

1.2. Approval of net profit distribution for 2010, setting the gross dividend per share and dividend reinvestment approval

The profit for 2010 was distributed as follows:

| Destination | Amount |
|---|-------------------|
| Profit to be distributed: | 12,539,100 |
| - legal reserve | 923,614 |
| - own funding sources and other profit distributions, provided by law | 2,580,448 |
| - dividends, of which : | 9,035,038 |
| - dividends due to the majority shareholder | 4,790,131 |
| - dividends due to other legal entities and individuals | 4,244,907 |
| Retained earnings representing dividends | |

The distribution of the accounting profit left after the deduction of the income tax was made according to the provisions of GD 64/2001, approved with amendments by Law 769/2001 and GD 61/2004 and GD 55/2010.

- The amount of 2,580,448 lei, representing own sources of funding provided by law,
- Own sources of funding in the amount of 1,003,893 lei;
- Facilities from the sale of goods resulted from the dismantling of fixed assets amounting to 531,339 lei;
- facilities from waste recovery of 716,890 lei;
- amounts from correcting the retained earnings amounting to 21,506 lei;
- Tax incentives for research and development activities under art. 19 of the Tax Code - 306.820 lei.
- Dividende totale sunt in suma de 9.035.038 lei, din care:
- Total dividends amounting to 9,035,038 lei, of which:
 - Ministry of Health (53.0173%) 4,790,131 lei
 - Other legal entities and individuals (46.9827%) 4,244,907 lei

Consistent with our policy on increasing the turnover, reducing costs and launching new products on the market at affordable prices that will lead to savings both for the population and for the state budget, we continuously pay close attention to the Investment Program for this period and especially to that for 2011.

This program envisages the achievement of new manufacturing sites and of an applied research center for new products in the field of oncology, diabetes, cardiovascular system, central nervous system.

An important investment objective is the "Acquisition of machinery and technological equipment for a production capacity for non-penicillin antibiotics, sterile powders for injection filled into vials", a two-year project

worth 53 million lei. We have already obtained a financing of 18 million lei from EU structural funds. The difference of about 35 million lei will be provided by company.

Also the new objective will ensure the increase of the company's market share for these products from 35% to 75% since 2013 when we will be able to sell on the domestic market over 7 million vials at a lower price than the current average price for this class which will result in annual savings of over 17 million lei to the Ministry of Health.

An important contribution for recording some significant savings to the national budget is brought also by the products from the other therapeutic classes: cardiovascular system, tuberculosis, central nervous system, oncology.

Antibiotice's entry with oncology products on the Romanian market since May 2011, will bring in the period remained by the end of the year savings of over 6 million lei to the state budget as a result of a lower pricing policy compared with the current market prices.

Both this year and for years to come we plan to approach other classes of drugs that will bring savings to the Ministry of Health's budget and will provide the necessary amounts for paying additional taxes to the state budget and last but not least will strengthen the jobs of our 1,450 employees.

In order to implement our projects we forecasted an investment value of 31.6 million lei in the Income and Expenditure Budget for 2011.

In order to complete the entire volume of investments planned for this year we kindly ask you to approve the reinvestment of dividends payable for 2010.

Reinvestment of dividends would be a certainty in achieving the investment program and would allow us to take the decision to sign the financing contract by irredeemable European funds in the first part of the year. By this contract the company will receive 18 million lei from the total sum of 53 million lei needed to complete the investment "Acquisition of machinery and technological equipment for production capacity for non-penicillin antibiotics, sterile powders for injection divided into vials". At the same time we would avoid making additional expenses by hiring a bank loan for the payment of dividends, against a reduced cash flow because of the extended settlement terms for the drugs on the market.

CHIEF EXECUTIVE OFFICER
EC. IOAN NANI



FINANCIAL DIRECTOR
EC. CONSTANTIN NICUTA