

VRANCART S.A.

**Interim individual financial statements
(simplified, not audited)
as at June 30th, 2016**

Drawn up in accordance with
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

Table of contents

Individual statement of financial position	3
Individual statement of comprehensive income	4
Individual statement of changes in equity	5
Individual statement of treasury flows	6
Notes to the interim individual financial statements	7-8

Vrancart SA

Individual statement of financial position

as at June 30th, 2016

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

	June 30 th , 2016	December 31 st , 2015
ASSETS		
Tangible assets	173.637.717	155.347.931
Intangible assets	388.151	471.970
Financial assets	6.657.600	6.657.600
Receivables related to deferred profit tax	461.086	263.134
Total non-current assets	181.144.554	162.740.635
Inventories	24.693.584	22.827.651
Trade receivables	42.399.695	37.630.743
Accrued expenses	679.572	489.797
Restricted cash	1.091.887	10.786.408
Cash and cash equivalents	935.669	1.320.375
Other receivables	75.620	5.883.961
Total current assets	69.876.027	78.938.936
TOTAL ASSETS	251.020.581	241.679.571
EQUITY		
Share capital	86.371.792	86.371.792
Reserves	45.462.171	41.154.392
Retained earnings	8.655.925	15.389.511
Total equity	140.489.888	142.915.695
LIABILITIES		
Long-term trade liabilities	-	-
Long-term loans	19.062.138	15.110.053
Deferred income	19.951.691	20.958.278
Debts related to deferred profit tax	-	-
Total long-term liabilities	39.013.829	36.068.331
Short-term trade liabilities	15.976.203	16.177.993
Short-term loans	31.969.752	36.218.462
Deferred income	2.797.641	2.745.312
Provisions	2.491.590	1.854.555
Debts related to current profit tax	753.784	748.831
Other liabilities	17.527.894	4.950.392
Total current liabilities	71.516.864	62.695.545
TOTAL LIABILITIES	110.530.692	98.763.876
TOTAL EQUITY AND LIABILITIES	251.020.581	241.679.571

CIUCIOI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager

Vrancart SA

Individual statement of comprehensive income

as at June 30th, 2016

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

	June 30 th , 2016	June 30 th , 2015
Income from turnover	111.257.183	97.640.247
Revenues from the sale of goods	3.268.014	3.185.677
Other income	1.503.729	1.278.602
Variation of inventories of finished products and production in progress	1.331.693	(1.292.158)
Expenses related to raw materials and consumables	(62.761.800)	(51.674.126)
Expenses related to commodities	(2.169.993)	(2.215.550)
Expenses related to third party services	(8.757.579)	(8.040.598)
Personnel-related expenses	(17.699.408)	(15.479.451)
Expenses related to amortisation and from revaluation	(8.694.786)	(8.600.083)
Other expenses	(4.072.584)	(5.710.733)
Operating result	13.204.469	9.091.828
Financial revenues	2.051	9.260
Financial expenses	(875.062)	(634.373)
Profit / (Loss) before taxation	12.331.458	8.466.715
Revenues / (Expenses) related to profit tax	(974.807)	(941.940)
Profit / (Loss) for the year	11.356.651	7.524.775
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	(231.429)	(34.805)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	11.125.222	7.489.970

CIUCIOI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager

Vrncart SA

Individual statement of changes in equity

as at June 30th, 2016

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

	Share capital	Share capital adjustments	Reserves from the revaluation of tangible assets	Other reserves	Retained earnings	Retained earnings from the first adoption of IAS 29	Total equity
Balance as at January 1st, 2016	86.371.792	-	26.655.768	14.498.624	15.389.511	-	142.915.695
Comprehensive income for the period							
Net profit/ loss for the period	-	-	-		11.356.651	-	11.356.651
Other comprehensive income items							
Distribution from retained earnings	-	-	-	4.502.179	(18.321.666)	-	(13.819.487)
Correction related to fixed assets	-	-	-	-	-	-	-
Other changes in equity items	-	-	-	-	-	-	-
Other corrections	-	-	-	-	-	-	-
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	37.029	-	-	-	37.029
Transfer of the revaluation reserve to retained earnings following the sale/ cassation of the tangible assets	-	-	(231.429)	-	231.429	-	-
Total other comprehensive income items	-	-	(194.400)	4.502.179	(18.090.237)	-	(13.782.458)
Total comprehensive income for the period	-	-	(194.400)	4.502.179	(6.733.586)	-	(2.425.807)
Balance as at June 30th, 2016	86.371.792	-	26.461.368	19.000.803	8.655.925	-	140.489.888



CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart SA

Individual statement of treasury flows

as at June 30th, 2016

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

	June 30 th , 2016	June 30 th , 2015
Treasury flows from the operating activity:		
Collections from customers	130.231.592	120.055.367
Payments to suppliers	(85.333.637)	(78.093.583)
Payments to employees	(15.063.078)	(12.286.363)
Payments to the state budget	(13.424.852)	(10.760.705)
Profit tax paid	(1.130.777)	(1.554.152)
Net treasury from operating activities	15.279.248	17.360.564
Treasury flows from investment activities:		
Payments for the purchase of assets	(24.716.492)	(14.465.077)
Collections from the sale of tangible assets	82.930	135.109
Interests collected	596	185
Net treasury from investment activities	(24,632,966)	(14,329,783)
Net treasury from financing activities		
Collections from loans	20,507,452	9.282.130
Interests paid and loans reimbursed	(11.538.441)	(10.886.714)
Dividends paid	-	(2.513.105)
Net treasury from financing activities	8,969,011	(4,117,689)
Net increase/ (reduction) of treasury and treasury equivalents	(384.707)	(1.086.908)
Cash and cash equivalents at the financial year beginning	1.320.375	2.352.952
Cash and cash equivalents at the financial year end	935.669	1.266.044

CIUCIOI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager

A handwritten signature in blue ink, likely belonging to Arsene Vasilica-Monica, the Financial Manager.

The entity reporting

Vrancart SA (“the Company”) is a joint stock trade company operating in Romania in accordance with the provisions of Law no. 31/1990 on trade companies.

The Company has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The Company has working points for the collection of waste paper opened in the following localities: Bucharest, Iași, Focșani, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Cluj, Baia Mare, Craiova and Târgu Mureș.

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

- single faced, double-faced, double-double faced corrugated cardboard and corrugated cardboard with micro-flutes
- corrugated cardboard packaging (boxes) of various formats, die-cut and printed
- paperboards
- tissue paper in various assortments.

The Company’s shares are listed at the Bucharest Stock Exchange, 2nd category, with the indicative VNC, starting from July 15th, 2005.

As at June 30th, 2016, the Company is held in a proportion of 74,72% by SIF Banat - Crișana SA and in a proportion of 25,28% by other shareholders.

The records of the shares and shareholders is kept according to law by S.C. Depozitarul Central S.A. Bucharest.

The submitted financial statements 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 significant additional information.

Accounting principles, policies and methods

The simplified interim individual financial statements for the first six months ended on June 30th, 2016 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, 2015.

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, 2015.

The interim individual financial statements for the 1st semester of 2016 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 SA

Notes to the interim individual financial statements

as at June 30th, 2016

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 , 2016	December 31 st , 2015	Variation
Euro (EUR)	4,5210	4,5245	-0,08%
American dollars (USD)	4,0624	4,1477	-2.06%

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 Company recorded as at June 30th, 2016 a positive cash balance of 935.669 lei and does not have any outstanding liabilities to the public budgets or to its private partners.

The Company's management considers that the Company will be able to continue its business in the foreseeable future, therefore the application of the business continuity principle in the preparation of the financial statements is justified.

Subsequent events

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.

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at June 30th, 2016 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Company'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.

CIUCIOL Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager