

**VRANCART S.A.**

**Intermediate individual financial statements  
(simplified, not audited)  
as at September 30<sup>th</sup>, 2016**

drawn up in accordance with  
the Order of the Minister of Public Finances no. 1286/2012  
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 SA

## The individual statement of financial position

as at September 30<sup>th</sup>, 2016

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

	September 30 <sup>th</sup> , 2016	December 31 <sup>st</sup> , 2015
<b>ASSETS</b>		
Tangible assets	177.319.404	155.347.931
Intangible assets	336.251	471.970
Financial assets	6.657.600	6.657.600
Receivables related to deferred profit tax	669.678	263.134
<b>Total fixed assets</b>	<b>184.982.933</b>	<b>162.740.635</b>
Stocks	24.700.277	22.827.651
Trade receivables	44.402.028	37.630.743
Prepaid expenses	802.619	489.797
Restricted cash	8.897.511	10.786.408
Cash and cash equivalents	4.577.996	1.320.375
Other receivables	2.801.893	5.883.961
<b>Total current assets</b>	<b>86.182.323</b>	<b>78.938.936</b>
<b>TOTAL ASSETS</b>	<b>271.165.256</b>	<b>241.679.571</b>
<b>EQUITY</b>		
Share capital	86.371.792	86.371.792
Reserves	45.418.582	41.154.392
Retained earnings	14.057.594	15.389.511
<b>Total equity</b>	<b>145.847.968</b>	<b>142.915.695</b>
<b>LIABILITIES</b>		
Long-term trade liabilities	-	-
Long-term loans	34.137.755	15.110.053
Deferred revenues	21.832.430	20.958.278
Debts related to deferred profit tax	-	-
<b>Total long-term liabilities</b>	<b>55.970.185</b>	<b>36.068.331</b>
Short-term trade liabilities	18.390.191	16.177.993
Short-term loans	39.867.708	36.218.462
Deferred revenues	2.797.641	2.745.312
Provisions	3.567.090	1.854.555
Debts related to current profit tax	1.030.967	748.831
Other liabilities	3.693.506	4.950.392
<b>Total current liabilities</b>	<b>69.347.103</b>	<b>62.695.545</b>
<b>TOTAL LIABILITIES</b>	<b>125.317.288</b>	<b>98.763.876</b>
<b>TOTAL EQUITY AND LIABILITY</b>	<b>271.165.256</b>	<b>241.679.571</b>

CIUCIOI Ionel Marian  
General Manager



ARSENE Vasilica-Monica  
Financial Manager

Vrancart SA

## The individual statement of comprehensive income

as at September 30<sup>th</sup>, 2016

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

	September 30 <sup>th</sup> , 2016	September 30 <sup>th</sup> , 2015
Income from turnover	166.669.890	151.127.837
Income from the sale of goods	4.682.657	4.017.062
Other income	2.982.678	2.040.283
Variation of finished products stocks and production in progress	(449.063)	(549.697)
Expenses related to raw materials and consumables	(91.645.035)	(79.659.601)
Expenses related to goods	(3.125.259)	(2.526.608)
Expenses related to services provided by third parties	(13.115.059)	(11.879.750)
Personnel-related expenses	(26.824.112)	(22.957.462)
Expenses related to depreciation and from revaluation	(13.147.489)	(13.182.947)
Other expenses	(6.469.533)	(11.096.675)
<b>Operating result</b>	<b>19.559.674</b>	<b>15.332.441</b>
Financial revenues	2.608	10.250
Financial expenses	(1.050.369)	(776.928)
<b>Profit / (Loss) before taxation</b>	<b>18.511.912</b>	<b>14.565.763</b>
Profit tax income/ (expenses)	(1.805.484)	(1.739.839)
<b>Profit / (Loss) for the year</b>	<b>16.706.428</b>	<b>12.825.924</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 reserve from re-evaluation to retained earnings as a result of the cassation of tangible assets	(283.319)	(58.382)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>16.423.109</b>	<b>12.767.542</b>

CIUCIOI Ionel-Marian  
General Manager



ARSENE Vasilica-Monica  
Financial Manager

Vrancart SA

## The individual statement of changes in equity

as at September 30<sup>th</sup>, 2016

(all the amounts are expressed in lei, 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
Balance as at January 1 <sup>st</sup> , 2016	86.371.792	-	26.655.768	14.498.624	15.389.511	-	142.915.695
<b>Total comprehensive income for the period</b>							
Net earnings for the period	-	-	-	-	16.706.428	-	16.706.428
<b>Other comprehensive income items</b>							
Distribution from retained earnings	-	-	-	4.502.179	(18.321.666)	-	(13.819.487)
Correction related to fixed assets	-	-	-	-	-	-	-
Other changes in equity items	-	-	-	-	-	-	-
Other corrections	-	-	-	-	-	-	-
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	45.331	-	-	-	45.331
Transfer of the revaluation reserve to retained earnings following the sale/cassation of tangible assets	-	-	(283.319)	-	283.319	-	-
<b>Total other comprehensive income items</b>							
<b>Total comprehensive income for the period</b>							
	-	-	(237.988)	4.502.179	(18.038.346)	-	(13.774.156)
<b>Total comprehensive income for the period</b>							
	-	-	(237.988)	4.502.179	(1.331.918)	-	2.932.273
Balance as at September 30 <sup>th</sup> , 2016	86.371.792	-	26.417.779	19.000.803	14.057.593	-	145.847.968



ARSENE Vasilica-Monica  
Financial Manager

Vrancart SA

## The individual statement of cash flows

as at September 30<sup>th</sup>, 2016

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

	September 30 <sup>th</sup> , 2016	September 30 <sup>th</sup> , 2015
<b>Cash flows from the operating activity</b>		
Collections from customers	196.459.478	181.873.824
Payments to suppliers	(126.186.419)	(115.820.285)
Payments to the employees	(22.293.192)	(18.238.248)
Payments to the state budget	(20.558.396)	(18.576.725)
Profit tax paid	(1.884.561)	(2.198.289)
<b>Net cash flows from the operating activity</b>	<b>25.536.910</b>	<b>27.040.277</b>
<b>Cash flows from the investment activity</b>		
Payments for the purchase of assets	(29.944.472)	(21.374.788)
Escrow account for the purchase of financial assets	(8.897.511)	-
Bank letters of credit for the purchase of assets	10.786.408	25.000
Collections from the sale of tangible assets	283.700	137.845
Interest collected	645	240
<b>Net cash flows from the investment activity</b>	<b>(27.771.229)</b>	<b>(21.211.702)</b>
<b>Cash flows from the financing activity</b>		
Collections from loans	31.768.835	9.282.132
Interests paid and loans reimbursed	(12.743.736)	(10.554.934)
Dividends paid	(13.533.159)	(2.513.105)
<b>Net cash flows from the financing activity</b>	<b>5.491.940</b>	<b>(3.785.908)</b>
<b>Net increase / (reduction) of cash and cash equivalents</b>	<b>3.257.621</b>	<b>2.042.666</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>1.320.375</b>	<b>2.327.952</b>
<b>Cash and cash equivalents at the financial year end</b>	<b>4.577.996</b>	<b>4.370.619</b>

  
**CIUCIOI Ionel Marian**  
General Manager



**ARSENE Vasilica-Monica**  
Financial Manager

## Notes to the intermediate individual financial statements

as at September 30<sup>th</sup>, 2016

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### The entity reporting

Vrancart SA (“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 working points for waste paper collection opened in the following localities: Bucharest, Iasi, Focsani, Ploiesti, Botosani, Sibiu, Constanta, Arad, Brasov, Pitesti, Timisoara, Cluj, Bacau, Craiova, Baia Mare and Targu Mures.

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, 2<sup>nd</sup> category, with the indicative VNC, starting from July 15<sup>th</sup>, 2005.

As at September 30<sup>th</sup>, 2016, the Company is owned in a proportion of 74,72% by SIF Banat - Crisana SA and 25,28% by other shareholders.

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

The financial statements presented are individual financial statements. We would like to state that the consolidated financial statements do not have a major impact onto the economic and financial indicators and onto the overall performance of the Group, and do not contain any significant additional information.

### Accounting principles, policies and methods

The simplified intermediate financial statements for the first nine months ended on September 30<sup>th</sup>, 2016 were drawn up in accordance with IAS 34 Intermediate Financial Statements.

The simplified intermediate 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 31<sup>st</sup>, 2015.

The accounting policies and the evaluation methods used for the preparation of the simplified intermediate 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>, 2015.

The simplified intermediate financial statements for the first nine months of 2016 have not been reviewed by an external financial auditor.

## Notes to the intermediate individual financial statements

as at September 30<sup>th</sup>, 2016

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### Transactions in foreign currencies

The operations expressed in foreign currencies are registered in lei 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 <sup>th</sup> , 2016	December 31 <sup>st</sup> , 2015	Variation
Euro (EUR)	4,4523	4,5245	-1,60%
American dollars (USD)	3,9822	4,1477	-3,99%

### Other notes

The company's management has established its medium and long-term strategy and the estimates foresee increases of the sales and reductions of costs following the effective use of the resources, which will lead to an increase of the operating profit.

The company recorded as at September 30<sup>th</sup>, 2016 a positive cash balance in the amount of 4.577.996 lei and has no 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 as well, therefore the application of the business continuity principle for the preparation of the financial statements is justified.

On July 26<sup>th</sup>, 2016, VRANCART S.A. Adjud and ROM PAPER S.R.L., based in Cristian township, Brasov county, registered with the Brasov Trade Registry Office under no. J8/548/2002, Tax identification Number 14619270, concluded an agreement for the purchase by Vrancart S.A. Adjud of the majority stake held by the shareholders of ROM PAPER S.R.L. Cristian, respectively by Ms. Nicoleta Puchin and Mr. Claudiu Puchin.

The purchase of the majority stake is conditioned by the obtaining of the favourable approval of the Competition Council (in analysis, the simplified form "Notification on the economic concentration" submitted and registered with the general registry office of the Competition Council under no. RS 71/October 10<sup>th</sup>, 2016) and by the non-filing of any objections that would challenge the mentions filed to the Trade Registry Office on the transaction related to the shares.

Through the Decision no. 2 of the Extraordinary General Meeting of the Shareholders dated August 18<sup>th</sup>, 2016, there was approved the establishing of a limited liability company having the company VRANCART S.A. Adjud as the main shareholder; this company would coordinate the production and sale activity in Bucharest and in the southern area of the country. The new company will be based in Bucharest, and the allotted budget amounts to 4 million Euro.

Through the Decision no. 3 of the Extraordinary General Meeting of the Shareholders dated August 18<sup>th</sup>, 2016, there was approved the issuance of dematerialised nominative non-guaranteed convertible tradable bonds in the total amount of 38.250.000 lei (the equivalent of 8,5 million Euro), under the conditions proposed by the Board of Administrators, having the following main characteristics: maturity within 7 years, with early redemption possibility, variable interest rate (ROBOR + margin). The purpose of the issuing of bonds is to finance the company's development projects.



Vrancart S.A.

## Notes to the intermediate individual financial statements

as at September 30<sup>th</sup>, 2016

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### Subsequent events

Through the decision no. 2033 dated October 20<sup>th</sup>, 2016, the Financial Supervisory Authority approved the Proportionate prospectus for the issuance of shares, for the increasing of the share capital of Vrancart S.A. The shares issued by the company may be subscribed only by the company's shareholders, proportionally to the number of shares held as at the registration date (September 13<sup>th</sup>, 2016), respectively 1 new share to 5 shares held. The subscription period is between October 25<sup>th</sup>, 2016 and November 23<sup>rd</sup>, 2016. The total number of shares issued is 172.743.580 shares with an issue amount of 0,10 lei/share.

### The management's statement

According to our best information available, we confirm that the simplified intermediate individual financial statements as at September 30<sup>th</sup>, 2016 and for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide an accurate and compliant view on the Company's position and financial performances, as provided by the applicable accounting standards, and that the information presented in this report provide 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 intermediate financial statements.

  
**CIUCIOI Ionel-Marian**  
General Manager



**ARSENE Vasilica-Monica**  
Financial Manager