

VRANCART S.A.

**Interim financial statements
(simplified, not audited)
as at March 31st, 2017**

drawn up in accordance with the Order of the Public Finances 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

VRANCART S.A.

Individual statement of financial position*as at March 31st, 2017**(all the amounts are expressed in lei, unless otherwise stated)*

	March 31 st , 2017	December 31 st , 2016
ASSETS		
Tangible assets	185.137.151	180.855.000
Intangible assets	352.157	372.026
Financial assets	25.287.618	6.657.600
Receivables related to deferred profit tax	875.686	800.666
Total non-current assets	211.652.612	188.685.292
Inventories	26.803.570	27.750.242
Trade receivables	43.373.853	39.695.711
Accrued expenses	815.662	739.398
Restricted cash	-	8.899.753
Cash and cash equivalents	21.779.309	24.287.793
Other receivables	5.246.712	400.809
Total current assets	98.019.106	101.773.706
TOTAL ASSETS	309.671.718	290.458.998
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	46.537.915	46.537.915
Retained earnings	22.473.724	16.433.985
Total equity	172.179.994	166.140.255
LIABILITIES		
Long-term loans	37.521.427	34.619.168
Long-term loans from bond issues	38.250.000	-
Deferred revenues	20.147.748	20.904.331
Long-term provisions	300.053	291.803
Total long-term liabilities	96.219.228	55.815.302
Short-term trade liabilities	18.878.328	17.089.495
Short-term loans	11.784.518	41.605.434
Deferred revenues	3.026.330	3.026.330
Debts related to current profit tax	737.664	494.330
Other liabilities	6.845.656	6.287.852
Total current liabilities	41.272.496	68.503.441
TOTAL LIABILITIES	137.491.724	124.318.743
TOTAL EQUITY AND LIABILITIES	309.671.718	290.458.998

Notes to the statement of financial position as at March 31st, 2017

The equity value as at March 31st, 2017 is 172.179.994 lei, up by 3,6% from its value at the year beginning, following the profit achieved during the 1st quarter.

The volume of the company's current assets decreased by 3,7% during the analysed period, due to the reduction of the funds available in the accounts, following the payments made during the 1st quarter. The current assets value as at March 31st, 2017 is 98.019.106 lei.

The total liabilities recorded as at March 31st, 2017 amount to 137.491.724 lei, up by 10,5% from the value recorded as at January 1st, 2017, due to the contracting of new loans to finance the investments and due to the issuance of bonds in the amount of 38.250.000 lei.

Individual statement of comprehensive income

as at March 31st, 2017

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

	March 31 st , 2017	March 31 st , 2016
Income from turnover	59.150.756	57.059.401
Other income	752.925	753.142
Variation of finished products inventories and production in progress	(680.988)	(1.088.714)
Expenses related to raw materials and consumables	(28.582.293)	(31.653.406)
Expenses related to commodities	(731.950)	(394.393)
Third party expenses	(4.104.751)	(4.417.847)
Personnel-related expenses	(12.904.904)	(8.351.074)
Expenses related to amortisation and depreciation of assets	(4.782.494)	(4.292.486)
Other expenses	(1.010.014)	(507.997)
Operating result	7.106.287	7.106.625
Financial revenues	(20.351)	1.263
Financial expenses	(383.554)	(316.881)
Profit before taxation	6.702.382	6.791.008
Profit tax expenses	(662.643)	(564.563)
Net profit	6.039.739	6.226.445
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	-	(231.176)
TOTAL COMPREHENSIVE INCOME	6.039.739	5.995.269
Earnings per share		
Profit attributable to ordinary shareholders	6.039.739	6.226.445
Weighted average number of ordinary shares	1.031.683.547	863.717.920
Base earnings per share	0,006	0,007

Notes to the statement of comprehensive income for the 1st quarter of I 2017, compared to the 1st quarter of 2016

The operating income for the period amounted to 59.222.693 lei, up by 4,4% from the same period of last year, due to the turnover increase by 3,6% during the same period analysed.

The operating expenses for the period amounted to 52.116.406 lei, up by 5% from the same period of the previous year. A significant increase of 11,4%, was recorded by expenses related to amortisation, following the start-up of new production plants and equipment at the end of 2016.

The operating profit for the period amounted to 7.106.287 lei, at a constant level compared to the same period of the previous year. The net profit for the 1st quarter of 2017 amounted to 6.039.739 lei, 3% below the level recorded during the same period of 2016, due to the increase of financial expenses and profit tax.

VRANCART S.A.

Summarized statement of changes in equity (not audited)

as at March 31st, 2017

(all the amounts are expressed 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 25	Total equity
Balance as at January 1st, 2017	103.168.355	-	26.408.552	20.129.363	16.433.985	-	166.140.255
Total comprehensive income for the period							
Net result for the period	-	-	-	-	6.039.739	-	6.039.739
Other comprehensive income items							
Distribution from retained earnings	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Changes of 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	-	-	-	-	6.039.739	-	6.039.739
Balance as at March 31st, 2017	103.168.355	-	26.408.552	20.129.363	22.473.724	-	172.179.994

Notes to the interim financial statements

(simplified, not audited)

The entity reporting

Vrancart S.A. (“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’s registered office is in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

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

The company’s object of activity is represented by the production 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 and the company posts its financial statements on its website www.vrancart.ro.

As at March 31st, 2017, the Company is held in a proportion of 75% by SIF Banat - Crișana S.A. and in a proportion of 25% by other shareholders.

The records of shares and shareholders are kept according to the legal conditions by S.C. Depozitarul Central S.A. Bucharest.

Accounting principles, policies and methods

The simplified interim financial statements for the first three months ended on March 31st, 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 published in the annual reporting and must be read with the Company’s annual financial statements, drawn up as at December 31st, 2016.

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

The simplified interim financial statements for the 1st quarter of 2017 are not audited and have not been revised by an external auditor.

Transactions in foreign currency

The operations expressed in foreign currency 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 currencies on the drafting of the accounting statements are transformed in functional currency at the exchange rate on that day.

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

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

Currency	March 31 st , 2017	December 31 st , 2016	Variation
Euro (EUR)	4,5511	4,5411	+0,22%
American dollars (USD)	4,2615	4,3033	-0,97%

Economic and financial indicators as at March 31st, 2017 (in accordance with the CNVM Regulation no. 1/2006)

Indicator's name	Calculation modality	M.U.	March 31 st , 2017
Current liquidity indicator	Current assets/Current liabilities	ratio	2,37
Indebtedness indicator	Borrowed capital/Equity x 100	%	50,85*
	Borrowed capital/Employed capital x 100	%	33,71*
Customer-debts rotation speed	Average customer balance/Turnover x 90	days	66,33
Non-current assets rotation speed	Turnover/Non-current assets	rap	0,28

* Borrowed capital includes credit lines, short-term and long-term bank loans, long-term trade loans, debts related to short-term and long-term financial leasing.

Other notes

The company had a negative cash flow of -2.383.029 lei as at March 31st, 2017, due to the payments for the investments made during the first quarter of 2017 and it has no outstanding debts to the public budgets or to its private partners.

The company's management considers that the company will be able to continue its activity in the foreseeable future as well and, therefore, the application of the business continuity principle in drafting of the financial statements is justified.

Subsequent events

On **April 26th, 2017**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31st, 2016 and the Revenues and Expenditures Budget of VRANCART S.A. for the financial year 2017, along with the investments plan for the period between 2017 - 2020.

Through the Decision no. 4/April 26th, 2017, the Ordinary Meeting of the Shareholders approved the distribution from the net profit available for the financial year 2017 of an amount of 14.030.896 lei for **dividends** (respectively a gross amount of a dividend of 0,0136 lei/share), the payment date set being October 26th, 2017.

Through the decision no. 1/26.04.2017, Extraordinary General Meeting of the Shareholders approved **the submission of an investment project** in the amount of 46 million Euro for the period between 2017 – 2020, to obtain a state aid (with a maximum financing level of 50%).

Management's statement

According to our best information available, we confirm that the simplified interim financial statements for the period ended on March 31st, 2017, drawn up in accordance with the International Financial reporting Standards, provide a fair and accurate view of the assets, liabilities, financial position and of the company's revenues and expenditures, as provided by the applicable accounting standards, and that the situation of operational performance 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 on the simplified interim financial statements

CIUCIOI Ionel-Marian
Chairman of the Board of Administrators



ARSENE Vasilica-Monica
Financial Manager

A handwritten signature in blue ink, corresponding to the name Arsene Vasilica-Monica.