



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
 RO95 RZBR 0000 0600 0094 5306 - Raiffeisen Bank Adjud
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Half-yearly report for the 1st semester of 2016 according to the CNVM Regulation no. 1/2006

Date of report	12.08.2016
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County
Tel./ 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	The Bucharest Stock Exchange

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

The results achieved by VRANCART S.A. (hereinafter referred to as “the Company”) in the first semester of 2016 confirm the company’s ability to generate profit and its financial soundness.

During this period, the net profit recorded was of 11.356.651 lei, higher by 15,6% than the level forecasted in the Revenues and Expenditures Budget.

The interim individual financial statements (simplified, not audited) as at June 30th, 2016, according to the Order of the Public Finances Ministry 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, are enclosed hereto.

The interim individual financial statements for the 1st semester of 2016 have not been reviewed by an independent external auditor, as this is not an legal or statutory requirement.

The financial statements hereinafter referred to are individual financial statements. We would like to state that the consolidated financial statements do not have a major impact onto the Group's economic and financial indicators and onto the Group's overall performance and do not include any significant additional information.

1.1. Balance sheet items

<i>(all the items are stated in lei, unless otherwise stated)</i>	June 30th, 2016	December 31st, 2015	%
Fixed assets	181.144.554	162.740.635	+11%
Current assets, out of which:	69.876.027	78.938.936	-11%
- <i>Trade receivables</i>	42.399.695	37.630.743	+13%
Total assets	251.020.581	241.679.571	+4%
Total liabilities, out of which:	110.530.692	98.763.876	+12%
<i>Current liabilities</i>	71.516.864	62.695.544	+14%
Equity, out of which:	140.489.888	142.915.695	-2%
- <i>Reserves</i>	45.462.171	41.154.392	+10%
- <i>Retained earnings</i>	8.655.925	15.389.512	-44%

As at June 30th, 2016 and during the period between January 1st – June 30th, 2016, the evolution of the main financial indicators was as follows:

- The Company's fixed assets increased by 11% following the investments made during the first half of 2016.
- The volume of the Company's current assets decreased by 11% as at June 30th, 2016 as compared to the beginning of the year following the reduction of cash liquidities. As at December 31st, 2015, these included a letter of credit in the amount of 10 million lei that was used meanwhile for the purchase of production equipment.
- The trade receivables increased by 13% (4,7 million lei) in the first six months of 2016 as compared to the beginning of the year, having the same trend as the turnover evolution.
- The total liabilities recorded as at June 30th, 2016 amount to 110.530.692 lei, up by 12% as compared to the amount recorded as at January 1st, 2016, due to the increase of the current liabilities by 13 million lei, by recognising within these the dividends to be paid by the end of 2016.
- The amount of equity as at June 30th, 2016 is of 140.489.888 lei, down by 2% from the amount recorded at the beginning of the year. The reserves increased by 10% due to the increase of the reserves established from reinvested profit, which is a facility granted by the Tax Code. The reduction of retained earnings as at June 30th, 2016 is due to the

distribution in dividends to be paid of the profit for 2015 during the General Meeting of the Shareholders held in April 2016.

1.2. The profit and loss account

<i>(all the items are stated in lei, unless otherwise stated)</i>	June 30th, 2016	June 30th, 2015	%
Operating income, out of which:	117.360.619	100.812.368	+16%
<i>Income from turnover</i>	111.257.183	97.640.247	+14%
Operating expenses	(104.156.150)	(91.720.540)	14%
Operating profit	13.204.469	9.091.828	+45%
Financial revenues	2.051	9.260	-78%
Financial expenses	(875.062)	(634.373)	38%
Total income	117.362.670	100.821.628	16%
Total expenses	(105.031.212)	(92.354.913)	14%
Gross profit	12.331.458	8.466.715	46%
Net profit	11.356.651	7.524.775	51%

During the first semester of 2016 as compared to the same period of the previous year, the main indicators of the Profit and loss account are as follows:

- The total income during the analysed period amounted to 117.362.670 lei, up by 16% as compared to the same period of the previous year, mainly due to the turnover increase by 14% during the same analysed period.
- The total expenses for the period amounted to 105.031.212 lei, up by 14% as compared to the same period of the previous year, due to the increase of the operating expenses at the same pace.
- The net profit for the period amounted to 11.356.651 lei, up by 51% as compared to the same period of the previous year.

1.3. Treasury flows

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

	June 30 th , 2016	June 30 th , 2015
<i>Treasury flows from the operating activity</i>		
Collection from the operating activity	130.231.592	120.055.367
Payments from the operating activity	(114.952.344)	(102.694.803)
Net treasury from operating activities	15.279.248	17.360.564
<i>Treasury flows from the investment activity</i>		
Collection from the investment activity	83.526	135.294
Payments from the investment activity	(24.716.492)	(14.465.077)
Net treasury from the investment activity	(24,632,966)	(14.329.783)
<i>Treasury flows from the financing activity</i>		
Collections from the financing activity	20,507,452	9.282.130
Payments from the financing activity	(11,538,441)	(13.399.819)
Net treasury from financing activities	8,969,011	(4.117.689)
Balance at the beginning of the period	1.320.375	2.352.952
Balance at the end of the period	935.669	1.266.044

The balance of cash and cash equivalents recorded as at June 30th, 2016 is positive, respectively 935.669 lei. The reduction of the cash balance as compared to the same period of the previous year is mainly due to the payments for investments made during the 1st semester of 2016, and also to the payments for the current operating activity, for the provision of higher waste paper stocks.

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, as compared to the same period of the previous year

The Company's management considers that the results achieved as at June 30th, 2016 are in line with its expectations and correlated with the company's development strategy. The control mechanisms and levers implemented provide the maintaining of the company's financial balance.

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

The investment expenses paid by the Company during the first six months of 2016 amounted to

26.640.993 lei, as compared to 17.081.764 lei during the 1st semester of the previous year. The main investments were made for the upgrading of the paperboards machine, for corrugated cardboard converting machines and for the upgrading of the tissue paper machine.

The company will continue to implement the investment projects for the period between 2016-2018, approved by the General Meeting of the Shareholders held in April 2016; the financing sources are both internal sources, non-reimbursable funds, and bank loans).

The company considers that the investments made will have positive effects onto the Company's financial situation, visible within a relatively short term.

The economic and financial indicators as at June 30th, 2016 were as follows:

Indicator's name	MU	June 30 th , 2016	June 30 th , 2015
Overall liquidity	ratio	0,98	1,23
Immediate liquidity	ratio	0,63	0,86
Stocks turnover	rot./ year	9	11
Recovery of receivables	days	69	71
Reimbursement of trade liabilities	days	26	27
Operating profitability	%	11,5	9,1
Gross profit ratio	%	11,1	8,4

The overall and immediate liquidity indicators recorded reductions as at June 30th, 2016 due to the large payments made for fixed assets and to the increase of current liabilities following the establishing of the liability related to the dividends to be paid.

The other indicators did not record any major changes as at June 30th, 2016 as compared to the same period of the previous year.

2.3. Presentation and analysis of the events, transactions, economic changes that affect to a significant extent the income from the main activity. Specification of the extent to which the income was affected by each of the identified items. Comparison to the corresponding period of the previous year.

There are no events and transactions that might affect to a significant extent the income from the main activity to be reported by VRANCART S.A.

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

3.1. Description of the cases when the trade company was unable to comply with its financial obligations during the analysed period

The company VRANCART S.A. was not in the situation of being unable to meet its financial obligations during the analysed period. The company does not have any outstanding liabilities to the public budgets or to its private partners.

3.2. Description of any changes related to the rights of the owners of securities issued by the trade company.

There are no changes related to the rights of the owners of securities issued by VRANCART

S.A. to be reported.

4. Major transactions

On July 26th, 2016, between VRANCART S.A. Adjud and ROM PAPER S.R.L., based in Cristian township, Braşov County, registered with the Braşov Trade Registry Office under no. J8/548/2002, Tax Identification Number 14619270, there was concluded an agreement for the sale of the majority stake held by the shareholders of ROM PAPER S.R.L. Cristian, respectively Mrs. Nicoleta Puchin and Mr. Claudiu Puchin.

The acquiring of the majority stake is conditioned by the approval of this transaction by the Extraordinary General Meeting of the Shareholders of Vrancart S.A. Adjud, by the obtaining of the favourable approval of the Competition Council and by the non-registration of any objections that would challenge the mentions filed with the Trade Registry Office on the transaction related to the shares.

CIUCIOI Ionel-Marian
Chairman of the Board of Administrators



ARSENE Vasilica-Monica
Financial Manager

