



VRANCART S.A.
625100 Adjud-Vrancea, România, Str. Ecaterina Teodoroiu 17
RO 1454846, J39/239/1991
Capital social subscris și vărsat 86.371.792 RON
RO54 RNCB 0268 0087 9340 0001 - BCR Adjud
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Half-yearly report for the 1st semester of 2015 according to the National Securities Commission Regulation no. 1/2006

Report date	14.08.2015
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
Registered with the Trade Registry under no.	J39/239/1991
Subscribed and paid-in share capital	86.371.792 lei
The regulated market onto which the securities issued are traded	Bucharest Stock Exchange

1. The economic and financial situation of VRANCART S.A.

The results achieved by VRANCART SA (hereinafter referred to as “the Company”) in the first semester of 2015 confirm the company’s ability to generate profit and its financial stability.

In this period, the net profit recorded was 7.524.775 lei, 4% below the level estimated in the Revenues and Expenditures Budget. This is mainly due to the shutdown of the plants for their modernisation and to increase their production capacities.

The intermediate (simplified, non-audited) financial situations as at June 30th, 2015 are enclosed hereto, according to the Order of the Ministry of Public Finances no. 1286/2012 for the approval of the Accounting regulations compliant with the International Financial Reporting Standards applicable to trade companies whose securities are admitted to trading on a regulated market.

The intermediate financial statement for the 1st semester of 2015 have not been revised by an

independent external auditor, as this is not a legal or statutory requirement.

1.1. Balance sheet items

(all the items are expressed in lei, unless otherwise stated)

	June 30th, 2015	December 31st, 2014
Fixed assets	160.368.570	153.434.845
Current assets	57.558.078	66.601.519
Total assets	217.926.648	220.036.364
Current liabilities	46.668.614	51.997.723
Total liabilities	85.694.744	92.707.845
Equity	132.231.904	127.328.519

As at June 30th, 2015 and during the period between January 1st – June 30th, 2015, the evolution of the main financial indicators was as follows:

- The amount of equity as at June 30th, 2015 is 132.231.904 lei, 3,9% up from their amount at the year beginning, following the increase in the reserves established from the reinvested profit, a facility granted by the Tax Code.
- The volume of the Company's current assets decreased by 13,6% as at June 30th, 2015 from the year beginning, following the reduction of stocks by 10,8% and the decrease of trade receivables by 10,5%.
- Trade receivables decreased in the first six months of 2015 from the year beginning by 10,5% (4,5 mil. lei), following the increase in their collection speed, considering that the average of deliveries in the first six months of 2015 is 1,2% above the average of deliveries in 2014.
- The total liabilities recorded as at June 30th, 2015 are in the amount of 85.694.744 lei, 7,6% down from the amount recorded as at January 1st, 2015, due to the reimbursement, partially in advance, of some bank loans and to the decrease of trade liabilities by almost 30%.
- Working capital as at June 3th, 2015 recorded the positive amount of 14.824.933 lei, 10% below the amount recorded as at the beginning of 2015 and this was mainly due to the decrease of current assets.

1.2. The profit and loss account

(all items are expressed in lei, unless otherwise stated)

	June 30th, 2015	June 30th, 2014
Revenues from turnover	100.825.924	96.250.391
Operating revenues	100.812.368	96.043.832
Operating expenses	(91.720.540)	(86.013.053)
Operating profit	9.091.828	10.030.779
Financial revenues	9.260	4.881
Financial expenses	(634.373)	(508.319)
Total revenues	100.821.628	96.048.713
Total expenses	(92.354.913)	(86.521.372)
Gross profit	8.466.715	9.527.341
Net profit	7.524.775	8.215.528

In the first semester of 2015 from the same period of last year, the main indicators of the Profit and loss account are as follows:

- The total revenues for the analysed period was 100.821.628 lei, up by 5,0% from the same period of last year, due to the increase in turnover by 4,7% during the same analysed period.
- The total expenses for the period amounted to 92.354.913 lei, up by 6,7% from the same period of the previous year, especially due to the increase of personnel-related expenses, following the increase of the minimum wage per economy.
- The net profit for the period was 7.524.775 lei, down by 8,4% from the same period of the previous year, following the shutdown of the machines due to the investments made.

1.3. Treasury flows

(all items are expressed in lei, unless otherwise stated)

	June 30 th , 2015	June 30 th , 2014
<i>Treasury flows from the operating activity</i>		
Collections from the operating activity	120.055.367	111.461.896
Payments from the operating activity	(102.694.803)	(92.999.824)
Net treasury from operating activities	17.360.564	18.462.072
<i>Treasury flows from the investment activity</i>		
Collections from the investment activity	135.294	69.847
Payments from the investment activity	(14.465.077)	(3.727.767)
Net treasury from investment activities	(14.329.783)	(3.657.920)
<i>Treasury flows from the financing activity</i>		
Collections from the financing activity	9.282.130	35.983
Payments from the financing activity	(13.399.819)	(14.271.520)
Net treasury from the financing activity	(4.117.689)	(14.235.537)
Balance at the beginning of the period	2.352.952	1.467.002
Balance at the end of the period	1.266.044	2.035.617

In the first six months of 2015, the company recorded a net decrease of cash and cash equivalents of 1.086.908 lei, the balance of cash and cash equivalents recorded as at June 30th, 2015 being positive, respectively 1.266.044 lei.

The reduction is mainly due to the payments for the investments made in the 1st semester of 2015, the payments of the dividends for 2014 and also to the early reimbursement of some credit lines.

2. Analysis of the activity of VRANCART S.A.

2.1. Presentation and analysis of the trends, elements, events or uncertainty factors that affect or might affect the trade company's liquidity, compared to the same period of last year

The company's management considers that the results achieved as at June 30th, 2015 are in accordance with its expectations and correlated with the company's development strategy. The control mechanisms and actions implemented provide the maintenance of the company's financial balance.

2.2. Presentation and analysis of the effects of all the current or anticipated capital expenditures onto the trade company's financial situation (stating the purpose and financing sources of these expenditures) compared to the same period of last year

The investments made by the company in the first six months of 2015 amounted to 17.081.764 lei, from the amount of 1.454.790 lei in the first semester of the previous year. The main investments consisted of modernisations of the paperboards machine and modernisations of the tissue paper machine. Also, the project related to the expansion of the waste paper collection network performed with non-reimbursable Norwegian funds that started in 2014 was finalised.

The company will continue the implementation of the investment projects for the period between 2015 and 2016, approved by the General Meeting of the Shareholders from April 2015, both from the company's own financing sources and from attracted sources (bank loans).

The company believes that the investments made will have favourable effects onto the company's financial situation in a relatively short period.

The economic and financial indicators as at June 30th, 2015 were as follows:

Indicator name	MU	June 30 th , 2015	June 30 th , 2014
General liquidity	ratio	1,23	1,15
Immediate liquidity	ratio	0,86	0,80
Stock turnover	rot/year	11	10,2
Recovery of liabilities	days	71	72
Reimbursement of trade liabilities	days	27	37
Operation profitability	%	9,1	10,4
Gross profit ratio	%	8,4	9,9

2.3. Presentation and analysis of the events, transactions, economic changes that affect to a significant extent the revenues from the main activity. Specification of the extent to which the revenues of each item identified were affected. Comparison to the corresponding period of last year.

The company VRANCART SA does not have any events or transactions that might affect to a significant extent the main activity to report.

3. Changes that affect the trade company's capital and management

3.1. Description of the circumstances when the trade company was unable to meet its financial obligations during the analysed period

The company VRANCART SA was not in any situation unable to meet its financial obligations during the analysed period. The company does not have any outstanding debts to the public budgets and to its private partners.

3.2. Description of any modification on the rights of the holders of securities issued by the trade company.

The company VRANCART SA does not have any modifications to report on the rights of the holders of the securities issued.

4. Major transactions

On 17.07.2015, the process related to the purchase of the shares of GIANT Prodimpex SRL Ungheni, Tax Identification Number RO6564319 was completed. The transaction was approved by the Decision no. 7 of 30.04.2015 by the Ordinary General Meeting of the Shareholders and implemented through the Decision no. 29/15.05.2015 of the Management Board. Following the procurement process, Vrancart S.A. Adjud owns 100% of the shares of GIANT Prodimpex SRL Ungheni.

CIUCIOI Ionel-Marian
Management Board President



ARSENE Vasilica-Monica
Financial Manager