

Translation for information purposes only

VRANCART S.A.

**Interim individual financial statements
(simplified, not audited)
as at June 30th, 2017**

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

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Vrancart S.A.

Individual statement of financial position

as at June 30th, 2017

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

	June 30 th , 2017	December 31 st , 2016
ASSETS		
Tangible assets	187.924.927	180.855.000
Intangible assets	301.008	372.026
Financial assets	25.287.618	6.657.600
Receivables related to deferred profit tax	899.776	800.666
Total non-current assets	214.413.329	188.685.292
Inventories	23.875.567	27.750.242
Trade receivables	44.768.933	39.695.711
Accrued expenses	639.742	739.398
Restricted cash	-	8.899.753
Cash and cash equivalents	23.242.958	24.287.793
Other receivables	6.308.165	400.809
Total current assets	98.835.365	101.773.706
TOTAL ASSETS	313.248.694	290.458.998
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	46.533.520	46.537.915
Retained earnings	13.864.952	16.433.985
Total equity	163.566.827	166.140.255
LIABILITIES		
Long-term loans	37.081.368	34.619.168
Long-term loans from bond issues	38.250.000	-
Deferred income	19.391.166	20.904.331
Long-term provisions	281.738	291.803
Total long-term liabilities	95.004.272	55.815.302
Short-term trade liabilities	16.949.293	17.089.495
Short-term loans	12.652.637	41.605.434
Deferred income	3.026.330	3.026.330
Debts related to current profit tax	674.713	494.330
Other liabilities	21.374.622	6.287.852
Total current liabilities	54.677.595	68.503.441
TOTAL LIABILITIES	149.681.867	124.318.743
TOTAL EQUITY AND LIABILITIES	313.248.694	290.458.998

CIUCIGI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of comprehensive income

as at June 30th, 2017

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

	June 30 th , 2017	30 June 30 th , 2016
Income from turnover	119.307.225	111.257.183
Income from the sale of goods	2.811.457	3.268.014
Other income	1.533.280	1.503.729
Variation of inventories of finished products and production in progress	(3.388.541)	1.331.693
Expenses related to raw materials and consumables	(57.816.622)	(62.761.800)
Expenses related to commodities	(1.632.043)	(2.169.993)
Expenses related to third party services	(8.689.519)	(8.757.579)
Personnel-related expenses	(25.752.479)	(17.699.408)
Expenses related to amortisation and impairment of assets	(9.611.954)	(8.694.786)
Other expenses	(2.978.577)	(4.072.584)
Operating result	13.782.227	13.204.469
Financial revenues	(75.160)	2.051
Financial expenses	(936.332)	(875.062)
Profit / (Loss) before taxation	12.770.735	12.331.458
Profit tax income / (expense)	(1.314.104)	(974.807)
Profit / (Loss) for the year	11.456.631	11.356.651
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	(5.232)	(231.429)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	11.451.399	11.125.222

CIUCIOI Ionel-Maria
General Manager



ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of changes in equity

as at June 30th, 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 29	Total equity
Balance as at January 1st, 2017	103.168.355	-	26.408.552	20.129.363	16.433.985	-	166.140.255
Comprehensive income for the period							
Net profit/ loss for the period	-	-	-	-	11.456.631	-	11.456.631
Other comprehensive income items							
Distribution from retained earnings	-	-	-	-	(14.030.896)	-	(14.030.896)
Other equity items changes							
Other changes							
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	837	-	-	-	837
Transfer of the revaluation reserve to retained earnings following the sale/ cassation of the tangible assets	-	-	(5.232)	-	5.232	-	-
Total other comprehensive income items	-	-	(4.395)	-	(14.025.664)	-	(14.030.059)
Total comprehensive income for the period	-	-	(4.395)	-	(2.569.033)	-	(2.573.428)
Balance as at June 30th, 2017	103.168.355	-	26.404.157	20.129.363	13.864.952	-	163.566.827



ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of cash flows

as at June 30th, 2017

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

	June 30 th , 2017	June 30 th , 2016
Cash flows from operating activities		
Collections from customers	134.895.321	130.231.592
Payments to suppliers	(80.201.806)	(85.333.637)
Payments to employees	(19.697.004)	(15.063.078)
Payments to the state budget	(14.534.521)	(13.424.852)
Profit tax paid	(1.231.994)	(1.130.777)
Cash flows from operating activities	19.229.996	15.279.248
Cash flows from investment activities		
Payments for the purchase of assets	(21.705.188)	(24.716.492)
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	13.150	82.930
Interests collected	756	596
Net cash flows from investment activities	(31.421.546)	(24.632.966)
Net cash flows from financing activities		
Collections from loans	66.851.268	20.507.452
Interests paid and loans reimbursed	(55.704.552)	(11.538.441)
Dividends paid	-	-
Net cash flows from financing activities	11.146.716	8.969.011
Net increase/ (reduction) of cash and cash equivalents	(1.044.835)	(384.707)
Cash and cash equivalents at the financial year beginning	24.287.793	1.320.375
Cash and cash equivalents at the financial year end	23.242.958	935.669

CIUCIOI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager

Notes to the interim individual financial statements

as at June 30th, 2017

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, 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 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, 2nd category, with the indicative VNC, starting from July 15th, 2005.

As at June 30th, 2017, 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, 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 presented in the annual report and shall be read together with the Company’s annual financial statements, drawn up as at December 31st, 2016.

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, 2016.

The interim individual financial statements for the 1st semester of 2017 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 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.

Vrancart S.A.

Notes to the interim individual financial statements

as at June 30th, 2017

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

Currency	June 30 th , 2017	December 31 st , 2016	Variation
Euro (EUR)	4,5539	4,5411	+0,28%
American dollars (USD)	3,9915	4,3033	-7,24%

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, 2017 a positive cash balance of 23.242.958 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.

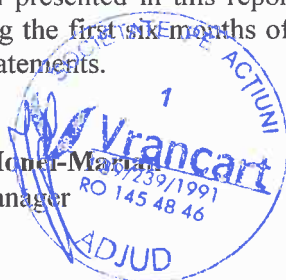
Subsequent events

On July 11th, 2017 the company completed the purchase of the second tranche of 15% of the shares of ROM PAPER S.R.L., based in Cristian township, Brasov county, registered with the Braşov Trade Registry Office under no. J8/548/2002, Tax Identification Number 14619270, according to the sales agreement concluded between the contracting parties. Following this transaction, VRANCART S.A. holds 85% of the shares of ROM PAPER S.R.L.

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at June 30th, 2017 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