

Translation for information purposes only

VRANCART S.A.

**Interim consolidated financial statements
(simplified, not audited)
as at June 30th, 2017**

drawn up in accordance with the Order of the Public Finance Ministry no. 2844/2016 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

Contents

Consolidated statement of financial position	3
Consolidated statement of comprehensive income	4
Notes to the interim consolidated financial statements	5

Vrancart S.A.

Consolidated statement of financial position

as at June 30th, 2017

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

	June 30 th , 2017	December 31 st , 2016
ASSETS		
Tangible assets	213.854.278	184.159.320
Intangible assets	12.373.295	1.364.307
Financial assets	3.534	845
Goodwill	4.934.837	3.380.811
Receivables related to deferred profit tax	1.100.341	427.686
Total non-current assets	232.266.285	189.332.969
Inventories	30.322.009	27.979.866
Trade receivables	57.833.058	39.692.123
Accrued expenses	702.831	760.687
Restricted cash	-	8.899.753
Cash and cash equivalents	24.148.395	24.932.865
Other receivables	6.334.182	400.809
Total current assets	119.340.475	102.666.103
TOTAL ASSETS	351.606.760	291.999.072
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	47.903.343	46.411.085
Retained earnings	15.992.978	16.856.244
Non-controlling interests	8.858.705	-
Total equity	175.923.381	166.435.684
LIABILITIES		
Long-term loans	39.655.077	34.619.168
Long-term loans from bond issues	38.250.000	-
Deferred income	22.018.067	20.936.397
Long-term provisions	281.738	291.803
Debts related to deferred profit tax	1.419.630	-
Total long-term liabilities	101.624.512	55.847.368
Short-term trade liabilities	29.299.658	17.838.095
Short-term loans	18.411.353	41.762.760
Deferred income	3.475.675	3.038.904
Debts related to current profit tax	842.387	515.975
Other liabilities	22.029.794	6.560.286
Total current liabilities	74.058.867	69.716.020
TOTAL LIABILITIES	175.683.379	125.563.388
TOTAL EQUITY AND LIABILITIES	351.606.760	291.999.072

CIUCIOI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Consolidated statement of comprehensive income

as at June 30th, 2017

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

	June 30 th , 2017	June 30 th , 2016
Income from turnover	135.936.921	114.525.197
Other income	1.574.768	1.503.729
Variation of inventories of finished products and production in progress	(1.659.136)	1.331.693
Expenses related to raw materials and consumables	(67.965.516)	(62.761.800)
Expenses related to commodities	(2.048.158)	(2.169.993)
Expenses related to third party services	(9.339.833)	(8.757.579)
Personnel-related expenses	(27.040.789)	(17.699.408)
Expenses related to amortisation and impairment of assets	(9.006.067)	(8.694.786)
Other expenses	(3.128.352)	(4.072.584)
Operating result	17.323.838	13.204.469
Financial revenues	(80.993)	2.051
Financial expenses	(954.727)	(875.062)
Profit / (Loss) before taxation	16.288.118	12.331.458
Profit tax income / (expense)	(1.875.752)	(974.807)
Profit / (Loss) for the year	14.412.366	11.356.651
Other comprehensive income items		
Increases of the reserve from the revaluation of tangible assets, net of deferred tax		
Transfer of the revaluation reserve to retained earnings following the cassation of tangible assets	(5.232)	(231.429)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	14.407.134	11.125.222

CIUCIOI Ionel-Maria
General Manager



ARSENE Vasilica-Monica
Financial Manager

Notes to the interim consolidated financial statements

as at June 30th, 2017

The entity reporting

The Vrancart Group (“the Group”) includes the company Vrancart S.A., having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, and its branches Giant Prodimpex S.R.L., based in Ungheni locality, Str. Principală No. 161/J, Mureş County and Rom Paper S.R.L., based in Cristian township, Braşov county. The interim consolidated financial statements of the Group for the 1st half of 2017 are formed of the financial statements of Vrancart S.A. and of its branches, together forming the Group.

Branch	Field of activity	Shareholding as at June 30 th , 2017	Shareholding as at December 31 st , 2016
Giant Prodimpex S.R.L.	Manufacturing of corrugated cardboard packaging	100%	100%
Rom Paper S.R.L.	Manufacturing of napkins and tissue paper products	70%	0%

The Group operates in the paper, tissue paper and corrugated cardboard industry.

VRANCART S.A.

Vrancart S.A. (“the Company”) is a joint-stock trade company operating in Romania under the provisions of Law no. 31/1990 on trade companies.

The company is based in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The company has working points opened in the following localities: Bucharest, Iaşi, Focşani, Bacău, Ploieşti, Botoşani, Sibiu, Constanţa, Arad, Braşov, Piteşti, Timişoara, Cluj, Baia Mare, Craiova, Târgu Mureş, Brăila and Călimăneşti.

The company’s main object of activity is represented by the manufacture and trading of the following products:

- single-wall, double-wall and double-double wall corrugated cardboard, corrugated cardboard with micro-flutes;
- corrugated cardboard boxes of various formats, die-cut and printed;
- paperboards;
- tissue papers in various assortments.

The company’s shares are listed to the Bucharest Stock Exchange, 2nd category, with the indicative VNC, starting from July 15th, 2005. The Group posts its consolidated financial statements on the website www.vrancart.ro.

As at June 30th, 2017, the company is owned 75% by SIF Banat – Crişana S.A. and 25% by other shareholders.

Notes to the interim consolidated financial statements

as at June 30th, 2017

GIANT PRODIMPEX S.R.L.

On July 17th, 2015, the company completed the process related to the acquisition of Giant Prodimpex S.R.L., that was approved by the Ordinary General Meeting of the Shareholders on April 29th/ 30th, 2015, through the Decision no. 7. Following the acquisition, Vrancart holds 100% of the shares of Giant Prodimpex S.R.L.

Giant Prodimpex SRL (“the Branch”) was established in 1994 and it is a Romanian private company. The continuous investments in technology, production areas and not least, for personnel, shortly turned Giant into one of the most important corrugated cardboard processors in Romania.

ROM PAPER S.R.L.

On January 19th, 2017, the company completed the process related to the acquisition of the shares of ROM PAPER S.R.L., that was approved by the Ordinary General Meeting of the Shareholders. Following the acquisition, Vrancart holds 70% of the shares as at June 30th, 2017. The acquisition agreement provides the acquisition in three tranches, of 70% (completed), 15%, and 15% respectively.

Rom Paper S.R.L. (“the Branch”) was established in 2002 and it is a Romanian privately-held company. The products manufactured are traded in 7 countries, on the Romanian territory and abroad, by means of store chains (hypermarkets, supermarkets, cash and carry), and also by means of distributors. The range of products provided by the company has recorded a constant diversification and development and it is adapted to clients’ needs.

Accounting principles, policies and methods

The simplified interim consolidated financial statements for the first six months ended on June 30th, 2017 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim financial statements do not include all the information and elements presented in the annual report and shall be read together with the Company’s annual financial statements, drawn up as at December 31st, 2016.

The accounting policies and the evaluation methods used for the preparation of the simplified interim financial statements are in accordance with those used for the preparation of the Company’s annual financial statements for the year ended on December 31st, 2016.

Combinations of entities are accounted through the purchase method on the date when the Group obtains control over the acquired entity. The control requires exposure or rights onto the variable results of the entity in which investments were made, as well as the ability to influence those results by exercising authority over the entity in question.

The branches are entities controlled by the Group. The financial statements of the branches are included in the consolidated financial statements from the date when control starts being exercised until the date of its cessation.

The interim individual financial statements for the 1st semester of 2017 have not been revised by an external financial auditor.

Transactions in foreign currencies

The operations expressed in foreign currencies are recorded in lei at the official exchange rate on the date of discounting of the transactions. The monetary assets and liabilities recorded in foreign

Vrancart S.A.

Notes to the interim consolidated financial statements

as at June 30th, 2017

currencies on the date of preparation of the accounting statements are converted into the functional currency at the exchange rate on that day.

The losses or gains from their discounting and from the conversion using the exchange rate at the end of the period for reporting of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The exchange rates of the main foreign currencies were as follows:

Currency	June 30 th , 2017	December 31 st , 2016	Variation
Euro (EUR)	4,5539	4,5411	+0,28%
American dollars (USD)	3,9915	4,3033	-7,24%

Other notes

The Company's management has established its medium and long-term strategy, and the estimates provide increases of sales and reductions of costs due to the effective use of the resources, that will lead to an increase of the operating profit.

The Group recorded as at June 30th, 2017 a positive cash balance of 24.148.395 lei and does not have any outstanding liabilities to the public budgets or to its private partners.

The Group pays great attention to profitability indicators, by streamlining its operational and liquidity processes and through the effective use of its resources.

Based on these analyses, the management considers that the Group will be able to continue its business in the foreseeable future, but not limited to the following 12 months and therefore the application of the business continuity principle in the preparation of the financial statements is justified.

Subsequent events

On July 11th, 2017 the Group completed the purchase of the second tranche of 15% of the shares of ROM PAPER S.R.L., based in Cristian township, Brasov county, registered with the Braşov Trade Registry Office under no. J8/548/2002, Tax Identification Number 14619270, according to the sales agreement concluded between the contracting parties. Following this transaction, VRANCART S.A. holds 85% of the shares of ROM PAPER S.R.L.

Management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as at June 30th, 2017 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Group's position and financial performances, as provided by the applicable accounting standards, and that the information presented in this report provides a fair and accurate view of the main events that took place during the first six months of the financial year and of their impact onto the simplified interim financial statements.

CIUCIOI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager