



VRANCART S.A.
625100 Adjud-Vrancea, România, Str. Ecaterina Teodoroiu 17
RO 1454846, J39/239/1991
Capital social subscris și vărsat 103.168.354,70 RON
RO54 RNCB 0268 0087 9340 0001 - BCR Adjud
RO95 RZBR 0000 0600 0094 5306 - Raiffeisen Bank Adjud
T: 0237 64 08 00, F: 0237 64 17 20
office@vrancart.com, www.vrancart.ro



To,

**The Financial Supervisory Authority
The Bucharest Stock Exchange**

Regular report according to the ASF Regulation no. 5/2018

Date of report:	February 28th, 2019
Name of the issuing entity:	VRANCART S.A.
Registered office:	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County
Telephone/fax no.:	0237-640.800 / 0237-641.720
Tax Identification Number:	1454846
Trade Registry registration no.:	J39/239/1991
Subscribed and paid-in share capital:	103.168.354,70 lei
The regulated trading market:	The Bucharest Stock Exchange

Major events to report:

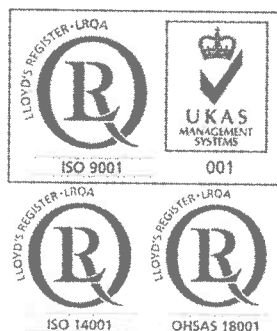
The company VRANCART S.A. Adjud informs its shareholders and investors of the fact that the (individual and consolidated) preliminary annual financial statements, not audited, for the financial year 2018, drawn up in accordance with the International Financial Reporting Standards (IFRS) (the Order of the Public Finance Ministry no. 881/2012 and the Order of the Public Finance Ministry no. 2844/2016 as subsequently amended and completed), with the provisions of Law no. 24/2017 and of the ASF Regulation no. 5/2018, may be consulted at the company's headquarters in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County or at the website www.vrancart.ro, starting from February 28th, 2019, from 06³⁰ PM.

We enclose hereto the (individual and consolidated) preliminary annual financial statements, not audited, for the financial year ended on December 31st, 2018, according to IFRS.

**Chairman of the Board of Administrators,
CIUCIOI IONEL-MARIAN**



Translation for information purposes only



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VRANCART S.A. CONSOLIDATED PRELIMINARY FINANCIAL RESULTS

for the financial year ended on
December 31st, 2018

Note:

The preliminary financial results presented in this document are consolidated results, being reported in accordance with the *Public Finance Ministry Order no. 2844/2016* as subsequently amended, which is in compliance with the *International Financial Reporting Standards (IFRS)* adopted by the European Union.

The consolidated preliminary financial results are not audited, as this process is still in progress. Therefore, the final audited financial statements for 2018 may be different from these.

The functional and presentation currency is the Romanian leu (RON).

Consolidated statement of financial position *(not audited)*

Preliminary data as at December 31st, 2018

(all the amounts are expressed in RON, unless otherwise stated)

	December 31 st , 2018	December 31 st , 2017
ASSETS		
Tangible assets	284.375.927	263.138.155
Intangible assets	8.126.771	9.230.006
Financial assets	34.756	-
Receivables related to deferred profit tax	8.526.391	8.526.391
Total non-current assets	301.063.845	280.894.552
Inventories	48.922.412	42.945.100
Trade receivables	68.673.849	66.016.628
Prepaid expenses	880.606	730.972
Restricted cash	-	4.130
Cash and cash equivalents	2.435.896	3.219.141
Receivables related to current profit tax	102.001	1.002.646
Other receivables	765.937	416.657
Total current assets	121.780.701	114.335.274
TOTAL ASSETS	422.844.546	395.229.826
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	85.911.912	75.445.583
Retained earnings	13.002.881	18.129.505
Total equity	202.083.148	196.743.443
LIABILITIES		
Long-term loans	58.660.591	39.202.465
Long-term loans from bond issues	37.887.400	37.232.800
Long-term deferred income	15.453.184	20.793.786
Long-term provisions	372.440	376.015
Debts related to deferred profit tax	5.096.393	5.987.434
Other long-term liabilities	362.600	1.017.200
Total long-term liabilities	117.832.608	104.609.700
Short-term trade liabilities	38.611.249	38.793.148
Short-term loans	46.975.527	37.554.938
Short-term deferred income	5.591.800	3.212.452
Short-term provisions	-	72.393
Debts related to current profit tax	132.960	51.695
Other liabilities	11.617.254	14.192.057
Total current liabilities	102.928.790	93.876.683
TOTAL LIABILITIES	220.761.398	198.486.383
TOTAL EQUITY AND LIABILITIES	422.844.546	395.229.826

Ciucioi Ionel-Marian
General Manager

Arsene Vasilica-Monica
Financial Manager

Consolidated statement of comprehensive income *(not audited)*

Preliminary data as at December 31st, 2018

(all the amounts are expressed in RON, unless otherwise stated)

	2018	2017
Income from turnover	358.256.645	324.981.015
Other income	3.334.508	3.413.470
Variation in finished products inventories and production in progress	4.027.368	319.306
Expenses related to raw materials and consumables	(180.295.883)	(172.309.913)
Expenses related to commodities	(19.669.707)	(10.352.008)
Third party expenses	(25.258.111)	(25.227.578)
Personnel-related expenses	(67.863.714)	(59.866.434)
Expenses related to the amortisation and depreciation of assets	(26.028.877)	(23.658.531)
Other expenses	(16.298.974)	(7.198.461)
Operating profit from the current activity	30,203,255	30,100,866
Exceptional loss from the cassation of tangible assets	(7,088,434)	0
Operating profit (EBIT)	23.114.821	30.100.866
Financial income	2.115.264	1.035.689
Financial expenses	(6.803.610)	(3.072.728)
Profit before taxation	18.426.475	28.063.827
Profit tax expense	(1.038.577)	(2.624.873)
Profit for the year	17.387.898	25.438.954
Other comprehensive income items		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	980.680	18.963.480
Transfer of the revaluation reserve to retained earnings following the cassation of tangible assets	(472.723)	(666.280)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	17.895.855	43.736.154
Earnings per share		
Profit/(loss) attributable to ordinary shareholders	17.387.898	25.438.954
Weighted average number of ordinary shares	1.031.683.547	1.031.683.547
Base earnings per share (RON/share)	0,017	0,025

Ciucioi Ionel-Marian
General Manager

Arsene Vasilica-Monica
Financial Manager

Consolidated statement of cash flows *(not audited)*

Preliminary data as at December 31st, 2018

(all the amounts are expressed in RON, unless otherwise stated)

	2018	2017
Cash flows from operating activity		
Collections from customers	393.395.541	368.881.379
Payments to suppliers	(264.918.633)	(252.220.327)
Payments to employees	(41.635.581)	(44.647.130)
Payments to the state budget	(49.945.191)	(35.356.586)
Profit tax paid	(1.573.323)	(3.380.501)
Net cash flows from operating activities	35.322.813	33.276.835
Cash flows from investment activities		
Payments for the purchase of tangible and intangible assets	(46.901.159)	(54.038.622)
Escrow account for the purchase of financial assets	-	8.899.753
Payments made for the acquisition of Rom Paper SRL	(5.074.273)	(23.792.455)
Letters of credit for the purchase of tangible assets	(530.871)	-
Collections from the sale of tangible assets	1.518.567	105.302
Interests collected	32.423	1.221
Net cash flows from investment activities	(50.955.313)	(68.824.801)
Cash flows from financing activities		
Collections from loans	56.302.137	94.690.407
Interests paid and loans reimbursed	(30.293.803)	(67.069.966)
Dividends paid	(11.159.080)	(13.786.199)
Net cash flows from financing activities	14.849.254	13.834.242
	(783.246)	(21.713.724)
Net increase/(reduction) of cash and cash equivalents		
Cash and cash equivalents at the financial year beginning	3.219.141	24.932.865
Cash and cash equivalents at the financial year end	2.435.895	3.219.141

Ciucioi Ionel-Marian
General Manager

Arsene Vasilica-Monica
Financial Manager

Explanatory notes

Consolidated preliminary financial results as at December 31st, 2018 (not audited)

Vrancart Group (“the Group”) comprises the company Vrancart S.A., having the registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county and its branches:

1. Giant Prodimpex S.R.L., based in Ungheni locality, str. Principală No. 161/J, Mureș county
2. Rom Paper S.R.L., based in Cristian locality, DN73B, Brasov county.

On September 1st, 2018, the merger through absorption took place between Vrancart S.A. as absorbing company and its branch Giant Prodimpex S.R.L. as absorbed company.

Branch	Field of activity	Shareholding as at December 31st, 2018	Shareholding as at December 31st, 2017
Giant Prodimpex SRL	Production of corrugated cardboard packaging	-	100%
Rom Paper SRL	Production of napkins and tissue paper products	100%	85%

During the financial year ended on December 31st, 2018, the Group continued developing its activity in all of its three lines of business where it operates (paperboards, corrugated cardboard packaging and tissue paper), which led to the turnover increase by 13% and the operating profit increase (before the impact of loss from extraordinary activities) by 10%.

But following:

- the physical and moral wear of some equipment related to the business line of waste paper-based tissue paper, whose product range did not meet the current market demands, being economically ineffective and which did not meet the quality standards imposed by the final consumers, and
- the investments made by the company, which led to the decommissioning of some fixed assets that were no longer effective from an economic and technical point of view,

the company recorded an exceptional loss equal to the amount remained not amortised as at December 31st, 2018, corresponding to the decommissioned equipment, in the total amount of RON 7.088.434 (see row “Exceptional low from the cassation of tangible assets” from the Individual statement of comprehensive income).

Also, it must be stated that during this period, the Company managed to make significant investments and a new corrugated cardboard machine, with a high level of automation and high productivity and quality was put into operation in November 2018 and currently it is one of the most modern machines in this industry. This, along with the auxiliary equipment, is installed in a new, modern production space which has all the facilities required. The total investments in this facility exceed EUR 7 million.

Major investments were also made in the branch Rom Paper S.R.L., for which a new production space was purchased and in 2019, the activity will be relocated.

The increase of labour efficiency and productivity also enabled the increase of the benefits granted to the Group’s employees, which contributed to a maintenance and increase of the technical expertise, being also reflected by the increase of productivity per employee.

Also, the process of modernisation and increase of the production capacities will continue in 2019 as well, when major investment projects are provided, with the purpose to consolidate the Group's position on the market and its capacity to generate profit.

Items of overall evaluation of the Group:

a) gross book result	RON 18.426 thousand
b) turnover	RON 358.256 thousand
c) export	RON 59.900 thousand
d) operating costs	RON 335.415 thousand

e) % of the market held

2018	Tissue paper	- 10%
	Paperboards	- 18%
	Corrugated cardboard	- 16%

f) liquidity at the year-end **RON 2.435 thousand**

Ciucioi Ionel-Marian
General Manager

Arsene Vasilica-Monica
Financial Manager