

Translation for information purposes only

VRANCART S.A.

**Interim individual financial statements
(simplified, not audited)
as at June 30th, 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 June 30th, 2018

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

	June 30 th , 2018	December 31 st , 2017
ASSETS		
Tangible assets	244.979.199	234.894.331
Intangible assets	71.944	184.069
Financial assets	35.209.097	35.209.097
Total non-current assets	280.260.239	270.287.497
Inventories	31.729.780	36.348.609
Trade receivables	52.479.118	50.541.065
Prepaid expenses	720.607	664.619
Cash and cash equivalents	3.659.044	1.901.568
Receivables related to current profit tax	-	1.002.646
Other receivables	1.169.868	140.508
Total current assets	89.758.416	90.599.015
TOTAL ASSETS	370.018.655	360.886.512
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	74.598.569	74.618.850
Retained earnings	14.382.435	14.787.355
Total equity	192.149.359	192.574.560
LIABILITIES		
Long-term loans	41.829.622	36.158.067
Long-term loans from bond issues	37.232.800	37.232.800
Deferred income	17.047.085	17.878.001
Long-term provisions	376.015	376.015
Debts related to deferred profit tax	3.467.362	3.397.797
Other long-term liabilities	1.017.200	1.017.200
Total long-term liabilities	100.970.084	96.059.880
Short-term trade liabilities	25.812.454	24.564.192
Short-term loans	24.584.454	31.485.882
Deferred income	2.545.322	3.026.330
Debts related to current profit tax	1.066.618	-
Other liabilities	22.890.364	13.175.668
Total current liabilities	76.899.212	72.252.072
TOTAL LIABILITIES	177.869.296	168.311.952
TOTAL EQUITY AND LIABILITIES	370.018.655	360.886.512

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of comprehensive income

as at June 30th, 2018

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

	June 30 th , 2018	June 30 th , 2017
Income from turnover	140.577.949	119.307.225
Income from the sale of goods	3.769.277	2.811.457
Other income	1.816.459	1.533.280
Variation of inventories of finished products and production in progress	(1.113.020)	(3.388.541)
Expenses related to raw materials and consumables	(76.829.275)	(57.816.622)
Expenses related to commodities	(2.839.451)	(1.632.043)
Expenses related to third party services	(9.692.383)	(8.689.519)
Personnel-related expenses	(26.616.864)	(24.285.247)
Expenses related to amortisation and impairment of assets	(11.101.032)	(9.611.954)
Other expenses	(5.112.813)	(4.445.809)
Operating result	12.858.846	13.782.227
Financial income	1.000.850	1.908
Financial expenses	(1.800.195)	(1.013.400)
Profit / (Loss) before taxation	12.059.501	12.770.735
Profit tax income / (expense)	(1.140.047)	(1.314.104)
Profit / (Loss) for the year	10.919.454	11.456.631
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	(24.145)	(5.232)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10.895.310	11.451.399

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of changes in equity

as at June 30th, 2018

(all 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 29	Total equity
Balance as at January 1st, 2018	103.168.355	-	43.879.020	30.739.830	14.787.355	-	192.574.560
Retained earnings for the period							
Net profit/ loss for the period				10.919.454			10.919.454
Other comprehensive income items							
Distribution from retained earnings				(11.348.519)			(11.348.519)
Other equity items changes							
Other changes							
Changes in the reserve from the revaluation of tangible assets, net of deferred tax			3.863	-			3.863
Transfer of the revaluation reserve to retained earnings following the sale/ cassation of the tangible assets			(24.145)	-	24.145		-
Total other comprehensive income items			(20.282)	-	(11.324.375)		(11.344.656)
Total comprehensive income for the period			(20.282)	-	(404.920)		(425.202)
Balance as at June 30th, 2018	103.168.355	-	43.858.738	30.739.830	14.382.435	-	192.149.358

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of cash flows

as at June 30th, 2018

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

	June 30 th , 2018	June 30 th , 2017
Cash flows from operating activities		
Collections from customers	163.852.319	134.895.321
Payments to suppliers	(67.617.209)	(80.201.806)
Payments to employees	(14.078.340)	(19.697.004)
Payments to the state budget	(17.271.400)	(14.534.521)
Profit tax paid	-	(1.231.994)
Net cash flows from operating activities	64.885.370	19.229.996
Cash flows from investment activities		
Payments for the purchase of assets	(10.487.489)	(21.705.188)
Payments for the purchase of financial assets	-	(18.630.018)
Escrow account for the purchase of financial assets	-	8.899.753
Collections from the sale of tangible assets	723.114	13.150
Interests collected	112	756
Net cash flows from investment activities	(9.764.263)	(31.421.546)
Cash flows from financing activities		
Collections from loans	13.511.404	66.851.268
Interests paid and loans reimbursed	(66.875.035)	(55.704.552)
Net cash flows from financing activities	(53.363.631)	11.146.716
	1.757.476	(1.044.835)
Net increase/ (reduction) of cash and cash equivalents		
	1.901.568	24.287.793
Cash and cash equivalents at the financial year beginning		
	3.659.044	23.242.958

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Notes to the interim individual financial statements

as at June 30th, 2018

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 at the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15th, 2005.

As at June 30th, 2018, the company is owned 75% by SIF Banat – Crișana S.A. and 25% by other shareholders.

The evidence 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 six months ended on June 30th, 2018 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, 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 interim individual financial statements for the 1st half of 2018 have not been revised by an external financial 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 as 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.

Notes to the interim individual financial statements

as at June 30th, 2018

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

Currency	June 30 th , 2018	December 31 st , 2017	Variation
Euro (EUR)	4,6611	4,6597	+0,03%
American dollars (USD)	4,0033	3,8915	+2,87%

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, 2018 a positive cash balance of RON 3.659.044 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

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 10th, 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 1st, 2018 approved the merger through absorption of Vrancart S.A. as absorbing company with the company Giant Prodimpex S.R.L. as absorbed company, the actual merger date being September 1st, 2018, according to the legal conditions.

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at June 30th, 2018 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.

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager