

Translation for information purposes only

VRANCART S.A.

**Interim consolidated financial statements
(simplified, not audited)
as at September 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

Contents

Consolidated statement of financial position	3
Consolidated statement of comprehensive income	4
Notes to the interim consolidated financial statements	5

Vrancart S.A.

Consolidated statement of financial position

as at September 30th, 2017

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

	September 30 th , 2017	December 31 st , 2016
ACTIVE		
Tangible assets	215.363.958	184.159.320
Intangible assets	11.894.558	1.364.307
Financial assets	3.534	845
Goodwill	4.934.837	3.380.811
Receivables related to deferred profit tax	1.400.551	427.686
Total non-current assets	233.597.438	189.332.969
Inventories	31.937.864	27.979.866
Trade receivables	62.590.429	39.692.123
Prepaid expenses	681.492	760.687
Restricted cash	-	8.899.753
Cash and cash equivalents	15.901.174	24.932.865
Other receivables	7.891.750	400.809
Total current assets	119.002.709	102.666.103
TOTAL ASSETS	352.600.147	291.999.072
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	48.251.871	46.411.085
Retained earnings	21.122.845	16.856.244
Non-controlling interests	3.698.035	-
Total equity	176.241.106	166.435.684
LIABILITIES		
Long-term loans	36.212.066	34.619.168
Long-term loans from bond issues	38.250.000	-
Deferred revenues	21.574.264	20.936.397
Long-term provisions	243.389	291.803
Debts related to deferred profit tax	1.346.725	-
Total long-term liabilities	97.626.444	55.847.368
Short-term trade liabilities	32.755.115	17.838.095
Short-term loans	18.176.440	41.762.760
Deferred revenues	3.235.087	3.038.904
Debts related to current profit tax	1.499.655	515.975
Other liabilities	23.066.300	6.560.286
Total current liabilities	78.732.597	69.716.020
TOTAL LIABILITIES	176.359.041	125.563.388
TOTAL EQUITY AND LIABILITIES	352.600.147	291.999.072

CIUCOI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Consolidated statement of comprehensive income

as at September 30th, 2017

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

	September 30 th , 2017	September 30 th , 2016
Income from turnover	250.853.269	171.257.244
Other income	2.462.493	2.982.678
Variation of finished products inventories and production in progress	(2.088.690)	(449.063)
Expenses related to raw materials and consumables	(134.545.326)	(91.645.035)
Expenses related to goods	(6.905.122)	(3.125.259)
This party expenses	(18.081.202)	(13.115.059)
Personnel-related expenses	(44.659.143)	(26.824.112)
Expenses related to amortisation and depreciation of assets	(14.620.446)	(13.147.489)
Other expenses	(6.814.788)	(6.374.231)
Operating result	25.601.045	19.559.674
Financial revenues	(106.105)	(22.316)
Financial expenses	(1.611.268)	(1.025.446)
Profit / (Loss) before taxation	23.883.672	18.511.912
Profit tax income/(expense)	(2.329.999)	(1.805.484)
Profit / (Loss) for the year	21.553.673	16.706.428
Other comprehensive income items		
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	(735.467)	(283.319)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	20.818.206	16.423.109

CIUCIOI Ionel-Marian
General Manager



ARSENE Vasilica-Monica
Financial Manager

Notes to the interim consolidated financial statements*as at September 30th, 2017***The entity reporting**

The Vrancart Group (“the Group”) includes the company Vrancart SA, having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, and its branches Giant Prodimpex SRL, based in Ungheni locality, Str. Principală No. 161/J, Mureş County and Rom Paper S.R.L., based in Cristian township, Brasov county. The interim consolidated financial statements of the Group for the first nine months of 2017 are formed of the financial statements of Vrancart S.A. and of its branches, that form together the Group.

Branch	Field of activity	Shareholding as at	Shareholding as at
		September 30 th , 2017	December 31 st , 2016
Giant Prodimpex S.R.L.	Production of corrugated cardboard packaging	100%	100%
Rom Paper S.R.L.	Production of napkins and tissue paper products	85%	0%

The Group operates in the paperboards, tissue paper and corrugated cardboard fields.

VRANCART S.A.

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, Iasi, Focsani, Bacau, Ploiesti, Botosani, Sibiu, Constanta, Arad, Brasov, Pitesti, Timisoara, Cluj, Baia Mare, , Targu Mures, Craiova, Braila and Calimanesti.

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 to the Bucharest Stock Exchange, 2nd category, with the indicative VNC, starting from July 15th, 2005. The Group posts its consolidated financial statements on www.vrancart.ro.

As at September 30th, 2017 the Company is owned in a proportion of 75% by SIF Banat - Crisana S.A. and 25% by other shareholders.

Vrancart S.A.

Notes to the interim consolidated financial statements

as at September 30th, 2017

GIANT PRODIMPEX S.R.L.

On July 17th, 2015, the Company completed the process related to the acquisition of Giant Prodimpex S.R.L., that was approved by the Ordinary General Meeting of the Shareholders from April 29th/ 30th, 2015, through the Decision no. 7. Following the acquisition, Vrancart holds 100% of the shares of Giant Prodimpex S.R.L.

Giant Prodimpex S.R.L. (“the Branch”) was established in 1994 and it is a Romanian privately-owned company. The continuous investments in technology, production areas and not least, for personnel, shortly turned Giant into one of the most important corrugated cardboard processors in Romania.

ROM PAPER S.R.L.

On January 19th, 2017, the process related to the purchase of the shares of Rom Paper S.R.L. was completed. This purchase was approved by the Ordinary General Meeting of the Shareholders. Following the purchase, as at September 30th, 2017, Vrancart holds 85% of the shares. The acquisition contract provides the purchase of the shares in three annual trenches of 70% (completed), 15% (completed), respectively 15% (in 2018).

Rom Paper S.R.L. (“the Branch”) was established in 2002 and it is a Romanian privately-owned company. The products it manufactures are traded in 7 countries, on the territory of Romania and abroad, by means of store chains (hypermarkets, supermarkets, cash and carry), and also by means of distributors. The product range offered by the company went through a constant diversification and evolution, being adapted to customers’ needs.

Accounting principles, policies and methods

The simplified interim consolidated financial statements for the first nine months ended on September 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 published in the annual report and must be read with the Company’s 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.

Combinations of entities are accounted for through the acquisition method on the date when the Group obtains control over the purchased entity. The control requires exposure or rights onto the variable results of the entity invested in, as well as the capacity to influence those results by exercising authority on that entity.

Branches are entities controlled by the Group. The financial statements of the branches are included in the consolidated financial statements from the date when control starts to be exercised until the date when it ceases.

The interim consolidated financial statements for the first nine months of 2017 have not been reviewed by an external financial auditor, as this is not a legal requirement.

Vrancart S.A.

Notes to the interim consolidated financial statements

as at September 30th, 2017

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:

Currency	September 30 th , 2017	December 31 st , 2016	Variation
Euro (EUR)	4,5991	4,5411	+1,28%
American dollars (USD)	3,8977	4,3033	-9,42%

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, that will lead to the operating profit increase.

The Group recorded as at September 30th, 2017 a positive cash balance in the amount of RON 15.901.174 and does not have any outstanding liabilities to the public budgets or to its private partners.

The Group gives particular importance to profitability indicators, by optimizing the operational and liquidity processes, through the effective use of resources.

Based on these analyses, the management considers that the Group will be able to continue its business in the foreseeable future, but not limited to the following 12 months and therefore, the application of the business continuity principle in the preparation of the financial statements is justified.

Subsequent events

On October 23rd, 2017, dividends in the amount of RON 13.786.199 were paid to the shareholders of Vrancart S.A., according to the legal provisions, based on the Decision on the payment of dividends, approved by the Ordinary General Meeting of the Shareholders from April 2017.

Management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as at September 30th, 2017 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide an accurate and fair view on the Group's position and financial performances, as provided by the applicable accounting standards, and that the information presented in this report provides an accurate and fair 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.

CIUCIUCI Ionel-Marian
General Manager
39/239/1991
145 48 46
ADJUD

ARSENE Vasilica-Monica
Financial Manager