

Translation for information purposes only

VRANCART S.A.

**Interim individual financial statements
(simplified, not audited)
as at March 31st, 2018**

drawn up in accordance with
the Order of the Ministry of Public Finances 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

VRANCART S.A.

Individual statement of financial position

as at March 31st, 2018

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

	March 31 st , 2018	December 31 st , 2017
ASSETS		
Tangible assets	236.437.282	234.894.331
Intangible assets	123.995	184.069
Financial assets	35.209.097	35.209.097
Total non-current assets	271.770.373	270.287.497
Inventories	38.228.371	36.348.609
Trade receivables	51.248.843	50.541.065
Prepaid expenses	860.350	664.619
Cash and cash equivalents	1.876.140	1.901.568
Receivables related to current profit tax	1.002.646	1.002.646
Other receivables	165.877	140.508
Total current assets	93.382.228	90.599.015
TOTAL ASSETS	365.152.601	360.886.512
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	74.618.851	74.618.850
Retained earnings	17.813.017	14.787.355
Total equity	195.600.223	192.574.560
LIABILITIES		
Long-term loans	38.629.753	36.158.067
Long-term loans from bond issues	37.232.800	37.232.800
Deferred income	17.127.106	17.878.001
Long-term provisions	376.015	376.015
Debts related to deferred profit tax	3.498.946	3.397.797
Other long-term liabilities	1.017.200	1.017.200
Total long-term liabilities	97.881.820	96.059.880
Short-term trade liabilities	21.241.121	24.564.192
Short-term loans	35.888.229	31.485.882
Deferred income	3.020.642	3.026.330
Other liabilities	11.520.566	13.175.668
Total current liabilities	71.670.558	72.252.072
TOTAL LIABILITIES	169.552.378	168.311.952
TOTAL EQUITY AND LIABILITIES	365.152.601	360.886.512

Notes to the statement of financial position as at March 31st, 2018

The amount of equity as at March 31st, 2018 was RON 195.600.223, up by 1,5% from their amount as at the year beginning, due to the profit achieved during the 1st quarter.

The Company's current assets increased by 3% during the analysed period, due to the inventory increase by 5% during the 1st quarter. The amount of the current assets as at March 31st, 2018 was RON 93.382.228.

The liabilities recorded as at March 31st, 2018 amounted to RON 169.552.378, up by 0,7% from the amount recorded as at January 1st, 2018, due to the contracting of new loans to finance investments and to the use of credit lines for the current activity.

Individual statement of comprehensive income

as at March 31st, 2018

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

	March 31 st , 2018	March 31 st , 2017
Income from turnover	70.758.023	59.150.756
Other income	772.414	752.925
Variation of finished products inventories and production in progress	(387.246)	(680.988)
Expenses related to raw materials and consumables	(40.204.094)	(28.582.293)
Expenses related to goods	(1.306.682)	(731.950)
Third party expenses	(4.785.029)	(4.104.751)
Personnel-related expenses	(13.039.723)	(11.853.059)
Expenses related to amortisation and impairment of assets	(5.467.797)	(4.782.494)
Other expenses	(2.277.616)	(2.061.859)
Operating income	4.062.251	7.106.287
Financial income	415	1.187
Financial expenses	(935.853)	(405.092)
Profit before taxation	3.126.812	6.702.382
Profit tax expenses	(101.150)	(662.643)
Net profit	3.025.662	6.039.739
Other comprehensive income items		
Increases in 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	-	-
TOTAL COMPREHENSIVE INCOME	3.025.662	6.039.739

Note to the statement of comprehensive income for the 1st quarter of 2018, compared to the 1st quarter of 2017

The operating income for the period amounted to RON 71.143.192, up by 20% from the same period of the previous year, due to the turnover increase by 20% during the same period analysed.

The operating expenses for the period amounted to RON 67.080.941, up by 29% from the same period of the previous year. A significant increase by 41% was recorded by expenses related to materials and raw materials, mainly due to the increase of waste paper prices by 45% during the 1st quarter of 2018 compared to the 1st quarter of 2017.

Given these conditions, the operating profit for the period amounted to RON 4.062.251, down by 43% from the operating profit recorded during the same period of the previous year. The net profit for the

1st quarter of 2018 amounted to RON 3.025.662.

Economic and financial indicators as at March 31st, 2018 (in accordance with the CNVM Regulation no. 1/2006)

Indicator's name	Calculation modality	M.U.	March 31st, 2018
Current liquidity indicator	Current assets/Current liabilities	ratio	1,30
Indebtedness degree indicator	Borrowed capital/Equity x 100	%	57,65*
	Borrowed capital/Employed capital x 100	%	36,57*
Debts- customers turnover	Average customers balance/Turnover x 90	days	64,53
Non-current assets turnover	Turnover/Non-current assets	ratio	0,26

* Borrowed capital includes credit lines, short and long-term bank loans, long-term trade loans, liabilities under short and long-term financial leasing agreements.

VRANCART S.A.

Summarised statement of changes in equity (not audited)

as at March 31st, 2018

(all the amounts are expressed in RON, 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 25	Total equity
Balance as at January 1st, 2018	103.168.355	-	43.879.020	30.739.831	14.787.355	-	192.574.561
Total comprehensive income for the period							
Net profit/loss for the period	-	-	-	-	3.025.662	-	3.025.662
Other comprehensive income items							
Distribution from retained earnings	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings following the sale of tangible assets	-	-	-	-	-	-	-
Total other comprehensive income items	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3.025.662	-	3.025.662
Balance as at March 31st, 2018	103.168.355	-	43.879.020	30.739.831	17.813.017	-	195.600.223

Notes to the interim individual financial statements

(simplified, not audited)

The entity reporting

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, Iași, Focșani, Bacau, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Cluj, Craiova, Targu Mures, Baia Mare, Calimanesti and Braila.

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, Standard category, with the indicative VNC, starting from July 15th, 2005 and the company posts its financial statements on the website www.vrancart.ro.

As at March 31st, 2018, the Company is held in a percentage of 75% by SIF Banat - Crișana S.A. and in a percentage of 25% by other shareholders.

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

Accounting principles, policies and methods

The simplified interim individual financial statements for the first three months ended on March 31st, 2018 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim individual 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 individual financial statements, drawn up as at December 31st, 2017.

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, 2017.

The simplified interim individual financial statements for the 1st quarter of 2018 have not been audited and revised by an external auditor.

Transactions in foreign currencies

The operations expressed in foreign currencies are recorded in RON at the official exchange rate on the date of discounting of the transactions. The monetary assets and liabilities recorded in foreign 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	March 31 st , 2018	December 31 st , 2017	Variation
Euro (EUR)	4.6576	4.6597	-0,05%
American dollars (USD)	3.7779	3.8915	-2,92%

Other notes

The company had a negative cash flow of – RON 4.284.326 during the first quarter of 2018, due to the payments for investments made during this period and it 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 drafting the financial statements is justified.

Subsequent events

On **April 27th, 2018**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31st, 2017 and the Revenues and Expenses Budget of VRANCART S.A. for the financial year 2018, along with the investments plan for the period between 2018 – 2019.

Through the decision no. 4/April 27th, 2018, the Ordinary General Meeting of the Shareholders approved the distribution from the net profit of the financial year 2017 of the amount of RON 11.348.519 for **dividends** (namely dividends with a gross amount of RON 0,011/share), the payment date being set for October 26th, 2018.

Through the decision no. 1/April 27th, 2018, the Extraordinary General Meeting of the Shareholders approved in principle the proposal on the merger through absorption between Vrancart S.A. as absorbing company and Giant Prodimpex S.R.L. as absorbed company.

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements for the period ended on March 31st, 2018, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Company's assets, liabilities, financial position and of its income and expenses, as provided by the applicable accounting standards, and that the statement of its operating performances and the information presented in this report provide a fair and accurate view of the main events that took place during the first three months of the financial year and of their impact onto the simplified interim financial statements.

CIUCIOI Ionel-Marian

Chairman of the Board of Administrators

ARSENE Vasilica-Monica

Financial Manager