TRIMESTRIAL RAPORT
For the III trimester 2016

Report date:	**15.11.2016**
Name of the trading company:	**ALBALACT SA**
Registered office:	**Loc. Oiejdea, DN 1, km 392+600, jud. Alba**
Telephone/fax no.:	**0258/846980; 0372/609100**
Fiscal Code:	**RO 1755369**
Trade Registry Number:	**J-01/70/1991**
Subscribed and paid capital:	**65.270.886, 69 LEI**
Regulated market where are traded the securities:	**BVB**
Symbol:	**ALBZ**

1. Economic – financial situation

1.1. *Presenting an analysis of the current economic and financial situation compared to the last year, with reference at least to:*

a) Balance sheet items: assets that represent at least 10% of the total assets; Cash and other liquid availabilities; reinvested profits; total current assets; company debt situation; total current liabilities;

Elements	Period		Percentage
	31.12.2015	30.09.2016	% 2016/2015
0	1	2	3
Intangible assets	1.345.979	1.169.089	**86,86**
Tangible assets	150.494.271	139.348.270	**92,59**
Total fixed assets	156.448.815	145.427.283	**92,96**
Total stocks	27.048.280	27.147.210	**100,37**
Claims	58.677.501	51.045.768	**86,99**
Availabilities	10.517.334	2.239.107	**21,29**
Total current assets	96.243.115	80.432.085	**83,57**
Total assets	252.691.930	225.859.368	**89,38**
Debts to be paid in a period up to one year	125.736.296	89.468.864	**71,16**
Debts to be paid in a period greater than one year	51.561.164	36.667.128	**71,11**
Total debts	177.297.460	126.135.992	**71,14**
Ownership equity	75.394.470	99.723.376	**132,27**
Total equity and liabilities	252.691.930	225.859.368	**89,38**

On 30.09.2016 in comparison with 31.12.2015 are registered the following:

1) Intangible assets register a decrease of 176.890 lei, decrease mainly due for accounting depreciation;
2) Tangible assets registered a decrease by 11.146.001 lei, mostly represented by accounting amortization;
3) Stocks maintain a constant value respecting the commercial policy of the company;
4) Receivables decreased by 7.631.733 lei, due to a better management of chasings;

5) Liquid assets register a decrease by 8.278.227 lei – decreased the cash position of the group, while realizing a reduction of loans contracted on short-term (reduction in the use of the credit line) and of those on long term;

6) Debts that must be paid within a period of up to one year have decreased by 36.267.432 lei due to the improvement of the cash position of the company;

7) Debts that must be paid within a period longer than one year decreased by 14.894.036 lei - has been a repositioning of debts at the end of 2015, combined with the payment of the due installments for long-term debt, leading to their reduction.

8) Equity increased with 32.27%, namely with 24.328.906 lei

Situation of current assets and current liabilities is as follows:

Elements	31.12.2015	Percentage	30.09.2016	Percentage
	lei	%	lei	%
Current assets with high degree of liquidity	69.194.835	71,9	53.284.875	66,2
Stocks	27.048.280	28,1	27.147.210	33,8
Current assets	96.243.115	100	80.432.085	100
Current debts	125.736.296		89.468.864	
Current liquidity	0,77		0,90	
Reduced liquidity	0,55		0,60	

Current assets with highly liquid degree decreased in value because of the diminution of the value of the claims, direct result of the variation in sales volume values in the two periods (summer/winter).

Current liquidity, showing the coverage degree of short-term debts increased, and reduced liquidity was constantly maintained, the percentages improved as effect to the improvement of the cash flow of the Group.

b) profit and loss account: net sales; gross revenues; elements of costs and expenses accounting at least 20% in net sales or gross income; risk provisions for various expenses; reference to any sale or shutdown of a segment of work done in the last 6 months or which intends to be conducted within the following 6 months; established and paid dividends;

No.	Indicator	31.12.2015 -lei-	30.09.2016 -lei-
1	Operating income	435.725.848	367.633.840
2	Revenue expenditures	414.012.625	341.076.599
3	Operating profit	21.713.223	26.557.241
4	Financial revenues	532.593	44.243
5	Financial expenditures	3.017.603	-97.673
6	Financial Profit/Loss	-2.485.010	-53.430
7	Gross profit	19.228.213	26.503.811
8	Tax profit	6.602.508	2.691.258
9	Net profit	12.625.705	23.812.553
10	Provisions	2.199.507	464.915

c) cash flow: all changes in the level of cash in the core business, investment and financial activity, the level of cash at the beginning and end of the period

Group receivables decreased by 13.01%, current liabilities decreased by 28.84%, and debt with a maturity over one year decreased by 28.89% at the first nine months of 2016 than at the end of the last year.

Cash and cash equivalents at the group level 31.12.2015 was in amount of 10,517,334 lei, while on 30.09.2016 was of 2.239.107 lei, the resulting cash being used to reduce credit facilities on short term.

2. Analysis of the trading company activities

2.1. Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the trading company's liquidity compared to the same period of the last year.

Events that shall affect the company's liquidity:

It is not necessary.

Factors of uncertainty that affect or could affect the company's liquidity are:

- Increase in the price of the raw material (milk) and packaging materials by manufacturers;
- Decrease in the sales due to imports of dairy products from the EU, direct result of economic sanctions against the Russian Federation.

2.2. Presentation and analysis of the effects on the financial situation of the trading company of all capital expenditures, current or anticipated (stating the purpose and funding sources of these expenditures), compared to the same period of the last year

It is not necessary.

2.3. Presentation and analysis of the events, transactions, economic changes that significantly affect revenues in the core activities. Specifying the extent to which earnings were affected by each identified elements. Compared with the corresponding period of the last year

It is not necessary.

We mention that the financial statements of the first nine months of 2016 are not audited.

3. Changes that affect the capital and the management of the trading company

3.1. *Description of the situation in which the trading company was unable to meet its financial obligations during that period.*

It is not necessary.

3.2. *Description of any change regarding the rights of holders of securities issued by the trading company.*

It is not necessary.

4. Significant transactions

For issuers of shares, information on major transactions concluded by the issuer with persons acting in concert or in which these people were involved in the relevant time.

During the month of January 2016, Lactalis has signed a contract for the acquisition of all shares held by major shareholders of the Company, shareholders holding 70.3% of the share capital of Albalact SA. This agreement provided the usual precedent conditions for the completion of the transaction, including but not limited to, the approval of the Competition Council in Romania and the lack of any significant negative changes, as the agreement was agreed between the parties.

In July 2016, the parties involved in the contract have found that all suspensive conditions set out in it have been fulfilled. Thus, Lactalis filed the offer documentation of voluntary takeover via B.S.A. International, a company in the group, and has received the approval from the Financial Supervision Authority on this offer on July 27, 2016. The minimum price offered in this tender is of 0.5252 lei/share. Public offer of voluntary takeover, aims the outstanding shares representing 97.4962% of the share capital of Albalact SA.

Starting on August 1, 2016 the employees of the Company are entitled to purchase shares under the option plan approved by the Company, may exercise this right within a period of one month. Were allocated a total of 5,163,544 shares for this stage of the option plan.

Upon expiry of the voluntary takeover offer, i.e. on 19 September 2016, the members of the board of directors tendered their resignation, and on 6 October 2016, the Ordinary GSN passed the election of a new Board of Directors including:
Mr Aurelio Antuna Rodriguez – chairman of board of directors;
Mr Gilles Joseph Stephane Meziere- member of board of directors;
Mr Michel Francois Jacques Auguste Peslier – member of board of directors.

5. Signatures

The report shall be signed by the authorized representative of the Board of Directors, by the executive manager/director of the company and by then chief accountant of that company.

ADMINISTRATOR

Aurelio Antuna Rodriguez

Financial Manager

Radovici Adrian