
Hasenjager&Domeyer Drehen-Bohren-Frasen Germania	18.830,00	14,28
Black Sea Logistic Global Constanta	7.670,00	5,82
Bollere Logistics Romania SRL Bucuresti	6.744,00	5,12
Hunting Energy Services BV OlandaTechnology INC Israel	2.400,00	1,82
Vesuvius Sensors&Poobes Europe SPA Italia	1.288,00	0,98
Turist SA Ploiesti	1.100,00	0,83
CF Service SRL Italia	1.051,00	0,80
Ham-Let Advanced Control Technology INC Israel	679,00	0,52
TOTAL	129.990,06	98,61

Foreign suppliers	Total bills (USD)	Share %
Parker Hannifin Corporation PGI USA	18.064,87	31,59
American Petroleum INST. Washington	12.500,00	21,86



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Lonestar Fasteners Europe LTD United Kingdom	10.063,31	17,60
Shabum International LTD Tel Aviv	6.383,10	11,16
Trelleborg Sealing Solutions Sofia - Bulgaria	5.739,40	10,04
Techstreet – Clarivate Analytics LLC Canada	2.613,42	4,57
Black Sea Logistic Global SRL Constanta	1.820,00	3,18
TOTAL	57.184,10	100,00

Bank credit guarantee:

Bank loans granted through contracts no. 7793/4 and 7793/5 dated 23.01.2019 are guaranteed with real estate mortgages. The most recent valuation for banking purposes was performed in December 2019 by the company Mirva Revalcon Invest SRL Ploiesti, authorized appraiser, accredited member of ANEVAR, the market value of the mortgaged real estate being 33.597.220 lei.

For these mortgaged real estate, was paid the insurance policy no. 2553688 / 25.05.2020, valid from 25.05.2020 until 24.05.2021 (for the insured amount of 29.009.910 lei).

In June 2019, the real estate guarantees were supplemented by the real estate mortgage contracts authenticated with the conclusions no. 2431 and no. 2433 dated 27.06.2019, with the following lands / access roads:

- land located in Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 10.451 sqm, having cadastral number 125199, registered in the Land Book no. 125 199;
- land located in Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 8.131 sqm, having cadastral number 125189, registered in the Land Book no. 125 189.

This supplementation of the guarantees granted to the bank arose from the increase of the working capital limit granted to the company by the Additional Act no. 1 / 27.06.2019 to the contract no. 7993/5 of 23.01.2019.

The stocks of raw materials, inventory objects and finished products amounting to 24.651.575 lei are insured through fire and other risk insurance policies - forties no. 2543683, valid from 23.11.2019 to 22.11.2020.

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).

	<u>Accounting reporting at</u>	<u>Accounting reporting at</u>
	<u>30 June 2020</u>	<u>30 June 2019</u>
Interest paid	(lei) 422.593	(lei) 319.482

Liquidity risk

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

Accounting reporting at **Accounting reporting at**



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	<u>30 June 2020</u>	<u>30 June 2019</u>
	(lei)	(lei)
Cash and availability on demand	707.494	398.223

Currency risk

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

	<u>Accounting reporting at</u>	<u>Accounting reporting at</u>
	<u>30 June 2020</u>	<u>30 June 2019</u>
	(lei)	(lei)
Net result of exchange rate differences	(30.190)	(159.095)

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 instability (decrease) 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 consequently a decrease of the cash flows generated by the operating activity.

5. EQUITY

Share capital

The share capital of SC UZTEL S.A. at June 30, 2019 worth 13.413.648 lei, divided in 5.365.459 shares with a nominal value of 2,50 lei.

According to existing records in SC Central Depository S.A. and the BSE situation of shareholders on 30.06.2019 is as follows:

Shareholder	Nmb. of shares	share %
UZTEL Association	4.498.300	83,8381
Natural persons	447.033	8,4341
Legal entities	420.126	7,7278
TOTAL	5.365.459	100

All shares are common, were subscribed and paid in full on June 30,2020

All shares have equal voting rights and a nominal value of 2,50 lei.



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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.

At June 30 2020 the Company establishes legal reserve amounting to 1.955.836 lei.

	<u>Accounting reporting at</u> <u>30 June 2020</u>	<u>Accounting reporting at</u> <u>30 June 2019</u>
	(lei)	(lei)
Legal reserves	1.985.076	1.955.836

On June 30 2020, the Company did not establish the legal reserve.

Other reserves

	<u>Accounting reporting at</u> <u>30 June 2020</u>	<u>Accounting reporting at</u> <u>30 June 2019</u>
	(lei)	(lei)
Other reserves	631.133	631.133

According to IAS 1.79 (b) the company has registered in the individual situation of the modifications of the own capitals to the chapter "Other reserves" the amount of 631.133 lei representing fiscal facility to the profit tax according to the legal provisions in force on the date of establishment (31.05.2004) - Law 416 / June 26, 2002.

Reevaluation reserve

The revaluation reserve is the amount of 32.804.965 lei at June 30, 2020 the includes revaluation reserves obtained after revaluation carried out by independent evaluators upon:

- 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.

	<u>Accounting reporting at</u> <u>30 June 2020</u>	<u>Accounting reporting at</u> <u>30 June 2019</u>
	(lei)	(lei)
Reserves from revaluation	32.804.965	35.065.900

The revaluation reserve decreased during the period January - June 2020 with the value of 1.634.140 lei by:

- capitalization of the revaluation surplus for the surface of 2.159 sq. m of balance land and club



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(revaluation reserve value of 1.047.701 lei);

- reserves highlighted in the fiscal register for the first semester of 2020, amounting to 586.439 lei.

6. RESULT FOR THE PERIOD

Result for the period

At the end of period of January- June 2020 the Company recorded the following results:

- **The result from the operational activity (exploitation)** registered a decrease on 30.06.2020 compared to 30.06.2019, i.e. in nominal values from -1.803.964 lei on 30.06.2019 to -7.541.777 lei on 30.06.2020.

- **The financial result** registered a decrease on 30.06.2020 compared to 30.06.2019, i.e. in nominal values from -476.780 lei on 30.06.2019 to -439.499 lei on 30.06.2020.

- **The gross / net result of the period** registered a decrease on 30.06.2020 compared to 30.06.2019, i.e. in nominal values from -2.280.744 lei on 30.06.2019 la -7.981.276 lei on 30.06.2020.

The turnover registered in the first half of 2020 a percentage decrease by 35,74% compared to the same period of the previous year (first half of 2019), namely from 31.951.218 lei on 30.06.2019 to 20.531.586 lei on 30.06. 2020.

Operating expenses registered in the first half of 2020 a percentage decrease by 32,94% compared to the same period of the previous year (first half of 2019), namely from 37.775.835 lei on 30.06.2019 to 25.331.275 lei on 30.06. 2020.

	<u>Accounting reporting at</u> <u>30 June 2020</u> (lei)	<u>Accounting reporting at</u> <u>30 June 2019</u> (lei)
Net result -profit /loss	(7.981.276)	(2.280.744)

Dividends

Between January 1 and June 30, 2020, the Company made payments amounting to 159,78 lei, representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as follows:

1 st quarter - 2020	lei 159,78
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7. PROFIT TAX

<u>Accounting reporting at</u>	<u>Accounting reporting at</u>
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UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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	<u>30.06.2020</u> (lei)	<u>30.06.2019</u> (lei)
Gross book value	(7.981.276,24)	(2.280.744,10)
Non-taxable Income	(1.710)	(3.327,00)
Items assimilated to revenue	1.047.701	-
Non-deductible expenses	1.443.729,98	1.226.996,57
Established legal reserve	-	-
Tax Profit / (Fiscal Loss)	(5.491.555,37)	(1.057.074,53)
Fiscal loss from previous years recorded in statement 101	(11.443.861,78)	(14.553.837,27)
Registered Fiscal Loss	(16.925.417,15)	(15.610.911,80)
Profit tax on result	-	-
Profit tax due	-	-
Net profit / (Net loss)	(7.981.276,24)	(2.280.744,10)

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 below:

	<u>Accounting reporting</u> <u>30 June 2020</u> (lei)	<u>Accounting reporting</u> <u>30 June 2019</u> (lei)
Provisions for disputes	227.296	232.426
Provisions for guarantees to clients	12.301	12.301
Total Provisions	239.597	244.727

9. FIXED ASSETS

- Tangible assets



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	Land	Buildings and constructions	Machines and equipment	Other tangible assets	Tangible assets in progress	Advances for intangible assets	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei	Lei
Balance at 01 January 2019	16.537.802	32.061.723	36.504.395	166.777	2.467.747	137.870	87.875.314
Increases	-	-	80.292	11.422	42.498	-	134.212
Outputs	-	-	277.738	-	91.713	14.750	384.201
Balance at 30 June 2019	16.537.802	32.061.723	36.306.949	177.199	2.418.532	123.120	87.625.325
Amortizare cumulata							
Balance at 01 January 2019	-	16.652.671	27.420.038	107.390	-	-	46,812,548
Depreciation of period	-	989.690	556.728	6.787	-	-	1.553.205
Outputs depreciation	-	-	120.938	-	-	-	120.938
Balance at 30 June 2019	-	17.642.361	27.855.828	114.177	-	-	45.612.366
Adjuments							
Balance la 01 January 2019	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance la 30 June 2019	-	-	-	-	-	-	-
Net book value							
Balance at 01 January 2019	16.537.802	15.409.052	9.084.357	58.387	2.467.747	137.870	43.695.215
Balance at 30 June 2019	16.537.802	14.419.362	8.451.121	63.022	2.418.532	123.120	42.012.959

Continued Fixed assets



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	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 2020	16.537.802	32.061.724	36.218.540	166.042	2.546.484	161.791	87.692.383
Increases	-	-	68.004	-	68.004	-	136.008
Outputs	194.871	1.066.065	-	-	68.004	18.308	1.347.248
Balance at 30 June 2020	16.342.931	30.995.659	36.286.544	166.042	2.546.484	143.483	86.481.143
Accrued depreciation							
Balance at 01 January 2020	-	18.387.041	28.316.670	108.837	-	-	46.812.548
Depreciation of period	-	695.808	510.083	3.589	.	.	1.209.480
Outouts depreciation	-	417.452	-	-	-	-	417.452
Balance at 30 June 2020	-	18.665.397	28.826.753	112.426	-	-	47.604.576
Ajustari							
Balance at 01 January 2020	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance at 30 June 2020	-	-	-	-	-	-	-
Net book value							
Balance at 01 January 2020	16.537.802	13.674.683	7.901.870	57.205	2.546.484	161.791	40.879.835
Balance at 30 June 2020	16.342.931	12.330.262	7.459.791	53.616	2.546.484	143.483	38.876.567

In the period 01 January - 30 June 2020 the total value of the increases registered in the accounting records for the class "Machines and equipment" was of 68.004 lei representing:

- BenchDot 150-150E marking equipment, worth 36.632 lei;
- Standard measuring head for BRINELL portable KING 3000 kg hardness meter, worth 13.990 lei;
- 20 "opening stand with light for KING 3000 kg portable hardness meter, 6" opening, worth 13.719 lei;
- HP14 "Probook 440 G6 laptop, FHD, IntelA Korea processor, worth 3.663 lei.



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The current tangible fixed assets registered in the period 01 January - 30 June 2020 an increase in value of 68.004 lei, representing:

- BenchDot 150-150E marking equipment, worth 36.632 lei;
- Standard measuring head for BRINELL portable KING 3000 kg hardness meter, worth 13.990 lei;
- 20 ”opening stand with light for KING 3000 kg portable hardness meter, 6” opening, worth 13.719 lei;
- HP14 ”Probook 440 G6 laptop, FHD, IntelA Korea processor, worth 3.663 lei.

In the period 01 January - 30 June 2020, the total value of the decreases registered in the accounting records for the “Land” class was 194.871 lei, representing the removal from the record of 2.159 sq. m of land sold according to the Sale Contract with authentication conclusion no. 571 / 02.19.2020.

In the period 01 January - 30 June 2020, the total value of the decreases registered in the accounting records for the “Constructions” class was 1.066.065 lei, representing removal from the Club records sold according to the Sales Contract with authentication conclusion no. 571 / 02.19.2020.

The current tangible fixed assets in progress registered in the period 01 January - 30 June 2020 a decrease in the amount of 68.004 lei, representing:

- BenchDot 150-150E marking equipment, worth 36.632 lei;
- Standard measuring head for BRINELL portable KING 3000 kg hardness meter, worth 13.990 lei;
- 20 ”opening stand with light for KING 3000 kg portable hardness meter, 6” opening, worth 13.719 lei;
- HP14 ”Probook 440 G6 laptop, FHD, IntelA Korea processor, worth 3.663 lei.

- Intangible assets

Cost	Development expenditures Lei	Other intangible assets Lei	Intangible assets in progress Lei	Total Lei
Balance at 01 January 2019	130.375	625.680	-	756.055
Inputs	6.118	61.109	-	67.227
Outputs	-	-	-	-
Balance at 30 June 2019	136.493	686.789	-	823.282
Accrued amortization				
Balance at 01 January 2019	112.538	616.342	-	728.880
Depreciation of period	2.522	36.926	-	39.448
Outputs depreciation	-	-	-	-
Balance at 30 June 2019	115.060	653.268	-	768.328

Continued Intangible assets



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Net book value

Balance at 01 January 2019	17.837	9.338	-	27.175
Balance at 30 June 2019	21.433	33.521	-	54.954

	Development expenses	Other intangible assets	Intangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei
Balance at 01 January 2020	184.020	701.192	-	885.212
Inputs	2.871	61.933	-	64.804
Outputs	-	-	-	-
Balance at 30 June 2020	186.891	763.125	-	950.016

Accrued amortization

Balance at 01 January 2020	117.582	687.515	-	805.097
Depreciation of period	3.818	38.680	-	42.498
Outputs depreciation	-	-	-	-
Balance at 30 June 2020	121.400	726.195	-	847.595

Net book value

Balance at 01 January 2020	66.438	13.677	-	80.115
Balance at 30 June 2020	65.491	36.930	-	102.421

Between 01 January - 30 June 2020, the development expenses registered an increase of 2.871 lei, representing expenses for the realization of SSV 3 1/8 X5m valve, operated hydraulically, equipped with automation system delivered by VT VERES Hungary.

Between January 1 and June 30, 2020, the company acquired intangible assets in the amount of 61.933 lei, representing Technical Support for the integrated program SIVECO, in the amount of 54.959 lei and the antivirus license ESET Endpoint, in the amount of 6.974 lei

10. INVENTORY

By comparison, the stocks are presented as follows:

In LEI	<u>30 June 2020</u>	<u>31 December 2019</u>
Raw material	1.303.891	1.518.669
Additional material	583.111	756.642
Fuels	11.323	33.808



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Packaging materials	1.462	1.469
Spare parts	3.189.560	3.442.162
Other consumables	178.629	185.140
Inventory items	328.512	349.047
Products in progress	8.736.111	10.754.379
Semi- manufactured	3.376.448	3.712.114
Finished product	8.937.017	8.616.936
Difference of price of finished products	10.176.927	10.842.443
Packing	3.635	3.902
Residual products	7.200	43.208
Total	36.833.826	40.259.919
Advances to purchases assets such as stocks	246.468	287.740
Total General Inventory	37.080.294	40.547.659

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

Accounting reporting at 30.06.2020	Value (lei)	Shar in total income (%)	Share in turnover (%)
Income from the sale of finished products - internal	14.057.739	78,12	68,47
Income from the sale of finished products - external	6.419.827	35,68	31,27
Income from rendered services - internal transport	12.136	0,07	0,06
Income from rendered services – goods insurance	6.637	0,04	0,03
Income from rendered services – external transport	34.943	0,19	0,17
Income from sale of goods	20.636	0,11	0,10
Income from various activities - Domestic	70.238	0,39	0,34
Trade discounts granted	(90.570)	(0,50)	(0,44)
Turnover - Total	20.531.586	114,10	100,00

Turnover for the period 01.01.2019 – 30.06.2019 is as follows:

Accounting reporting at 30.06.2019	Value (lei)	Share in total income (%)	Share in Turnover (%)
Income from the sale of finished products - internal	12.458.638	32,32	38,99
Income from the sale of finished products - external	19.305.058	50,08	60,42
Income from services rendered - Laboratory	31.275	0,08	0,10



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Income from rendered services – internal transport	13.898	0,04	0,04
Income from rendered services – external transport	109.254	0,28	0,34
Income from sale of goods	14.958	0,04	0,05
Income from various activities - Domestic	367	0,00	0,00
Income from various activities - export	17.770	0,05	0,06
Turnover - total	31.951.218	82,89	100,00

INCOME FROM OPERATION

	<u>6 months</u> <u>2020</u> <u>lei</u>	<u>6 months</u> <u>2019</u> <u>lei</u>
Total operating income, of which:	17.789.498	35.971.871
Turnover	20.531.586	31.951.218
Income related to the cost of finished product stocks and production in progress	(1.511.976)	3.730.245
Income from the production of intangible and tangible assets	2.871	6.118
Income from operation subsidies for personnel payment under technical unemployment	1.039.945	-
Other operation revenues	(2.272.928)	284.290

OPERATING EXPENSES

	<u>6 months</u> <u>2020</u> <u>lei</u>	<u>6 months</u> <u>2019</u> <u>lei</u>
Total operating expenses, of which:	25.331.275	37.775.835
Expenditure on raw materials and consumables	6.158.979	15.897.828
Other material expenses	327.992	691.420
Other external costs	1.721.614	2.055.550
Goods Expenses	17.068	1.236
Trade discounts received	35.636	-
Staff cost	12.553.402	12.853.322
Value adjustments on intangible assets, tangible assets, real estate investments and biological assets at cost	1.251.978	1.592.651
Other operating expense	3.337.588	4.687.155
Adjustments for provisions	(1.710)	(3.327)



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FINANCIAL REVENUE	<u>6 months</u> <u>2020</u> <u>lei</u>	<u>6months</u> <u>2019</u> <u>lei</u>
Total financial revenue, of which:	205.120	293.802
Income from exchange rate fluctuations	191.836	292.005
Interest income	1.341	1.797
Other financial income	11.943	-

FINANCIAL EXPENSES	<u>6months</u> <u>2020</u> <u>lei</u>	<u>6 months</u> <u>2019</u> <u>lei</u>
Total financial expenses, of which:	644.619	770.582
Interest expenses	422.593	319.482
Other expenses	222.026	451.100

CASH FROM OPERATION

In LEI	30-June 2020	30-June 2019
Net result of period	(7.981.276)	(2.280.744)
Depreciation / depreciation of long-term assets	1.251.978	1.592.651
Gain / (loss) on the sale of fixed assets	593.922	(51.079)
Adjustments for impairment of receivables - clients	1.546.766	1.546.766
Interest Expenses	(422.593)	(319.482)
Interest Income	1.341	1.797
Gain / (loss) of course differences	11.507	(159.095)
Movements in working capital	2.982.921	2.611.558
Increase / (decrease) of trade receivables and other receivables	488.925	(2.158.886)
Increase / (decrease) of inventory	3.467.364	(928.190)
Increase / (decrease) in other current assets	(1.146)	1.154
Increase / (Decrease) Commercial Debt	3.431.829	(2.320.925)
Increase / (Decrease) Revenue Received in Advance	168.450	880.121
Increase / (Decrease) of other debts	(4.443.317)	110.342
Cash used from operation	3.072.105	(4.416.384)
Interest paid	(422.593)	(319.482)
Cash generated from exploitation activities	(2.348.843)	(4.405.052)



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12. INFORMATII PE SEGMENTE

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

Report on operation segments for the period 01.01.2020 – 30.06.2020 bellow:

Report on operating segment at 30 June 2020	Value (lei) Value (lei)	Share of total income %
Income from the sale of finished products - internal	13.967.169	77,62
Income from the sale of finished products - external	6.419.827	35,68
Income from finished products and products in progress	(1.511.976)	(8,40)
Income from services rendered	123.954	0,69
Income from operation subsidies for payment of personnel underv technical unemployment	1.039.945	5,78
Income from sale of goods	20.636	0,11
Other operation income	(2.272.928)	(12,63)
Total	17.786.627	98,84



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For the trade segment the turnover is totaling :	20.636
For the segment of services , turnover amounts to :	123.954
For the production segment the turnover is totaling :	20.386.996

Reporting by operational segments for the period 30 June 2019	Value (lei)	Share in total income (%)
Income from the sale of finished products - internal	12.458.638	32,32
Income from the sale of finished products - external	19.305.058	50,08
Income from finished products and products in progress	3.730.245	9,68
Income from services rendered	172.563	0,45
Income from sale	14.958	0,04
Total	35.681.463	92,57

lei

For the trade segment the turnover is totaling:	14.958
For the segment of services, turnover amounts to :	172.563
For the production segment the turnover is totaling :	31.763.696

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

<u>Entity name</u>	<u>6 months 2020</u> <u>lei</u>	<u>6 months 2019</u> <u>lei</u>
Axon SRL Ploiesti	36.028,80	420,04
Ipsar SRL Valeni de Munte	-	(19.359,64)
Hany Industry SRL Ploiesti	-	4.165,00



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B) Achizitii de bunuri si servicii

<u>Entity name</u>	<u>6 months 2020</u> <u>lei</u>	<u>6 months 2019</u> <u>lei</u>
Axon SRL Ploiesti	217.574,82	159.512,87
Comis SRL Valeni de Munte	-	11.552,13
Ipsar SRL Valeni de Munte	-	2.808,40
Hany Industry SRL Ploiesti	381.541,43	726.227,23
Passion SRL Ploiesti	-	306,00
Platus Com SRL Campina	11.463,00	83.142,48
Romconvert SA Ploiesti	24.528,28	-
Titancore SRL Ploiesti	77.056,68	150.913,32
Rikora FLM SRL (Vaspet SRL Focsani)	-	1.300,61

<u>Entity name</u>	<u>6 months 2020</u> <u>usd</u>	<u>6 months 2019</u> <u>usd</u>
Shabum International LTD Tel Aviv	6.383,10	32.542,34

<u>Entity name</u>	<u>6 months 2020</u> <u>euro</u>	<u>6 months 2019</u> <u>euro</u>
Passion SRL Ploiesti	-	6.162,00

According to IAS 24 (Presentation of the information regarding the affiliated parties), the company considered it appropriate to describe the commercial transactions carried out with the legal entities that hold money funds as associate members of the UZTEL Association.

The legal entities whose transactions were mentioned above do not fall under the provisions of art. 82 paragraph (1) of Law no. 24/2017 due to the fact that the holdings, i.e. the money funds, do not allow them to hold the control.

The company UZTEL SA presents the following additional information regarding the weight of the money funds held, on 30.06.2020, by the legal entities in their capacity as members of the Uztel Association, as follows:

<u>Legal entity name</u>	<u>% money fund owned in</u> <u>in Asociatia UZTEL</u>
Aprodem SA Ploiesti	0,2805
Axon SRL Ploiesti	0,7380
Comis SRL Valeni de Munte	8,2977
Electro Service Onel & Co SNC Ploiesti	8,4355
Iulnicomnic SRL Ploiesti	1,8897
Passion SRL Ploiesti	0,3982
Platus Com SRL Campina	0,6090



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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Romconvert SA Ploiesti	0,7609
Titancore SRL Ploiesti	4,2191
Rikora Flm SRL Focsani (Vaspet SRL Focsani)	0,5087

Legal entity name

Shabum International LTD Tel Aviv	0,2640
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C) Compensation granted to key management personnel:

The key management staff includes executive directors, the management personnel of the production units (section heads) and the management staff of the main functional services of the company (technical, design, human resources, quality assurance, commercial, economic, administrative) .

	<u>6 months 2020</u>	<u>6 months 2019</u>
Gross salary	1.729.620 lei	1.628.827 lei

14. OTHER INFORMATION

(1) Fees of auditors

For the period January 1 – June 30 2020 the Company's expenses on fees paid to auditors worth 99.937,70 lei VAT excluded, consisting of:

a) Financial Audit

	lei
- Ecoteh Expert SRL Bucuresti Romania – statutory auditor	12.083,00
- Fin Consult Audit SRL Ploiesti – internal auditor	11.000,00

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

	lei
- GR Eurocert SRL Ploiesti	10.894,28
- American Petroleum Inst. Washington	53.652,50
- Techstreet-Clarivate Analytistics LLC Canada	12.307,92

(2) Expenses with wages for personnel

	<u>Accounting Reporting at</u>	<u>Accounting Reporting at</u>
	<u>30 June 2020</u>	<u>30 June 2019</u>
	(lei)	(lei)
Expenses with wages for personnel	12.153.814	12.480.033



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

Average number of employees in the period January - June 2020 , compared to the same period of the previous year, developed as bellow:

	<u>Accounting Reporting at</u> <u>30 June 2020</u>	<u>Accounting Reporting at</u> <u>30 June 2019</u>
Average number of employees (persons)	326	494

(3) Financial guarantees granted / received by the company

Financial guarantees granted

Uztel SA Ploiesti has a guarantee of good execution at the request of the client OMV PETROM BUCURESTI in the amount of 23.717,43 lei by withholding from the fiscal invoices issued by SC UZTEL S.A. of a percentage of 10% of their final value.

This guarantee is registered in account 2678 - "Fixed receivables" and was set up at the request of the company's client when negotiating contracts for the sale of assemblies, subassemblies, oil machinery and installations, industrial fittings, mud pumps, other spare parts for oil equipment , metal constructions and cast and forged parts.

The company has guarantees of good execution in the total amount of 23.717,43 lei (client OMV PETROM BUCURESTI) by registering in the account of fixed receivables these amounts with limited term (between 12 and 19 months), according to the negotiated contractual provisions.

Financial guarantees received

Uztel SA Ploiesti did not request and did not benefit in the period January - June 2020 from guarantees of good execution from the suppliers for repair works.

(4) Insurance policies held by the company

The company has on June 30, 2020 the following insurance policies:

- OMNIASIG insurance policy series F no. 2553688 for a period of 12 months, valid from 25.05.2020 to 24.05.2021, representing fire insurance and other risks for a declared value of 29.009.910 lei of a number of 26 buildings and industrial production halls owned by the company;
- OMNIASIG insurance policy series F no. 2543683 for a period of 12 months, valid from 23.11.2019 to 22.11.2020, representing fire insurance and other risks for a declared value of 24.651.575 lei for stocks of raw materials, inventory items and finished products owned by the company.

The insurance policies that the company has concluded have generated financial costs (cash outflows), operating revenues through sales of complex products and services and, mainly, ensure shareholders,



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company administrators and business partners stability and confidence in commercial and financial activities. present and future of society.

(5) The evaluation of the aspects related to the impact of the basic activity of the society on the environment

The company's activity is carried out on the basis of the following regulatory acts:

- Environmental authorization no. PH-259 of 02.10.2019, valid until 02.10.2024 for the production of assemblies, subassemblies, oil machinery and installations and industrial service, recovery of recyclable industrial waste, water collection, treatment and distribution, painting workshop.
- Water management authorization no. 109 from 14.06.2019 valid until 15.06.2022;
- Certificate of registration in the register of authorized economic operators that carry out waste recovery operations no. 0325 issued by the Ministry of Economy - Industrial Policies and Competitiveness Directorate, with no. registration 150256 / 24.02.2020, valid until 31.03.2021. Uztel S.A. constantly and sustainably pays special attention to the protection of the environment, taking into account in particular:
 - compliance with the legislation in force regarding environmental protection;
 - saving natural resources;
 - identifying potential risks, anticipating the consequences and taking them into account;

Uztel SA 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 supervised by internal audit, but also by the certification authority.

Environmental factors (drinking water, wastewater, air emissions, air emissions, noise, soil, waste) were monitored according to the legal requirements applicable to the activities of Uztel S.A. (monthly, quarterly, half-yearly, annually). The frequency imposed by the Environmental Permit was observed and no exceedances were registered compared to the imposed limits.

Dangerous chemicals and preparations have been purchased, stored, handled and used in accordance with applicable law, according to safety data sheets.

(6) Aspects of legal disputes of company

Company, as the lender has taken all legal steps necessary to recover trade receivables outstanding from legal entities and individuals having in progress during 01.01.2020 – 30.06.2020 a number of commercial cases through the courts, cases in various stages of judgment and execution and is part civil (no material implications) in files on groups of workers (labor disputes) with former employees.

Debt recovery /claims	2 files
Enforcement	10 files
Insolvency proceedings	15 files
Labor Disputes (labor groups, special conditions, claims, dismissal appeal)	72 files

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



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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 earlier transactions.

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

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

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 2015, these effects were found 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



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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 the Court 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, respectively Law 31/1990 amended and updated, UZTEL SA proceeded to elect a Board of Directors, consisting of five members with full powers:

PERIOD 01.01.2020 - 30.06.2020		
SURNAME, GIVEN NAME	POSITION	PERIOD
Hagiu Neculai	CEO.	01.01.2020-30.06.2020
Popescu Ileana	Member of Board of Directors	01.01.2020-30.06.2020
Serbaniuc Tudor	Member of Board of Directors	01.01.2020-30.06.2020
Stan Vasile Armis	Member of Board of Directors	01.01.2020-30.06.2020
Grigore Victor	Member of Board of Directors	01.01.2020-30.06.2020

For the period 01.01.2020 - 30.06.2020 the total remuneration of the Board of Directors of the Company represented 1,58 % of the salary fund.

THE EXECUTIVE MANAGEMENT OF THE COMPANY - during 01.01.2020 - 30.06.2020 was provided by:

PERIOD 01.01.2020 - 30.06.2020			
SURNAME,GIVEN NAME	POSITION	PERIOD	DECISION/DATE OF ISSUE
Anghel George Marinelo	General Director	01.01.2020-30.06.2020	C.M 02 / 09.01.2020
Popescu Ileana	Economic Director	01.01.2020-30.06.2020	C.M 2 / 14.05.2017
Voica Alin Marian	Technical Director	01.01.2020-30.06.2020	Decision 184 / 12.12.2019
Anton Laurentiu Alexandru	Commercial Director	01.01.2020-30.06.2020	Decision 183/12.12.2019
Voicu Mariana	Manager of Quality Management System	01.01.2020-30.06.2020	Decision 64 / 05.04.2018



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For the period 01.01.2020 - 30.06.2020 the total remuneration of the executive management of the Company represented a percentage of 6,42% of the salary fund.

General Director
Ing. Anghel George Marinelo

Economic Director
Ec. Popescu Ileana

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



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Management statement

According to the best available information, we confirm that the simplified unaudited interim financial statements prepared for the six-month period ended June 30, 2020 offer a fair and consistent picture of the reality of the assets, obligations, financial position and the statement of revenues and expenses of Uztel SA, as provided by the applicable accounting standards, and that the Report of the Board of Directors provides a correct and consistent picture of the important events that occurred during the first six months of the financial year 2020 and their impact on the interim financial statements simplified, as well as a description of the main risks specific to the activity carried out.

Ploiesti, August 27, 2020

General Director
Eng. Anghel George Marinelo

Economic Director
Ec. Popescu Ileana