

VRANCART S.A.

625100 Adjud-Vrancea, România, Str. Ecaterina Teodorescu 17
RO 1454846, J39/239/1991
Capital social subscris și vărsat 103.168.354,70 RON
RO54 RNCB 0268 0087 9340 0001 - BCR Adjud
RO95 RZBR 0000 0600 0094 5306 - Raiffeisen Bank Adjud
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Quarterly report for the 3rd quarter of 2018

according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report	November 15th, 2018
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17 Ecaterina Teodorescu Street, Vrancea county
Tel./fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Tax registry registration no.	J39/239/1991
Subscribed and paid-in share capital	RON 103.168.355
The regulated market onto which the securities issued are traded	the Bucharest Stock Exchange

1. The economic and financial situation of VRANCART S.A.

The results achieved by VRANCART S.A. (hereinafter referred to as “the Company”) in the first nine months of 2018 confirm the company’s ability to generate profit and its financial soundness.

During this period, the net profit recorded amounted to RON 18.056.190, 2% more than the level forecasted in the Revenues and Expenses Budget.

The Interim individual financial statements (simplified, not audited) as at September 30th, 2018, according to 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, are enclosed to this report.

The interim individual financial statements for the first 9 months of 2018 were not revised by an independent external auditor, as this is not a legal or statutory requirement.

1.1. Balance sheet items

<i>(all items are expressed in RON, unless otherwise stated)</i>	September 30th, 2018	December 31st, 2017	%
Non-current assets	294.372.013	270.287.497	9%
Current assets, out of which:	92.489.212	90.599.015	2%
- <i>Trade receivables</i>	54.688.411	50.541.065	8%
Total assets	386.861.224	360.886.512	7%
Total liabilities, out of which:	187.574.771	168.311.951	11%
<i>Current liabilities</i>	77.953.195	72.252.072	8%
Equity, out of which:	199.286.454	192.574.561	3%
- <i>Reserves</i>	74.596.680	74.618.851	
- <i>Retained earnings</i>	21.521.419	14.787.355	46%

As at September 30th, 2018 and during the period between January 1st – September 30th, 2018, the evolution of the main financial indicators was as follows:

- The Company's non-current assets increased by 9%, following the investments in tangible assets during the first 9 months of 2018. Fixed assets were purchased and the main production lines were upgraded: the paperboards production line, the tissue paper production line and the corrugated cardboard production line.
- The volume of the Company's current assets increased by 2% as at September 30th, 2018 from the year beginning, especially due to the increase of trade receivables and other receivables. In the "other receivables" category, the Company recorded dividends to be received from its branch Giant Prodimpex, amounting to RON 1 million, following the general meeting of the shareholders concerning the profit distribution.
- The trade receivables increased by 8% (RON 4 million) during the first nine months of 2018 from the year beginning, following the increase in the volume of deliveries, respectively the turnover increase.
- The total liabilities recorded as at September 30th, 2018 amount to RON 187.574.771, up by 11% from the amount recorded as at January 1st, 2018, due to the increase of long-term loans by 43%. The increase of long-term loans by approx. RON 15 million is due to the need to finance the investments in tangible assets.
- The equity amount as at September 30th, 2018 is RON 199.286.454, up by 3% from the amount recorded as at the year beginning, following the increase in retained earnings by 46% from the year beginning, due to the accumulation of profit from the current year.

1.2. The profit and loss account

<i>(all items are expressed in RON, unless otherwise stated)</i>	September 30th, 2018	September 30th, 2017	%
Operating income, out of which:	221.351.521	189.610.043	17%
<i>Income from turnover</i>	217.332.958	189.593.049	15%
Operating expenses	(200.033.236)	(169.770.476)	18%
Operating profit	21.318.285	19.839.567	7%
Financial income	1.001.401	(55.659)	
Financial expenses	(3.108.515)	(1.455.187)	
Total income	222.352.922	189.554.384	17%
Total expenses	(203.141.751)	(171.225.662)	19%
Gross profit	19.211.171	18.328.722	5%
Net profit	18.056.190	15.933.456	13%

During the first nine months of 2018 compared to the same period of the previous year, the main indicators of the Profit and loss account are as follows:

- The total income during the analysed period amounted to RON 222.352.922, up by 17% from the same period of the previous year, mainly due to the turnover increase by 15% during the same analysed period.
- The total expenses during the period amounted to RON 203.141.751, up by 19% from the same period of the previous year, due to the increase of expenses related to raw materials by 20%. The increase of expenses related to raw materials is mainly due to the increase of waste paper price by 50% during the first two months of 2018 compared to the same period of the previous year.
- The gross profit for the period amounted to RON 19.211.171, up by 5% from the same period of the previous year and 2% above the budgeted level for this period.
- The Company estimates that at the year end, the profitability indicators will be reached according to the forecasts in the Revenues and Expenses Budget, as approved during the Ordinary General Meeting of the Shareholders for 2018, and that they will not record any significant changes compared to the previous year.

1.3. Cash flows

<i>(all items are expressed in RON, unless otherwise stated)</i>	September 30th, 2018	September 30th, 2017
<i>Cash flows from the operating activity</i>		
Amounts collected from the operating activity	245.283.540	208.867.676
Payments from the operating activity	(213.773.764)	(180.159.548)
Net cash flows from the operating activity	31.509.776	28.708.128

<i>Cash flows from the investment activity</i>		
Amounts collected from the investment activity	723.301	14.002
Letters of credit for investment payments	(530.871)	-
Escrow account for the purchase of financial assets	-	8.899.753
Payments from the investment activity	(40.436.297)	(54.654.247)
Net cash flow from the investment activity	(40.243.867)	(45.740.491)
<i>Cash flows from the financing activity</i>		
Amounts collected from the financing activity (including bonds)	29.510.837	66.851.268
Payments from the financing activity	(20.840.328)	(59.066.369)
Net cash flow from the financing activity	8.670.509	7.784.899
Balance at the beginning of the period	1.901.568	24.287.793
Balance at the end of the period	1.837.986	15.040.329

The amount of cash and cash equivalents recorded as at September 30th, 2018 is positive, respectively RON 1.837.986. The cash amount reduction compared to the same period of the previous year is mainly due to the payments made both for the current activity and for investments. The investments were financed both from bank loans and from the company's own sources.

2. Economic and financial indicators as at September 30th, 2018, according to Appendix no. 13 to the Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation modality	M.U.	Result
Current liquidity indicator	Current assets/Current liabilities	ratio	1,19
Indebtedness degree indicator	Borrowed capital/Equity ^x 100	%	57,74*
	Borrowed capital/Employed capital ^x 100	%	36,61*
Debts-customers turnover	Average customers balance/Turnover ^x 270	days	66,58
Non-current assets turnover	Turnover/Non-current assets	ratio	0,74

* Borrowed capital includes credit lines, short-term and long-term bank loans, long-term trade loans, short-term and long-term liabilities from financial leasing agreements, loans from bond issues.

CIUCIOI Ionel-Marian
Chairman of the Board of Administrators

ARSENE Vasilica-Monica
Financial Manager

VRANCART S.A.

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

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Vrancart S.A.

Individual statement of financial position

as at September 30th, 2018

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

	September 30 th , 2018	December 31 st , 2017
ASSETS		
Tangible assets	258.784.982	234.894.331
Intangible assets	64.470	184.069
Financial assets	35.522.561	35.209.097
Total non-current assets	294.372.013	270.287.497
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
Total current assets	92.489.212	90.599.015
TOTAL ASSETS	386.861.224	360.886.512
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	74.596.680	74.618.850
Retained earnings	21.521.419	14.787.355
Total equity	199.286.454	192.574.560
LIABILITIES		
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
Total long-term liabilities	109.621.576	96.059.880
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
Total current liabilities	77.953.195	72.252.072
TOTAL LIABILITIES	187.574.771	168.311.952
TOTAL EQUITY AND LIABILITIES	386.861.224	360.886.512

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of comprehensive income

as at September 30th, 2018

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

	September 30 th , 2018	September 30 th , 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)
Operating result	21.318.285	19.839.567
Financial income	1.001.401	(55.659)
Financial expenses	(3.108.515)	(1.455.187)
Profit / (Loss) before taxation	19.211.171	18.328.722
Profit tax income (expense)	(1.154.981)	(2.395.266)
Profit / (Loss) for the year	18.056.190	15.933.456
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	(26.394)	(664.311)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	18.029.796	15.269.144

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of changes in equity

as at September 30th, 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
Balance as at January 1st, 2018	103.168.355	-	43.879.020	30.739.830	14.787.355	-	192.574.560
Comprehensive income for the period							
Net profit/loss for the period	-	-	-	-	18.056.190	-	18.056.190
Other comprehensive income items							
Distribution from retained earnings	-	-	-	-	(11.348.519)	-	(11.348.519)
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	-	-	-	4.223
Transfer of the re-evaluation reserve to retained earnings following the sale/cassation of tangible assets	-	-	(26.394)	-	26.394	-	-
Total other comprehensive income items	-	-	(22.171)	-	(11.322.125)	-	(11.344.296)
Total comprehensive income for the period	-	-	(22.171)	-	6.734.064	-	6.711.894
Balance as at September 30th, 2018	103.168.355	-	43.856.849	30.739.830	21.521.419	-	199.286.454

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of cash flows

as at September 30th, 2018

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

	September 30 th , 2018	September 30 th , 2017
Cash flows from operating activities		
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)
Net cash flows from operating activities	31.509.776	28.708.128
Cash flows from the investment activity		
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
Net cash flow from the investment activity	(40.243.867)	(45.740.491)
Cash flows from the financing activity		
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	-	-
Net cash flows from the financing activity	8.670.509	7.784.899
	(63.582)	(9.247.464)
Net increase/(reduction) of cash and cash equivalents		
	1.901.568	24.287.793
Cash and cash equivalents at the financial year beginning		
	1.837.986	15.040.329

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Notes to the interim individual financial statement

as at September 30th, 2018

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

As at September 30th, 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 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 items published in the annual report and must be read with the Company’s 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 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.

Vrancart S.A.

Notes to the interim individual financial statement

as at September 30th, 2018

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

Currency		September 30th, 2018	December 31st, 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 30th, 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 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, 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 25th, 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.

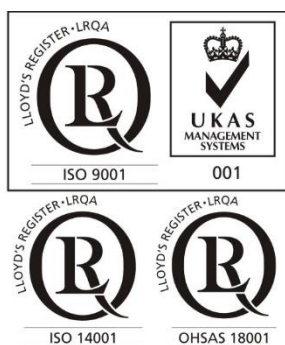
Management's statement

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

Translation for information purposes only



VRANCART S.A.

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**Consolidated quarterly report for the 3rd quarter of 2018
according to the Financial Supervisory Authority Regulation no. 5/2018**

Date of report	November 15 th , 2018
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry registration number	J39/239/1991
Subscribed and paid-in share capital	RON 103.168.354,70
The regulated market onto which the securities issued are traded	the Bucharest Stock Exchange

A. Group overview as at September 30th, 2018

- Major events that occurred during the first nine months of 2018 and their impact onto the Group's financial position
- Overview of the group's financial position and performances achieved during the reporting period

The Vrancart Group ("the Group") includes the company Vrancart S.A., having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county, and its branches Giant Prodimpex S.R.L., based in Ungheni locality, strada Principală No. 161/J, Mureș county and Rom Paper S.R.L. based in Cristian township, Brasov county.

The Vrancart Group applies the accounting regulations approved through the Public Finance Ministry Order no. 2844/2016 on the approval of the Accounting regulations compliant with the International Financial Reporting Standards.

Branch	Field of activity	Shareholding as at September 30th, 2018	Shareholding as at December 31st, 2017
Giant Prodimpex S.R.L.	Production of corrugated cardboard packaging	100%	100%
Rom Paper S.R.L.	Production of napkins and tissue paper products	99,9%	85%

As at September 30th, 2018 and during the period between January 1st – September 30th, 2018, the evolution of the main financial indicators was as follows:

- The equity amount as at September 30th, 2018 is RON 202.821.904, up by 3% from the amount recorded at the beginning of the year, following the profit achieved during the first nine months of 2018.
- The volume of the Group's current assets remained relatively constant during the analysed period. The amount of current assets at as September 30th, 2018 is RON 114.075.793.
- The total liabilities recorded as at September 30th, 2018 amount to RON 220.281.436, up by 11% from the amount recorded as at January 1st, 2018, due to the new bank loans contracted to finance the investments, both in the parent-company and in the branch Rom Paper.
- The operating income for the period amounted to RON 269.068.548, up by 7% from the same period of the previous year, due to the increase of the Group's turnover by 6% during the same analysed period.
- The operating expenses of the period amounted to RON 247.472.418, up by 10% from the same period of the previous year, mostly influenced by the increase of raw material prices at the beginning of the year. The personnel-related expenses increased by 9% following the legislative changes at the beginning of this year.
- The net profit for the period amounted to RON 20.234.327, down by 6% from the same period of the previous year, due to the increase of raw material expenses recorded during the first quarter of 2018 compared to the 1st quarter of the previous year.
- The Group estimates that at the year end, the profitability indicators will be reached according to the forecasts in the Revenues and Expense Budget and will not recorded any significant changes compared to the previous year.

The consolidated accounting reporting drawn up as at September 30th, 2018 has not been audited by the Group's financial auditor, as this is not a legal or statutory requirement.

B. Economic and financial indicators as at September 30th, 2018, according to Appendix no. 13 to the Financial Supervisory Authority Regulation no. 5/2018.

Indicator's name	Calculation modality	M.U.	Result
Current liquidity indicator	Current assets/Current liabilities	ratio	1,08
Indebtedness degree indicator	Borrowed capital /Equity ^x 100	%	61,19*
	Borrowed capital/Employed capital ^x 100	%	37,96*
Debts-customers turnover	Average customer balance/Turnover ^x 270	days	68,46
Non-current assets turnover	Turnover/Non-current assets	ratio	0,86

* Borrowed capital includes credit lines, short-term and long-term bank loans, long-term trade loans, short-term and long-term liabilities from financial leasing agreements and loans from bond issues.

CIUCIOI Ionel-Marian
Chairman of the Board of Administrators

ARSENE Vasilica-Monica
Financial Manager

VRANCART S.A.

**Interim consolidated financial statements
(simplified, not audited)
as at September 30th, 2018**

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Vrancart S.A.

Consolidated statement of financial position

as at September 30th, 2018

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

	September 30 th , 2018	December 31 st , 2017
ASSETS		
Tangible assets	292.319.568	263.138.155
Intangible assets	8.238.203	9.230.006
Goodwill	8.469.776	8.526.391
Total non-current assets	309.027.547	280.894.552
Inventories	41.685.435	42.945.100
Trade receivables	67.142.053	66.016.628
Prepaid expenses	818.036	730.972
Restricted cash	4.130	4.130
Cash and cash equivalents	3.492.665	3.219.141
Receivables related to current profit tax	186.206	1.002.646
Other receivables	747.268	416.657
Total current assets	114.075.793	114.335.274
TOTAL ASSETS	423.103.340	395.229.826
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	75.125.090	75.445.583
Retained earnings	24.528.459	18.129.505
Total equity	202.821.904	196.743.443
LIABILITIES		
Long-term loans	53.192.182	39.202.465
Long-term loans from bond issues	37.232.800	37.232.800
Deferred income	19.142.253	20.793.786
Long-term provisions	376.015	376.015
Debts related to deferred profit tax	4.116.231	5.987.434
Other long-term liabilities	1.017.200	1.017.200
Total long-term liabilities	115.076.681	104.609.700
Short-term trade liabilities	46.092.684	38.793.148
Short-term loans	33.685.115	37.554.938
Deferred income	2.724.671	3.212.452
Short-term provisions	-	72.393
Debts related to current profit tax	526.674	51.695
Other liabilities	22.175.611	14.192.057
Total current liabilities	105.204.755	93.876.683
TOTAL LIABILITIES	220.281.436	198.486.383
TOTAL EQUITY AND LIABILITIES	423.103.340	395.229.826

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Consolidated statement of comprehensive income

as at September 30th, 2018

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

	September 30 th , 2018	September 30 th , 2017
Income from turnover	265.490.207	250.853.269
Other income	3.208.695	2.462.493
Variation of finished products inventories and production in progress	369.646	(2.088.690)
Expenses related to raw materials and consumables	(133.372.482)	(134.545.326)
Expenses related to commodities	(14.940.934)	(6.905.122)
Third-party expenses	(18.509.335)	(18.081.202)
Personnel-related expenses	(48.782.024)	(44.659.143)
Expenses related to the amortisation and depreciation of assets	(19.203.528)	(14.620.446)
Other expenses	(12.664.115)	(6.814.788)
Operating result	21.596.130	25.601.045
Financial income	1.781.384	(106.105)
Financial expenses	(3.937.082)	(1.611.268)
Profit before taxation	19.440.432	23.883.672
Profit tax income (expense)	793.895	(2.329.999)
Profit for the year	20.234.327	21.553.673
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	(223.708)	(735.467)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	20.010.619	20.818.206

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Notes to the interim consolidated financial statements

as at September 30th, 2018

The entity reporting

The Vrancart Group (“the Group”) includes the company Vrancart S.A., having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, and its branches.

1. Giant Prodimpex S.R.L., based in Ungheni locality, Str. Principală No. 161/J, Mureș County
2. Rom Paper SRL, based in Cristian township, DN 73B, Brasov county.

The Group’s interim consolidated financial statements for the first nine months of 2018 are formed of the financial statements of Vrancart S.A. and of its branches, altogether forming the Group.

Branch	Field of activity	Shareholding as at September 30th, 2018	Shareholding as at December 31st, 2017
Giant Prodimpex S.R.L.	Production of corrugated cardboard packaging	100%	100%
Rom Paper S.R.L.	Production of napkins and tissue paper products	99,9%	85%

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

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 has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county.

The company has work points for waste paper collection in the following localities: Bucharest, Iași, Focșani, Bacău, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Cluj, Baia Mare, Târgu Mureș, Craiova, 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 paper 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. The Group posts its consolidated financial statements on the website www.vrancart.ro.

Vrancart S.A.

Notes to the interim consolidated financial statements

as at September 30th, 2018

As at September 30th, 2018, the Company is held in a proportion of 75% by SIF Banat - Crişana S.A. and 25% by other shareholders.

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 in Giant Prodimpex S.R.L.

Giant Prodimpex S.R.L. ("Branch 1") was established in 1994 and it is a Romanian privately-owned company. The constant investments in technology, production areas and not least, for personnel, shortly turned Giant into one of the most important corrugated cardboard processors in Romania.

Identification data of the acquired company

Name – Giant Prodimpex S.R.L.

Registered office – Ungheni locality, No. 161/J, Mureş county

Registered with the Trade Registry under no.: J26/1305/1994

Tax Identification Number – 6564319

Field of activity – production of corrugated cardboard packaging

ROM PAPER S.R.L.

On January 20th, 2017, the company completed the process related to the acquisition of the majority stake in Rom Paper S.R.L., that was approved by the Ordinary General Meeting of the Shareholders.

Rom Paper S.R.L. ("Branch 2") was established in 2002 and it is a Romanian privately-owned company that produces napkins, folded towels, tissue paper, professional rolls, facial tissues and boxed tissues. The products manufactured are traded in 7 countries, on the Romanian territory and abroad, by means of store chains (hypermarkets, supermarkets, cash and carry), and also by means of distributors.

The acquisition agreement provides the sale of 70% of the shares of Rom Paper S.R.L. in the first stage.

The Group has the option to acquire the remaining shares as follows: 15% of the shares in April 2017 (call 1 option) and 15% of the shares in April 2018 (call 2 option).

If the Company fails to exert its option to acquire the remaining shares, the sellers of Rom Paper S.R.L. have the option to sell these to the Company as follows: 15% of the shares in 2017 (put 1 option) and 15% of the shares in 2018 (put 2 option).

During the period when the option rights can be exerted by both parties, the granting of dividends by Rom Paper S.R.L. is forbidden. The price at which the Seller's options, respectively the Buyer's options will be exerted, is based on an EBITDA multiplier corresponding to the latest financial year ended previously to the periods during which the options can be exerted.

Vrancart S.A.

Notes to the interim consolidated financial statements

as at September 30th, 2018

As at September 30th, 2018, the Group holds 99,9% of the shares of Rom Paper S.R.L., following the exertion of the call 2 option for the acquisition of 15% of the shares of Rom Paper S.R.L. in 2018.

Accounting principles, policies and methods

The simplified interim consolidated financial statements for the first nine months ended on September 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 published in the annual report and must be read with the Company's financial statements, drawn up as at December 31st, 2017.

The accounting policies and the evaluation methods used for the preparation of the simplified interim consolidated 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.

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 2018 have not been reviewed 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:

Currency	September 30 th , 2018	December 31 st , 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.

Vrancart S.A.

Notes to the interim consolidated financial statements

as at September 30th, 2018

The Group recorded as at September 30th, 2018 a positive cash balance in the amount of RON 3.492.665 and it 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.

On July 10th, 2018, the Company completed the purchase of the final tranche of 15% of the shares in 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, according to the sales agreement concluded between the contracting parties. Following this transaction, VRANCART S.A. holds 100% of the shares in 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, and Giant Prodimpex 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 25th, 2018, the dividends amounting to RON 11.159.080 were paid by the parent-company 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 consolidated financial statements as at September 30th, 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 Group'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 consolidated financial statements.

CIUCIOI Ionel-Marian

General Manager

ARSENE Vasilica-Monica

Financial Manager