

**BIANNUAL REPORT IN ACCORDANCE WITH THE NSC REGULATION NR.1/2006  
FOR THE FIRST HALF OF 2015**

**Report date : 18.08.2015**

**SC PRODLACTA SA**

(Name of company)

Social headquarters: Brasov – Romania, 5 Ecaterina Teodoriu street

Telephone: 0268/441050 Fax 0268/441952

Number of registration within the Trade Registry: J08 / 67/1991

Fiscal Code: 1112568

The share capital subscribed and paid: 64.197.564 lei

Regulated market where the issued securities are traded: Bucharest Stock Exchange

1. Economic and financial situation:

1.1. The presentation of an analysis of current economic and financial situation compared to the same period last year, with reference to least:

a) *Balance sheet items: assets which is not less than 10% of total assets; cash and other free liquids; reinvested profit; total current assets; the situation, the debts of the company; total current liabilities.*

Considering as reference data 30.06.2014 and 30.06.2015, the elements of the balance sheet are as follow:

Elements	Period		Index
	30.06.2014	30.06.2015	% 2015/2014
0	2	2	3
Intangible assets	312.556	263.590	84%
Tangible assets	38.919.033	42.155.337	108%
of which:			
Lands	3.255.137	3.255.137	100%
Constructions	13.693.100	16.426.322	124%
Equipment and means of transportation	21.583.857	21.302.894	99%

Elements	Period		Index
	30.06.2014	30.06.2015	% 2015/2014
Other fixed assets	101.130	89.038	88%
Tangible assets	285.809	1.081.946	379%
Financial assets	1.600	1.600	100%
<b>Total fixed assets</b>	<b>39.233.189</b>	<b>42.420.527</b>	<b>108%</b>
Total Reserves	6.090.473	4.476.958	74%
Of which :			
Raw materials, materials and packaging	1.599.516	803.760	50%
Semi-finished products, finished products	2.872.573	3.558.162	124%
Packaging, goods from third parties and provisions	1.618.384	115.559	7%
Receivables	6.585.497	5.412.033	82%
Cash	248.484	109.286	44%
<b>Total current assets</b>	<b>12.924.454</b>	<b>9.998.277</b>	<b>77%</b>
Prepayments	590.117	1.242.267	211%
Debts to be paid within a period of up to one year	27.177.619	20.764.909	76%
Debts that must be paid within more than one year	2.808.390	3.156.458	112%
Income in advance	3.258.031	2.564.363	79%
Capital	52.283.954	64.197.564	123%
Revaluation reserves	270.840	3.356.174	1239%
Reserves	427.838	427.838	0%
Profit or loss carried forward	-29.579.977	-37.855.050	128%
Profit or Loss for the financial year	-4.079.693	-2.922.284	72%
Distribution of profit			
<b>Equity</b>	<b>19.322.962</b>	<b>27.204.242</b>	<b>141%</b>

For 30.06.2015 in comparison with 30.06.2014 the following is registered:

- Tangible assets registers a decline from 384.957 lei at the expense of amortization and at the expense of investment in equipment and investments made in existing buildings;
- Stocks have increased by only 8.805 lei, due to a better organization in terms of supply planning depending on the production and also on sales;
- receivables increased by 88,760 lei;
- cash registers a decline by 23.789 lei.
- debts to be paid within a period of up to one year decreased by 8,768,803 lei;
- debts to be paid within a period exceeding one year increased by 612.656 lei due to rescheduling the payment of obligations to the state.

The situation of current assets and current liabilities is as follows:

Elements	30.06.2014	Debt ratio	30.06.2015	Debt Ratio
	Lei		Lei	%
Current assets with a high degree of liquidity	7.424.098	55%	6.763.586	60%
Fund	6.090.473	45%	4.476.958	40%
Current assets	13.514.571	100%	11.240.544	100%
Current liabilities	27.177.619		20.764.909	
Net current assets	-13.663.048		-9.524.365	
Current liquidity	0.497		0.541	
Low liquidity	0.224		0.215	

Current assets with a high degree of liquidity decreased compared with last year, mainly due to the reduction of accounts receivable, but also due to cash.

Current liquidity showing the coverage of short-term debt increased from 47.5% to 54.1%.

Low liquidity declined this year to 21.5% from 22.4% registered the previous year.

- b) *profit and loss account: net sales; Gross income; elements of costs and expenses with a debt ratio of at least 20% in net sales or gross income; risk provisions and provisions for various expenses; reference to any sale or shutdown of part from the activity performed in the last 6 months and to be implemented in the next 6 months; dividends declared and paid;*

#### Profit and Loss Account

Elements	Period		Index
	30.06.2014	30.06.2015	2014/2013
0	2	2	3
Turnover	18.134.967	20.781.641	115%
Income from the stored production	2.798.217	700.660	25%
Capitalised production	83.983	65.336	78%
Other operating income	500.522	406.608	81%
<b>TOTAL OPERATING INCOME</b>	<b>21.517.689</b>	<b>21.954.245</b>	<b>102%</b>
Expenses for raw materials and supplies	14.916.583	13.076.946	88%
Energy and water expenses	1.229.337	1.248.114	102%
Costs of works and services performed by third-parties	4.538.804	5.021.457	111%
Expenditure related to staff	3.639.432	4.054.483	111%

Elements	Period		Index 2014/2013
	30.06.2014	30.06.2015	%
Amortization and provision expenditures	799.847	837.255	105%
Commodities costs	0	0	0%
Other operating expenses	442.846	508.660	115%
<b>TOTAL OPERATING EXPENSES</b>	<b>25.512.215</b>	<b>24.729.415</b>	<b>97%</b>
OPERATING RESULT	-3.994.526	-2.775.170	69%
TOTAL FINANCIAL INCOME	200.600	507.396	253%
TOTAL FINANCIAL EXPENSES	285.767	654.510	229%
FINANCIAL RESULT	-85.167	-147.114	173%
<b>TOTAL INCOME</b>	<b>21.718.289</b>	<b>22.461.641</b>	<b>103%</b>
<b>TOTAL EXPENSES</b>	<b>25.797.982</b>	<b>25.383.925</b>	<b>98%</b>
The gross result of financial year	-4.079.693	-2.922.284	72%
INCOME TAX			
NET RESULT FOR THE YEAR	-4.079.693	-2.922.284	72%

c) *cash-flow* : all the changes in the level of cash in the normal course of business, investment and financial activities , the level of cash at the beginning and end of the period

Receivables grew by 2%, current liabilities decreased by 30% from 30/06/2015.

The situation of funds to the account of the Cash office and the BANK are as follows :

	31.12.2013	30.06.2014	31.12.2014	30.06.2015
Cash in the Cash Department	6.303	21.808	11.145	21.799
Cash in the Bank	94.205	221.091	121.931	80.233

### Analysis of the company's activity

2.1. *Presentation and analysis of trends, items, events, or uncertainties that affect or may affect the liquidity of commercial society, compared with the same period last year*

**Uncertainties** that may affect the company's liquidity are :

- Market trends of raw materials, the rising cost of quality milk;
- The decline in the purchasing power of the population;
- The growth of purchase prices of direct materials;

2.2. *Presentation and analysis of the effects on the financial situation of the Company's capital expenditures, current or anticipated (specifying the purpose and the sources of financing such expenditure) compared to the same period last year.*

**It is not the case.**

2.3. *Presentation and analysis of the events, transactions, economic changes that significantly affect incomes from core activities. Specification of the extent to which incomes were affected by every identified element. Compared to the corresponding period last year.*

**Incomes were affected in the following structure:**

	30.06.2014	30.06.2015	% (decrease ) increase	% 2014	% 2014
Account 701 finished products sales income	15.082.685	18.485.142	123%	83,17%	88,95%
Account 702 income sales of semi-finished products	2.655.465	2.274.624	86%	14,64%	10,95%
Account 703 income from residual products	2.540	6.718	264%	0,01%	0,03%
Account 704 works and services income	526.639	251.519	48%	2,90%	1,21%
Account 706 rental income	747	443,70	59%	0,00%	0,00%
Account 707 income from sale of goods	0	0		0,00%	0,00%
Account 708 income from different activities	9.874	114.346	1158%	0,05%	0,55%
Account 709 Granted trade discounts	-142.983	-351.151	246%	-0,79%	-1,69%
<b>Total Turnover</b>	<b>18.134.967</b>	<b>20.781.641</b>	<b>114,59%</b>	<b>100,00%</b>	<b>100,00%</b>

Increased turnover is one of the objectives of the current leadership, increase determined by signing contracts with all the chain stores across the country by increasing production capacity and hence the volume of raw material.

**3. Changes that affect the capital and management of a commercial company.**

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

**It is not the case.**

*3.2. Description of any changes in the rights of holders of securities issued by the company.*

Following the completion of the increase of share capital approved by EGM Resolution No. 1 of 03.11.2014 the share capital of SC Prodlacta S.A. increased by the amount of 11,913,609.52 lei (from 52,283,954.24 to 64,197,563.76 lei) by issuing 8,760,007 new shares of nominal value of 1.36 lei / share. The capital increase was made by cash contribution through subscription of 8,760,007 new shares of a total nominal value of 1.36 lei / share.

The newly issued shares were subscribed by a number of four shareholders, as follows:

**JLC Germany GmbH**, a German company, established and organised under the laws of Germany, with headquarters in Germany, Richard - Lucas Straße no. 8 41812 Erkelenz, registered at the Court Monchengladbach no. HRB 14325 **subscribed a total of 4,236,598 shares** each with a nominal value of **1.36 lei / share** with a **total nominal value of 5,761,773.28 lei**.

**JLC DPrint GmbH**, a German company, established and incorporated under the laws of Germany with headquarters on Richard Lucas-Strasse Street no. 8 41812 Erkelenz, Germany, registered in the trade register Tribunal Depart Mönchengladbach 18 no. HRB 12239 **subscribed a total of 646,720 shares** each with a nominal value of **1.36 lei / share** with a **total nominal value of 879,539.20 lei**.

**JLC Investment GmbH**, a German company, established and incorporated under the laws of Germany, with headquarters in Germany, Richard - Lucas Straße no. 8 41812 Erkelenz, registered at the Court Monchengladbach no. HRB 14292 **subscribed a total of 535,231 shares** each with a nominal value of **1.36 lei / share** with a **total nominal value of 727,914.16 lei**.

**JLC Joint Stock Company**, Moldovan company organized and incorporated under the legislation of the Republic of Moldova, with headquarters in MD-2032, 90 Sarmizegetusa street, mun. Chisinau, Moldova, registered in the State Register of Legal Entities under no. 15426 / 17.07.2012 **subscribed for 3,341,458 shares** with a total nominal value of **1.36 lei** each share and a **total nominal value of 4,544,382.88 lei**.

Following the increase, the share capital of the Company is fixed at **EUR 64,197,563.76** divided into **47,204,091 lei registered shares** with nominal value of 1.36 lei to each, fully subscribed and paid by shareholders.

The authorized capital for 30.06.2015 is owned in full by the shareholders as follows:

**JLC Germany GmbH**, a legal entity with its headquarters in Germany, Richard - Lucas Straße no. 8 41812 Erkelenz, registered at the Court Monchengladbach no. HRB 12325, in the proportion of 35.63729%, that is 16,822,262 shares, each with 1.36 lei, amounting to **22,878,276.32 lei**;

**JLC Dprint GmbH**, a legal entity with its headquarters in Germany, Richard - Lucas Straße no. 8 41812 Erkelenz, registered at the Court Monchengladbach no. HRB 12239, in the proportion of 5.44006% that is 2,567,932 shares, each 1.36 lei, amounting to **3,492,387.52 lei**;

**JLC Investment GmbH**, a legal entity with its headquarters in Germany, Richard - Lucas Straße no. 8 41812 Erkelenz, registered at the Court Monchengladbach no. HRB 14292, in the proportion of 4.502241%, that is 2,125,242 shares, each with 1.36 lei each, amounting **2,890,329.12 lei**;

**JLC SA**, a legal entity, with its headquarters in MD-2032, 90 Sarmizegetusa street, Chisinau, Republic of Moldova, registered in the State Register of Legal Entities under no. 15426 / 17.07.2012, in the proportion of **28.10758%**, that is 13,267,928 shares each with 1.36 lei each, amounting **18,044,382.08 lei**;

**Employees and members of the SC Prodlacta SA Association** - Romanian legal entity, with headquarters in Brasov 5 Ecaterina Teodoriu street, registered in the Register of associations and foundations in pos. No. 29/1995 of 02.21.1995 based on the conclusion from 21.02.1995 of Court Brasov — **10,98638 % that is 5.186.025 shares at 1.36 lei each, amounting 7.052.994,00 lei.**

**Physical persons and legal entities** - at a rate of **10.55248%**, that is **4,981,206 shares worth 6,774,440.16 lei;**

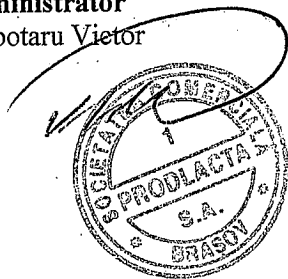
**The Romanian state, represented by AVAS** - in proportion of **4.77394%**, that is **2,253,496 shares, worth 3,064,754.56 lei.** "

#### **4. Significant Transactions**

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

No case.

**Administrator**  
Cibotaru Viotor



**Economic Manager**  
Chitea Mihaela

A handwritten signature in black ink, appearing to be "Chitea Mihaela".