

*Translation for information purposes only*

**VRANCART S.A.**

**Interim individual financial statements  
(simplified, not audited)  
as at September 30<sup>th</sup>, 2018**

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**

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

Vrancart S.A.

## Individual statement of financial position

as at September 30<sup>th</sup>, 2018

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

	September 30 <sup>th</sup> , 2018	December 31 <sup>st</sup> , 2017
<b>ASSETS</b>		
Tangible assets	258.784.982	234.894.331
Intangible assets	64.470	184.069
Financial assets	35.522.561	35.209.097
<b>Total non-current assets</b>	<b>294.372.013</b>	<b>270.287.497</b>
Inventories	34.151.030	36.348.609
Trade receivables	54.688.411	50.541.065
Prepaid expenses	740.166	664.619
Cash and cash equivalents	1.837.986	1.901.568
Receivables related to current profit tax	-	1.002.646
Other receivables	1.071.618	140.508
<b>Total current assets</b>	<b>92.489.212</b>	<b>90.599.015</b>
<b>TOTAL ASSETS</b>	<b>386.861.224</b>	<b>360.886.512</b>
<b>EQUITY</b>		
Share capital	103.168.355	103.168.355
Reserves	74.596.680	74.618.850
Retained earnings	21.521.419	14.787.355
<b>Total equity</b>	<b>199.286.454</b>	<b>192.574.560</b>
<b>LIABILITIES</b>		
Long-term loans	51.608.863	36.158.067
Long-term loans from bond issues	37.232.800	37.232.800
Deferred income	16.411.467	17.878.001
Long-term provisions	376.015	376.015
Debts related to deferred profit tax	2.975.231	3.397.797
Other long-term liabilities	1.017.200	1.017.200
<b>Total long-term liabilities</b>	<b>109.621.576</b>	<b>96.059.880</b>
Short-term trade liabilities	28.873.026	24.564.192
Short-term loans	26.230.487	31.485.882
Deferred income	2.542.478	3.026.330
Debts related to current profit tax	506.705	-
Other liabilities	19.800.497	13.175.668
<b>Total current liabilities</b>	<b>77.953.195</b>	<b>72.252.072</b>
<b>TOTAL LIABILITIES</b>	<b>187.574.771</b>	<b>168.311.952</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>386.861.224</b>	<b>360.886.512</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Individual statement of comprehensive income

as at September 30<sup>th</sup>, 2018

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

	September 30 <sup>th</sup> , 2018	September 30 <sup>th</sup> , 2017
Income from turnover, out of which:	217.332.958	189.593.049
<i>Income from the sale of goods</i>	4.930.998	4.138.278
Other income	3.129.421	2.339.508
Variation of finished products inventories and production in progress	889.142	(2.322.514)
Expenses related to raw materials and consumables	(114.566.764)	(95.153.109)
Expenses related to commodities	(3.546.353)	(2.460.851)
Third-party expenses	(14.112.090)	(13.824.105)
Personnel-related expenses	(41.556.614)	(37.308.030)
Expenses related to amortisation and from re-evaluation	(16.759.856)	(14.723.985)
Other expenses	(9.491.560)	(6.300.396)
<b>Operating result</b>	<b>21.318.285</b>	<b>19.839.567</b>
Financial income	1.001.401	(55.659)
Financial expenses	(3.108.515)	(1.455.187)
<b>Profit / (Loss) before taxation</b>	<b>19.211.171</b>	<b>18.328.722</b>
Profit tax income (expense)	(1.154.981)	(2.395.266)
<b>Profit / (Loss) for the year</b>	<b>18.056.190</b>	<b>15.933.456</b>
<b>Other comprehensive income items</b>		
Increases of the reserve from the re-evaluation of tangible assets, net of deferred tax	-	-
Transfer of the re-evaluation reserve to retained earnings following the cassation of tangible assets	(26.394)	(664.311)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>18.029.796</b>	<b>15.269.144</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Individual statement of changes in equity

as at September 30<sup>th</sup>, 2018

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

	Share capital	Share capital adjustments	Reserves from the re-evaluation of tangible assets	Other reserves	Retained earnings	Retained earnings from the first adoption of IAS 29	Total equity
<b>Balance as at January 1<sup>st</sup>, 2018</b>	<b>103.168.355</b>	-	<b>43.879.020</b>	<b>30.739.830</b>	<b>14.787.355</b>	-	<b>192.574.560</b>
<b>Comprehensive income for the period</b>							
Net profit/loss for the period	-	-	-	-	18.056.190	-	<b>18.056.190</b>
<b>Other comprehensive income items</b>							
Distribution from retained earnings	-	-	-	-	(11.348.519)	-	<b>(11.348.519)</b>
Correction related to fixed assets	-	-	-	-	-	-	-
Other equity items changes	-	-	-	-	-	-	-
Other corrections	-	-	-	-	-	-	-
Changes in the reserve from the re-evaluation of tangible assets, net of deferred tax	-	-	4.223	-	-	-	<b>4.223</b>
Transfer of the re-evaluation reserve to retained earnings following the sale/cassation of tangible assets	-	-	(26.394)	-	26.394	-	-
<b>Total other comprehensive income items</b>	-	-	(22.171)	-	(11.322.125)	-	<b>(11.344.296)</b>
<b>Total comprehensive income for the period</b>	-	-	(22.171)	-	6.734.064	-	<b>6.711.894</b>
<b>Balance as at September 30<sup>th</sup>, 2018</b>	<b>103.168.355</b>	-	<b>43.856.849</b>	<b>30.739.830</b>	<b>21.521.419</b>	-	<b>199.286.454</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Individual statement of cash flows

as at September 30<sup>th</sup>, 2018

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

	September 30 <sup>th</sup> , 2018	September 30 <sup>th</sup> , 2017
<b>Cash flows from operating activities</b>		
Amounts collected from customers	245.283.540	208.867.676
Payments to suppliers	(152.662.754)	(127.582.020)
Payments to employees	(27.012.924)	(28.285.297)
Payments to the state budget	(33.031.468)	(22.385.524)
Profit tax paid	(1.066.618)	(1.906.707)
<b>Net cash flows from operating activities</b>	<b>31.509.776</b>	<b>28.708.128</b>
<b>Cash flows from the investment activity</b>		
Payments for the purchase of assets	(35.362.024)	(30.863.559)
Payments for the purchase of financial assets	(5.074.273)	(23.790.688)
Escrow account for the purchase of financial assets	-	8.899.753
Letters of credit for the purchase of assets	(530.871)	-
Collections from the sale of tangible assets	723.114	13.150
Interests collected	187	852
<b>Net cash flow from the investment activity</b>	<b>(40.243.867)</b>	<b>(45.740.491)</b>
<b>Cash flows from the financing activity</b>		
Collections from loans	29.510.837	28.601.268
Collections from bond issues	-	38.250.000
Interests paid and loans reimbursed	(20.840.328)	(59.066.369)
Dividends paid	-	-
<b>Net cash flows from the financing activity</b>	<b>8.670.509</b>	<b>7.784.899</b>
	<b>(63.582)</b>	<b>(9.247.464)</b>
<b>Net increase/(reduction) of cash and cash equivalents</b>		
	<b>1.901.568</b>	<b>24.287.793</b>
<b>Cash and cash equivalents at the financial year beginning</b>		
	<b>1.837.986</b>	<b>15.040.329</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

## Notes to the interim individual financial statements

as at September 30<sup>th</sup>, 2018

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

The company has work points opened in the following localities: Bucharest, Iași, Focșani, Bacău, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Cluj, Baia Mare, Craiova, Târgu Mureș, Brăila and Călimănești.

The Company’s main object of activity is represented by the manufacturing 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 at the Bucharest Stock Exchange, 2<sup>nd</sup> category, with the indicative VNC, starting from July 15<sup>th</sup>, 2005.

As at September 30<sup>th</sup>, 2018 the Company is owned in a proportion of 75% by SIF Banat - Crisana S.A. and 25% by other shareholders.

The records of shares and shareholders are 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 nine months ended on September 30<sup>th</sup>, 2018 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim financial statements do not include all the information and items published in the annual report and must be read with the Company’s financial statements, drawn up as at December 31<sup>st</sup>, 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 31<sup>st</sup>, 2017.

The interim individual financial statements for the first nine months of 2018 have not been revised by an external financial auditor, as this is not a legal requirement.

### Transactions in foreign currencies

The operations expressed in foreign currencies are registered in RON at the official currency exchange rate on the date of discounting of the transactions. The monetary assets and liabilities registered in foreign currencies on the date of preparation of the accounting statements are converted into the functional currency at the currency exchange rate on that date.

The gains or losses resulting from their discounting and from the conversion using the currency exchange rate at the end of the period for the 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:

Vrancart S.A.

## Notes to the interim individual financial statements

as at September 30<sup>th</sup>, 2018

Currency	September 30 <sup>th</sup> , 2018	December 31 <sup>st</sup> , 2017	Variation
Euro (EUR)	4,6637	4,6597	+0,09%
American dollars (USD)	4,0210	3,8915	+3,33%

### Other notes

The Company's management established its medium and long-term strategy and the estimates provide increases of sales and cost reductions following the effective use of resources, which will lead to the operating profit increase.

The Company recorded as at September 30<sup>th</sup>, 2018 a positive cash balance of RON 1.837.986 and does not have any outstanding liabilities to the public budgets or to its private partners.

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

The purchase of the final tranche of 15% of the shares of 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 was completed on July 10<sup>th</sup>, 2018, in accordance with the acquisition agreement concluded between the contracting parties. Following this transaction, VRANCART S.A. holds 100% of the shares of ROM PAPER S.R.L.

The Extraordinary General Meeting of the Shareholders gathered on August 1<sup>st</sup>, 2018 approved the merger through absorption of Vrancart S.A. as absorbing company with the company Giant Prodimex S.R.L. as absorbed company, under the conditions met according to law. The company is undergoing the procedure for compliance with the legal requirements and the file is pending before the Vrancea Tribunal, waiting for the resolution and issuance of the approval decision by the delegated judge.

### Subsequent events

On October 25<sup>th</sup>, 2018, the dividends amounting to RON 11.159.080 were paid to the shareholders, according to the legal provisions, based on the Decision for the payment of dividends, as approved by the Ordinary General Meeting of the Shareholders in April 2018.

### Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at September 30<sup>th</sup>, 2018 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view on 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 occurred during the first nine 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