

1.2. Approving net profit distribution on 2012, dividend reinvestment and setting the gross dividend per share

The profit relative to financial year 2012 was reported as follows:

Destination	Amount (lei)
Profit to distribute:	27,110,836
- legal reserve	18,699
- self-financing sources and other ways of profit distribution, according to the law	16,759,043
- dividends, of which:	10,333,094
– dividends due to the main stockholder	5,478,325
– dividends due to other legal and natural persons	4,854,769

The distribution of the accounting profit remaining after the deduction of corporate tax was made as per the provisions of GO 64/2001, approved with amendments by Law 769/2001 and GO 61/2004. The amount of 16,759,043 lei representing self-financing sources provided by the law, consists of:

- Facilities from fixed assets valorization amounting to 44,113 lei;
- Facilities from waste valorization amounting to 1,434,942 lei;
- Amounts after adjusting the reported result, worth of 2,486,809 lei;
- Amounts from dividends reported as income amounting to 1,920,713 lei;
- Fiscal facilities for R&D activities as per art. 19 in the Tax Code amounting to 539,371 lei;
- Self-financing amounting to 10,333,095 lei.

Total dividends amount to 10,333,094 lei, of which:

- The Ministry of Health (53.0173%) **5,478,325 lei**
- Other natural and legal persons (46.9827%) **4,854,769 lei**

Consistent in our policies for turnover increase, cost reduction and placing new, more affordable products on the market that would result in savings both for the population as well as for the state budget, we attach great importance to the Investment Program scheduled for this period and especially for 2013.

The main objectives of this Program are as follows: (1) projecting and building a production facility for ointments and suppositories, with an estimated cost of 8-10 million euro, an investment imposed by the fact that Antibiotice is leader on this market segment; (2) setting up a facility for filling sterile non-penicillin powders in vials, at a cost of 10 million euro is justified by the fact that every year Romanian hospitals use on average 10 million units of powder for injection, accounting for 50% of the national market at a price of about 2 euro/vial. (3) The development of an additional production capacity for sterile substances, worth of approximately 25 million euro, which would make the domestic market less dependent on

active ingredients manufactured on other sites in the world, and would increase by 15 million the company exports, with direct and significant positive effects on the trade balance and on foreign payments, as well as on investments directed to the tablets, capsules, ointments and suppositories plants; license acquisition for new products and research projects.

Projecting and building a new facility for ointments and suppository manufacture would determine a market share increase of over 50%, which would generate annual savings of over 15 million euro to the health insurance budget.

Both this year and for the years to come we have planned to approach other therapeutic classes which, once put on the market, will generate savings for the Ministry of Health, will cover the additional taxes to the state budget and, last but not least, will reinforce stability for the 1,465 employees of the company.

For the implementation of our projects we have estimated within the Income and Expenditure budget for 2013 investments worth 33.2 million lei.

In order to complete the entire investment volume planned for this year, please approve the reinvestment of dividends due for 2012.

Reinvesting the dividends would be a guarantee for carrying out the investment program and would also avoid incurring additional expenses by contracting a bank loan for the payment of dividends, against a reduced cash flow due to extended settlement deadlines for the medicines put on the market.

**CEO,
EC.IOAN NANI**

**FINANCIAL DIRECTOR,
EC. PAULA COMAN**