



VRANCART S.A.
625100 Adjud-Vrancea, România, Str. Ecaterina Teodoroiu 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 2019 according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report	November 15th, 2019
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Tel./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 103.168.355
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”) during the first nine months of 2019 confirm the company’s ability to generate profit and its financial soundness.

During this period, the net profit recorded amounted to RON 15.439.831, approximately 10% below the level forecasted in the Revenues and Expenses Budget. This failure to achieve the forecasted profit is mainly due to the shutdown of the corrugated cardboard machine in Călimănești, following the investments made.

The Interim individual financial statements (simplified, not audited) as at September 30th, 2019, 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 2019 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, 2019	December 31st, 2018	%
Non-current assets	288.553.070	286.873.046	1%
Current assets, out of which:	116.861.442	103.091.061	13%
- <i>Trade receivables</i>	67.248.273	59.884.485	12%
Total assets	405.414.512	389.964.107	4%
Total liabilities, out of which:	199.172.174	189.364.149	5%
<i>Current liabilities</i>	98.623.139	80.319.701	23%
Equity, out of which:	206.242.338	200.599.958	3%
- <i>Reserves</i>	84.748.783	84.767.377	
- <i>Retained earnings</i>	18.325.200	12.664.226	45%

As at September 30th, 2019 and during the period between January 1st – September 30th, 2019, the evolution of the main financial indicators was as follows:

- The Company's non-current assets increased by 1%, following the investments in tangible assets during the first 9 months of 2019. Fixed assets were purchased and the all the activity sectors were upgraded: the paperboards, the tissue paper and the corrugated cardboard production sectors.
- The volume of the Company's current assets increased by 13% as at September 30th, 2019 from the year beginning, especially due to the increase of trade receivables by 12% and of the inventories by 15%. The trade receivables increased during the first nine months of 2019 from the year beginning by 7.363.788, following the increase of the deliveries volume.
- The total liabilities recorded as at September 30th, 2019 amount to RON 199.172.174, up by 5% from the amount recorded as at January 1st, 2019, due to the increase of short-term loans by 28%. The increase of short-term loans by approx. RON 11 million is due to the need to finance the current activity.
- The equity amount as at September 30th, 2019 is RON 206.242.338, up by 3% from the amount recorded as at the year beginning, following the increase in retained earnings by 45% 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, 2019	September 30th, 2018	%
Operating income, out of which:	237.705.937	221.351.521	7%
<i>Income from turnover</i>	225.333.749	217.332.958	4%
Operating expenses	(216.481.449)	(200.033.236)	8%
Operating profit	21.224.488	21.318.285	-0,4%
Financial income	1.216	1.001.401	
Financial expenses	(4.574.158)	(3.108.515)	
Total income	237.707.153	222.352.922	7%
Total expenses	(221.055.607)	(203.141.751)	9%
Gross profit	16.651.546	19.211.171	-13%
Net profit	15.439.831	18.056.190	-14%

Starting from the month of July of this year, the company is implementing a wide program for the modernisation and increase of the cardboard production capacity at the work point in Călimănești, Vâlcea county.

Thus, the project includes:

- a new hall for corrugated cardboard production of approx. 5000 m²
- the installation of a new corrugated cardboard production machine with a capacity of over 4.000 to/month (double compared to the previous machine)
- the expansion and modernisation of the storage areas
- the increase of the corrugated cardboard packaging production capacity (including through new corrugated cardboard converting equipment)

The project implementation also involved the temporary shutdown of the corrugated cardboard machine (starting from June 22nd, 2019), as well as disturbances of the activity in the corrugated cardboard packaging production division and these had an impact onto the company's income and profit during this period.

The project will be implemented over a period of 6 months and the company estimates that starting from January 2020, the production division in Călimănești will operate once again at full capacity.

Thus, during the first nine months of 2019 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 237.707.153, up by 7% from the same period of the previous year, due to the turnover increase by 4% during the same analysed period and the increase of other income by 5%.
- The total expenses during the period amounted to RON 221.055.607, up by 9% from the same period of the previous year, due to the increase of third party expenses by 16% and of the personnel-related expenses by 14%.
- The gross profit for the period amounted to RON 16.651.546, down by 13% from the same period of the previous year. The profit reduction is due to the shutdown of the corrugated cardboard machine in Călimănești, following the investment works in progress.

1.3. Cash flows

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

	September 30 th , 2019	September 30 th , 2018
<i>Cash flows from the operating activity</i>		
Amounts collected from the operating activity	254.603.122	245.283.540
Payments from the operating activity	(232.336.650)	(213.773.764)
Net cash flows from the operating activity	22.266.472	31.509.776
<i>Cash flows from the investment activity</i>		
Amounts collected from the investment activity	141.664	723.301
Letters of credit for investment payments	-	(530.871)
Payments from the investment activity	(22.501.282)	(40.436.297)
Net cash flows from the investment activity	(22.359.618)	(40.243.867)
<i>Cash flows from the financing activity</i>		
Amounts collected from the financing activity (including bonds)	21.026.981	29.510.837
Payments from the financing activity	(20.534.320)	(20.840.328)
Net cash flows from the financing activity	492.661	8.670.509
Balance at the beginning of the period	2.064.372	1.901.568
Balance at the end of the period	2.463.887	1.837.986

The amount of cash and cash equivalents recorded as at September 30th, 2019 is positive, respectively RON 2.463.887. The investments were financed both from bank loans and from the company's own sources.

2. Economic and financial indicators as at September 30th, 2019, according to Appendix no. 13/the Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation modality	M.U.	Result
Current liquidity indicator	Current assets/Current liabilities	ratio	1,18
Indebtedness degree indicator	Borrowed capital /Equity ^x 100	%	65,20*
	Borrowed capital/Employed capital ^x 100	%	39,47*
Debts-customers turnover	Average customers balance/Turnover ^x 270	days	75,71
Non-current assets turnover	Turnover/Non-current assets	ratio	0,78

* 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 Directors

ARSENE Vasilica-Monica
Financial Manager



VRANCART S.A.

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Consolidated quarterly report for the 3rd quarter of 2019 according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report:	November 15 th , 2019
Name of the issuing entity:	VRANCART S.A.
Registered office:	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Tel./fax number:	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, 2019

- Major events that occurred during the first nine months of 2019 and their impact onto the Group's financial position
- Overview of the Group's financial position and performances achieved during the reporting period

Vrancart Group ("the Group") includes the company Vrancart S.A., having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county, and its branch Rom Paper S.R.L. based in Cristian township, Brasov county.

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

Branch	Field of activity	Shareholding as at September 30th, 2019	Shareholding as at December 31st, 2018
Rom Paper SRL	Production of napkins and tissue paper products	100%	100%

As at September 30th, 2019 and during the period between January 1st – September 30th, 2019, the evolution of the main financial indicators was as follows:

- The equity amount as at September 30th, 2019 is RON 209.090.993, up by 3% from the amount recorded at the beginning of the year, following the profit achieved during the first nine months of 2019.
- The volume of the Group's current assets increased by 11% during the analysed period due to the increase of inventories by 14%. The amount of current assets at as September 30th, 2019 is RON 135.375.502.
- The total liabilities recorded as at September 30th, 2019 amounted to RON 117.360.971, up by 11% from the amount recorded as at January 1st, 2019, due to the new loans contracted, both by the parent-company and by its branch Rom Paper.
- The operating income for the period amounted to RON 285.262.797, up by 6% from the same period of the previous year, due, on the one hand to the increase of the Group's turnover by 3% during the same analysed period, and on the other hand, due to the increase of income from the variation of inventories by approximately RON 10 million.
- The operating expenses for the period amounted to RON 262.749.874, up by 6% from the same period of the previous year, due to the increase of expenses related to raw materials and commodities, and also due to the increase of personnel-related expenses.
- The operating result for the period amounted to RON 22.512.923, up by 4% from the same period of the previous year. The Group's gross result recorded a reduction by 11% during the first nine months of 2019 compared to the first nine months of the previous year, due to the increase of financial expenses (bank interests).

The account report drawn up as at September 30th, 2019 was not audited by the financial auditor, as this is not a legal or statutory requirement.

B. Economic and financial indicators as at September 30th, 2019, 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	1,15
Indebtedness degree indicator	Borrowed capital /Equity ^x 100	%	71,39*
	Borrowed capital/Employed capital ^x 100	%	41,66*
Debts-customers turnover	Average customer balance/Turnover ^x 270	days	73,62
Non-current assets turnover	Turnover/Non-current assets	ratio	0,89

* 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 Directors

ARSENE Vasilica-Monica
Financial Manager

Translation for information purposes only

VRANCART S.A.

**Interim individual financial statements
(simplified, not audited)
as at September 30th, 2019**

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, 2019

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

	September 30 th , 2019	December 31 st , 2018
ASSETS		
Tangible assets	254.811.833	253.882.844
Intangible assets	1.493.698	742.663
Goodwill	3.380.811	3.380.811
Financial assets	28.866.728	28.866.728
Total non-current assets	288.553.070	286.873.046
Inventories	46.098.983	40.212.707
Trade receivables	67.248.273	59.884.485
Prepaid expenses	768.415	836.013
Cash and cash equivalents	2.463.887	2.064.372
Other receivables	281.884	93.484
Total current assets	116.861.442	103.091.061
TOTAL ASSETS	405.414.512	389.964.107
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	84.748.783	84.767.377
Retained earnings	18.325.200	12.664.226
Total equity	206.242.338	200.599.958
LIABILITIES		
Long-term loans	45.271.119	51.495.657
Long-term loans from bond issues	37.887.400	37.887.400
Deferred income	13.774.487	15.672.765
Long-term provisions	372.400	372.440
Debts related to deferred profit tax	2.880.988	3.253.586
Other long-term liabilities	362.600	362.600
Total long-term liabilities	100.549.034	109.044.448
Short-term trade liabilities	25.126.400	27.737.837
Short-term loans	50.944.985	39.840.140
Deferred income	2.532.259	2.535.916
Debts related to current profit tax	952.196	7.928
Other liabilities	19.067.300	10.197.880
Total current liabilities	98.623.140	80.319.701
TOTAL LIABILITIES	199.172.174	189.364.149
TOTAL EQUITY AND LIABILITIES	405.414.512	389.964.107

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of comprehensive income

as at September 30th, 2019

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

	September 30 th , 2019	September 30 th , 2018
Income from turnover, out of which:	225.333.749	217.332.958
<i>Income from the sale of goods</i>	<i>6.980.185</i>	<i>4.930.998</i>
Other income	2.790.578	3.129.421
Variation of finished products inventories and production in progress	9.581.610	889.142
Expenses related to raw materials and consumables	(121.017.924)	(114.566.764)
Expenses related to commodities	(5.213.867)	(3.546.353)
Third party expenses	(16.373.497)	(14.112.090)
Personnel-related expenses	(47.215.995)	(41.556.614)
Expenses related to amortisation and from re-evaluation	(17.912.897)	(16.759.856)
Other expenses	(8.747.268)	(9.491.560)
Operating result	21.224.488	21.318.285
Financial income	1.216	1.001.401
Financial expenses	(4.574.158)	(3.108.515)
Profit / (Loss) before taxation	16.651.546	19.211.171
Profit tax income/ (expense)	(1.211.715)	(1.154.981)
Profit / (Loss) for the year	15.439.831	18.056.190
Other comprehensive income items		
Increase in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
Transfer of the re-evaluation reserve to retained earnings following the cassation of tangible assets	(22.136)	(26.394)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	15.417.695	18.029.796

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of changes in equity

as at September 30th, 2019

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

	Share capital	Reserves from the revaluation of tangible assets	Other reserves	Retained earnings	Total equity
Balance as at January 1st, 2019	103.168.355	44.685.068	40.082.309	12.664.226	200.599.958
Comprehensive income for the period					
Net profit/loss for the period	-	-	-	15.439.831	15.439.831
Other comprehensive income items					
Distribution from retained earnings	-	-	-	(9.800.993)	(9.800.993)
Other changes	-	-	-	-	-
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	3.542	-	-	3.542
Transfer of the revaluation reserve to retained earnings following the sale/cassation of tangible assets	-	(22.136)	-	22.136	-
Total other comprehensive income items	-	(18.594)	-	(9.778.857)	(9.797.451)
Total comprehensive income for the period	-	(18.594)	-	5.660.974	5.642.380
Balance as at September 30th, 2019	103.168.355	44.666.474	40.082.309	18.325.200	206.242.338

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Individual statement of cash flows

as at September 30th, 2019

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

	September 30th, 2019	September 30th, 2018
Cash flows from the operating activity		
Amounts collected from customers	254.603.122	245.283.540
Payments to suppliers	(162.395.735)	(152.662.754)
Payments to employees	(29.782.471)	(27.012.924)
Payments to the state budget	(39.521.941)	(33.031.468)
Profit tax paid	(636.503)	(1.066.618)
Net cash flows from the operating activity	22.266.472	31.509.776
Cash flows from the investment activity		
Payments for the purchase of assets	(22.501.282)	(35.362.024)
Payments for the purchase of financial assets	-	(5.074.273)
Letters of credit for the purchase of assets	-	(530.871)
Amounts collected from the sale of tangible assets	141.500	723.114
Interests collected	164	187
Net cash flows from the investment activity	(22.359.618)	(40.243.867)
Cash flows from the financing activity		
Amounts collected from loans	21.026.981	29.510.837
Interests paid and loans reimbursed	(20.534.320)	(20.840.328)
Dividends paid	-	-
Net cash flows from the financing activity	492.661	8.670.509
	399.515	(63.582)
Net increase/(reduction) of cash and cash equivalents		
Cash and cash equivalents at the financial year beginning	2.064.372	1.901.568
Cash and cash equivalents at the financial year end	2.463.887	1.837.986

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

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 Teodorescu 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, 2019 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, 2019 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, 2018.

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, 2018.

The interim individual financial statements for the first nine months of 2019 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.

Notes to the interim individual financial statements

as at September 30th, 2019

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

Currency		September 30th, 2019	December 31st, 2018	Variation
Euro (EUR)		4.7511	4.6639	+1,9%
American dollars (USD)		4.3488	4.0736	+6,8%

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, 2019 a positive cash balance of RON 2.463.887 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.

Subsequent events

On October 21st, 2019, the company paid dividends to its shareholders amounting to RON 9.638.742, in accordance with the legal regulations, based on the Decision on the distribution of dividends, approved by the Ordinary General Meeting of the Shareholders held in April 2019.

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at September 30th, 2019 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

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VRANCART S.A.

**Interim consolidated financial statements
(simplified, not audited)
as at September 30th, 2019**

drawn up in accordance with the Order of the Public Finance Ministry
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Vrancart S.A.

Consolidated statement of financial position

as at September 30th, 2019

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

	September 30 th , 2019	December 31 st , 2018
ASSETS		
Tangible assets	286.320.713	284.802.972
Intangible assets	8.126.784	8.052.663
Financial assets	-	34.756
Goodwill	8.526.391	8.526.391
Total non-current assets	302.973.888	301.416.782
Inventories	56.166.887	48.922.412
Trade receivables	74.244.204	68.673.849
Prepaid expenses	886.192	880.606
Cash and cash equivalents	2.923.116	2.435.896
Receivables related to current profit tax	105.959	102.001
Other receivables	1.049.144	765.937
Total current assets	135.375.502	121.780.701
TOTAL ASSETS	438.349.390	423.197.483
EQUITY		
Share capital	103.168.355	103.168.355
Reserves	86.740.817	86.396.421
Retained earnings	19.181.821	12.949.042
Total equity	209.090.993	202.513.818
LIABILITIES		
Long-term loans	51.995.447	52.434.084
Long-term loans from bond issues	37.968.077	37.887.400
Deferred income	16.253.136	18.304.694
Long-term provisions	372.440	372.440
Debts related to deferred profit tax	4.945.727	5.143.692
Other long-term liabilities	362.600	362.600
Total long-term liabilities	111.897.427	114.504.910
Short-term trade liabilities	34.271.876	38.611.249
Short-term loans	58.961.749	53.202.034
Deferred income	2.736.633	2.740.289
Debts related to current profit tax	952.195	7.928
Other liabilities	20.438.517	11.617.255
Total current liabilities	117.360.970	106.178.755
TOTAL LIABILITIES	229.258.397	220.683.665
TOTAL EQUITY AND LIABILITIES	438.349.390	423.197.483

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Consolidated statement of comprehensive income

as at September 30th, 2019

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

	September 30 th , 2019	September 30 th , 2018
Income from turnover	272.295.667	265.490.207
Other income	2.931.124	3.208.695
Variation in finished products inventories and production in progress	10.036.006	369.646
Expenses related to raw materials and consumables	(137.192.612)	(133.372.482)
Expenses related to commodities	(19.367.236)	(14.940.934)
Third-party expenses	(20.553.563)	(18.509.335)
Personnel-related expenses	(53.945.233)	(48.782.024)
Expenses related to the amortisation and depreciation of assets	(20.084.275)	(19.203.528)
Other expenses	(11.606.955)	(12.664.115)
Operating result	22.512.923	21.596.130
Financial income	31.178	1.781.384
Financial expenses	(5.207.320)	(3.937.082)
Profit before taxation	17.336.781	19.440.432
Profit tax income (expense)	(923.992)	793.895
Profit for the year	16.412.789	20.234.327
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	(22.136)	(223.708)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	16.390.653	20.010.619

CIUCIOI Ionel-Marian
General Manager

ARSENE Vasilica-Monica
Financial Manager

Vrancart S.A.

Notes to the interim consolidated financial statements

as at September 30th, 2019

The entity reporting

Vrancart Group (“the Group”) includes the company Vrancart S.A., having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County, and its branch Rom Paper SRL (“the Branch”), based in Cristian locality, DN73B, Braşov county.

The Group’s interim consolidated financial statements for the first nine months of 2019 consist of the financial statements of Vrancart S.A. and of its branch, together forming the Group.

Branch	Field of activity	Shareholding as at September 30th, 2019	Shareholding as at December 31st, 2018
Rom Paper SRL	Production of napkins and tissue paper products	100%	100%

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, Iaşi, Focşani, Bacău, Ploieşti, Botoşani, Sibiu, Constanţa, Arad, Braşov, Piteşti, Timişoara, Cluj, Baia Mare, Târgu Mureş, Craiova, Brăila and Călimăneşti.

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.

As at September 30th, 2019, the Company is held in a proportion of 75% by SIF Banat - Crişana S.A. and 25% by other shareholders.

Vrancart S.A.

Notes to the interim consolidated financial statements

as at September 30th, 2019

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. ("the Branch") 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 provided the sale of 70% of the shares of Rom Paper S.R.L. in the first stage.

The Group had 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 failed to exert its option to acquire the remaining shares, the sellers of Rom Paper S.R.L. had 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 could be exerted by both parties, the granting of dividends by Rom Paper S.R.L. was forbidden. The price at which the Seller's options, respectively the Buyer's options were exerted, was based on an EBITDA multiplier corresponding to the latest financial year ended previously to the periods during which the options could be exerted.

As at September 30th, 2019, the Group holds 100% 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, 2019 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, 2018.

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, 2018.

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 2019 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, 2019

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 30th, 2019	December 31st, 2018	Variation
Euro (EUR)	4.7511	4.6639	+1,9%
American dollars (USD)	4.3488	4.0736	+6,8%

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 Group recorded as at September 30th, 2019 a positive cash balance in the amount of RON 2.923.116 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.

Subsequent events

On October 21st, 2019, dividends amounting to RON 9.638.742 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 2019.

Management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as at September 30th, 2019 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