

Annual Report 2007

We own a plus !

+12

new medicines launched in 2007

+200%

export of finished drugs in 2007

+17%

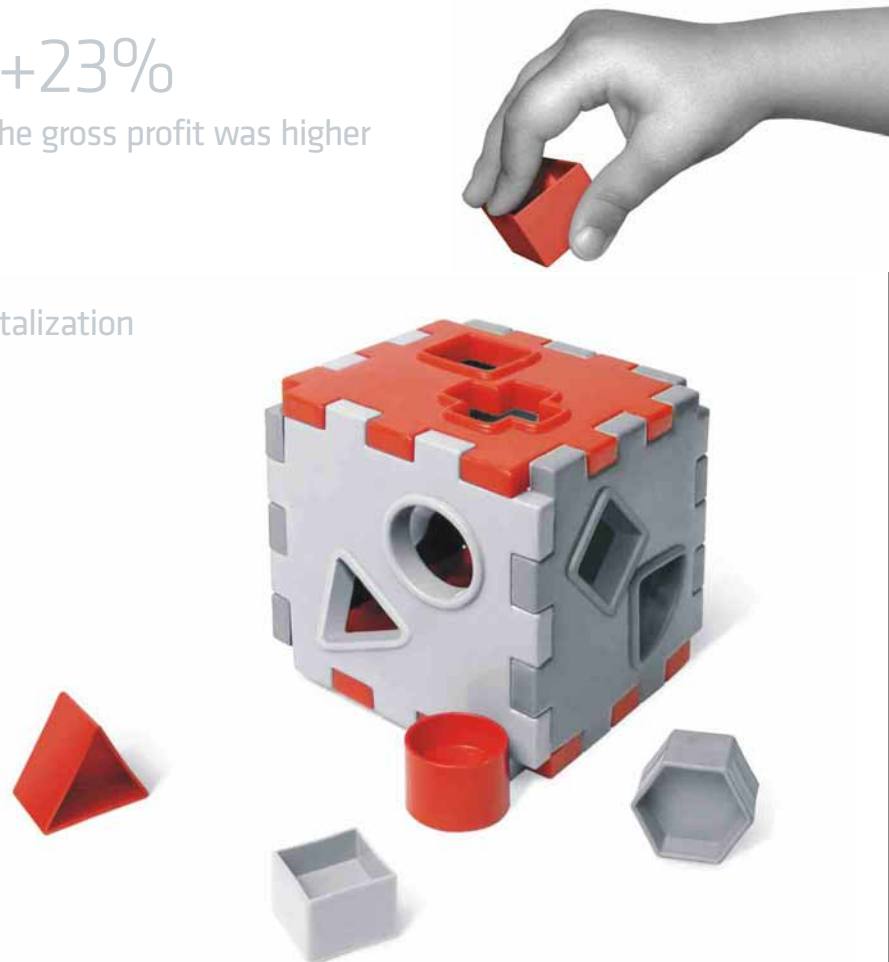
on 2007 the turnover was higher

+23%

the gross profit was higher

+19%

increase in the market capitalization
value in 2007



Here's what
we bring as a plus:

Determination, Creativity,
Ambition and a whole lot of Soul
have turned Antibiotice
into a complex pharmaceutical
producer who, today, manufactures
more than antibiotics.

Page 8

Antibiotice manufactures today
more than antibiotics

Page 20

Our high-quality pharmaceuticals
are safe and effective

Page 26

Close to people, with science
and soul

Page 30

Steady and profitable growth

Contents

2	Antibiotice history
4	We are distinguished by tradition, perseverance and exactingness in all we do
6	2007: the year we acquired something in “plus”
8	Antibiotice manufactures today more than antibiotics
12	Top products made by Antibiotice
14	The quality of our products opened us new export opportunities
16	We optimize the production process, year by year, for extra efficiency
20	Our high-quality pharmaceuticals are safe and effective
24	We are continuously investing in our most valuable asset: people
26	Close to people, with science and soul
28	High profits for investors
30	Steady and profitable growth
32	Financial data
36	Auditor's Report for the General Meeting of Shareholders

Antibiotice history

2

1960-1977

The technological lines for the production of active substances (Erythromycin, Oxitetracycline, Tetracycline, Grizeofulvine, Sinerdol, Lysine) are developed. During this interval Antibiotice becomes the only producer of sterile preparations for parenteral use (for injection) in Romania.

1990

The activity of the company is re-oriented towards the production of medicines. Within the company portfolio finished products become top priority and the active substances manufactured now are used for the development of new pharmaceutical forms.

1997-2000

The company implements a highly competitive quality assurance system which implies the close control of the manufacturing processes. Thus, in 1999, Antibiotice becomes the first GMP certified producer in Romania for the line manufacturing powders for injection.

2006

Antibiotice launches a new brand and corporate identity meant to reflect the massive changes on the organizational, technological and cultural level within the company.

3

1955

Antibiotice is set up, being South-East Europe's first producer to manufacture the penicillin discovered by Alexander Fleming.

1977-1989

The active substances manufactured by Antibiotice become the main components for a large range of medicines manufactured both in Romania and abroad. In the 80's the export of active substances reaches about 50% of the total turnover.

1997

Antibiotice is quoted at the Bucharest Stock Exchange.

2000-2005

Major investments, amounting to approximately USD 25 million are made in research, staff training, quality as well as in revamping the manufacturing lines and working areas. Antibiotice records constant increases of the turnover on the domestic and international market.

2007

Antibiotice records a turnover approximately four times higher as compared to the value reported in 2000 and a 700% higher gross profit as compared to the same year. The excellent financial results and the favorable evolution of the share price on the Stock Exchange led to a thirteen-time increase of the average price per share in the last 7 years and, as a result, to a market capitalization whose value is 80 times higher in 2008 as opposed 2000.

We learned to assign a value to the history of Antibiotice not only in years but also in the plus added to the people's health. Our company has more than half a century of history lived and assumed with science and soul, with determination and assiduous work for restoring people's faith in regaining their health.



We are distinguished by tradition, perseverance and exactingness in all we do

Antibiotice today

Antibiotice company is the most prominent Romanian producer of generics whose mission is to make valuable treatments a more accessible way of improving life quality.

The product portfolio comprising over 120 medicines covers a broad range of therapeutical classes, the main directions of product development strategy being focused on the medicines from the cardiovascular, anti-infective, central nervous system and digestive tract classes.

On the domestic market, Antibiotice is the main producer of anti-infectives and the only producer of active substances obtained by biosynthesis (Nystatin).

Competitive advantages

- Antibiotice has the most complex production structure – 8 manufacturing lines for 5 pharmaceutical forms.
- Antibiotice is a leader in the production of medicines for injection, ointments, creams, gels and suppositories and the sole producer of active substances obtained by biosynthesis.
- All our 8 manufacturing lines are authorized by the National Medicines Agency that issued the Good Manufacturing Practice certificate, recognized at European level.
- The Nystatin manufacturing line is authorized by the FDA, the American authority responsible for regulating the pharmaceutical field. This ensures the export of Nystatin on the American and Canadian markets. At the same time the Nystatin manufacturing line is authorized by the European institutions, having European Pharmacopoeia Certificate of Suitability (COS).
- Antibiotice is the first Romanian company to obtain in February 2007 recognition for having implemented the Integrated Management System (Quality, Environment, Labour Health and Safety). This certifies that Antibiotice produces high quality, safe and efficient medicines protecting the environment as well as its employees' health and safety.
- The bioequivalence of the generics in the portfolio is demonstrated within Antibiotice's own Center for Drug Evaluation, one of the most modern centers in the country.

Mission

We make our valuable medicines more accessible to patients, physicians and pharmacists, as a means of providing healthcare. We always put our strength to the service of those who need our support.

Vision

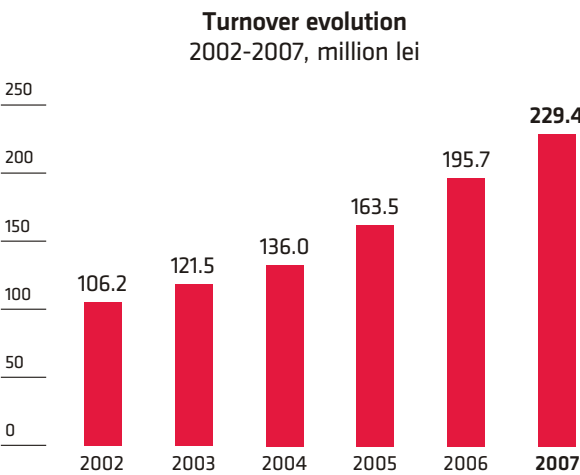
The Hippocratic spirit that guides the practice of medicine and pharmacy, also guides our actions. We are honest, compassionate, and always concerned with modernizing our activity and products. We believe a valuable medicine is not necessarily an expensive one, but a medicine people can afford and brings the company a reasonable profit. A profit that satisfies our shareholders and allows us to target performance, permanently investing in people, technology, and carefully selected partnerships.

Core values

We cherish efficiency, knowledge and the spirit of cooperation, which allow us to focus on the ever-changing needs of our customers and consumers.

Economic-financial indices

Thousands RON	2002	2003	2004	2005	2006	2007
Turnover	108,236	121,495	136,029	163,498	195,678	229,416
Gross Profit	14,431	16,078	17,577	23,725	30,074	36,886
Net Profit	11,328	11,863	12,425	19,679	23,839	32,456
Market capitalization	72,278	77,440	194,898	438,976	782,423	932,539



+186%

net profit increase during 2002-2007

+156%

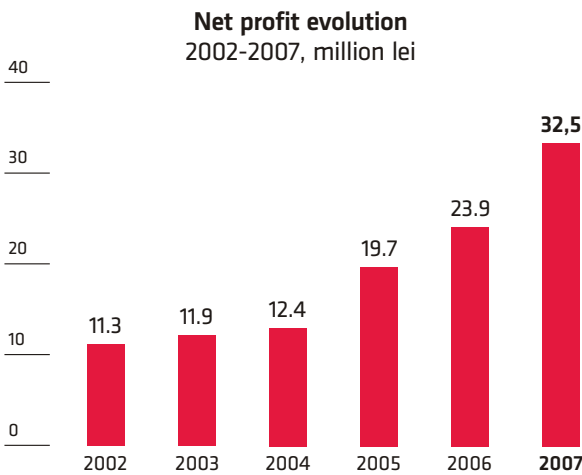
gross profit increase during 2002-2007

+112%

turnover increase in 2007 as compared to 2002

+

the market capitalization went up 13 times in 2007 over 2002



2007: the year we acquired something in “plus”

6

We have the pleasure of informing our stockholders, our partners and investors that to Antibiotice, 2007 was the year we made the most of existing resources and business opportunities, aspects reflected in a dramatic growth of the company's financial earnings.

Accordingly, at the end of 2007 the company turnover amounted to 229.42 million lei, reporting 17.2% increase over the similar value in 2006. The gross profit reported was 36.89 million lei, 22.6% higher as compared to the previous year, the return on investment obtained being 16.08%. Thanks to these results, Antibiotice managed to maintain its leading position in the top 10 pharmaceutical players on the Romanian market, with a market share of 3.1%.

Against the current trend of development on the local market, highlighted by its extremely competitive nature, Antibiotice continued to diversify its product portfolio, tackling the cardiovascular segment and the one covering dermatological affections. It has also made steps for the formulation and development of generic medicines covering antidiabetics and CNS therapeutic class. These important steps represent an integrating part of the strategy for repositioning the company as a complex manufacturer of pharmaceuticals which, today, produces more than antibiotics.

Moreover, as a follow-up of the marketing strategy implemented in recent years, in 2007 Antibiotice put forth important resources in order to purchase know-how and renew the product portfolio. Thus, the new pharmaceuticals produced represent a 12% proportion within the total turnover, the double value of 2006.

Important financial resources went into developing the sales and promotion force, by attracting well-prepared specialists and by fostering their formation within continuous training programs. As a result, the CRM (Customer Relationship Management) system was implemented to facilitate reporting and analysing the performance indicators of the team.

In 2007 Antibiotice becomes the first Romanian pharmaceutical company to obtain the approval for its Integrated Management System (as far as the quality, the environment, the health and occupational safety are concerned). This only goes to demonstrate that today our company is manufacturing safe and efficient, high-quality drugs by protecting the environment and the health and safety of its employees.

2007 brought the FDA reauthorization granted by the American regulatory authority for the Nystatin active substance manufacturing line (an antifungal used in different pharmaceutical forms - tablets, ointments, oral suspendable powders, and equally in the cosmetics industry - powders, creams, ointments).

This official and renowned recognition of the quality system involved in manufacturing the active substance Nystatin made possible the strong export on the market of The United States. Moreover, Antibiotice is maintaining its position as second world Nystatin producer, with a market share of 25%.

In 2007, in conformity with the European requirements regarding environmental protection, Antibiotice finalized the ecological industrial waste incinerator (amounting to one million euro). Next to the modern waste treatment plant Antibiotice strives to dramatically reduce the negative impact of production activities on the environment

As recognition of the company's value and competitiveness, Antibiotice was awarded numerous prizes and distinctions in 2007.

In the list of the most valuable Romanian companies created by Ziarul Financiar Antibiotice was awarded the 84th position, going up one place since last year. In addition, our company came in 9th place in the Top 50 most outstanding companies listed on the Stock Exchange made by the Capital Magazine.

Moreover, for the second year in a row Antibiotice is present among the most attractive employers in “100 Best Companies to Work for” according to the Romanian financial magazine Capital.

Antibiotice brand was also chosen by a prestigious council in marketing and branding to be part of the select group of the 46 names entering the book Superbrands Romania, a world-wide reference publication.

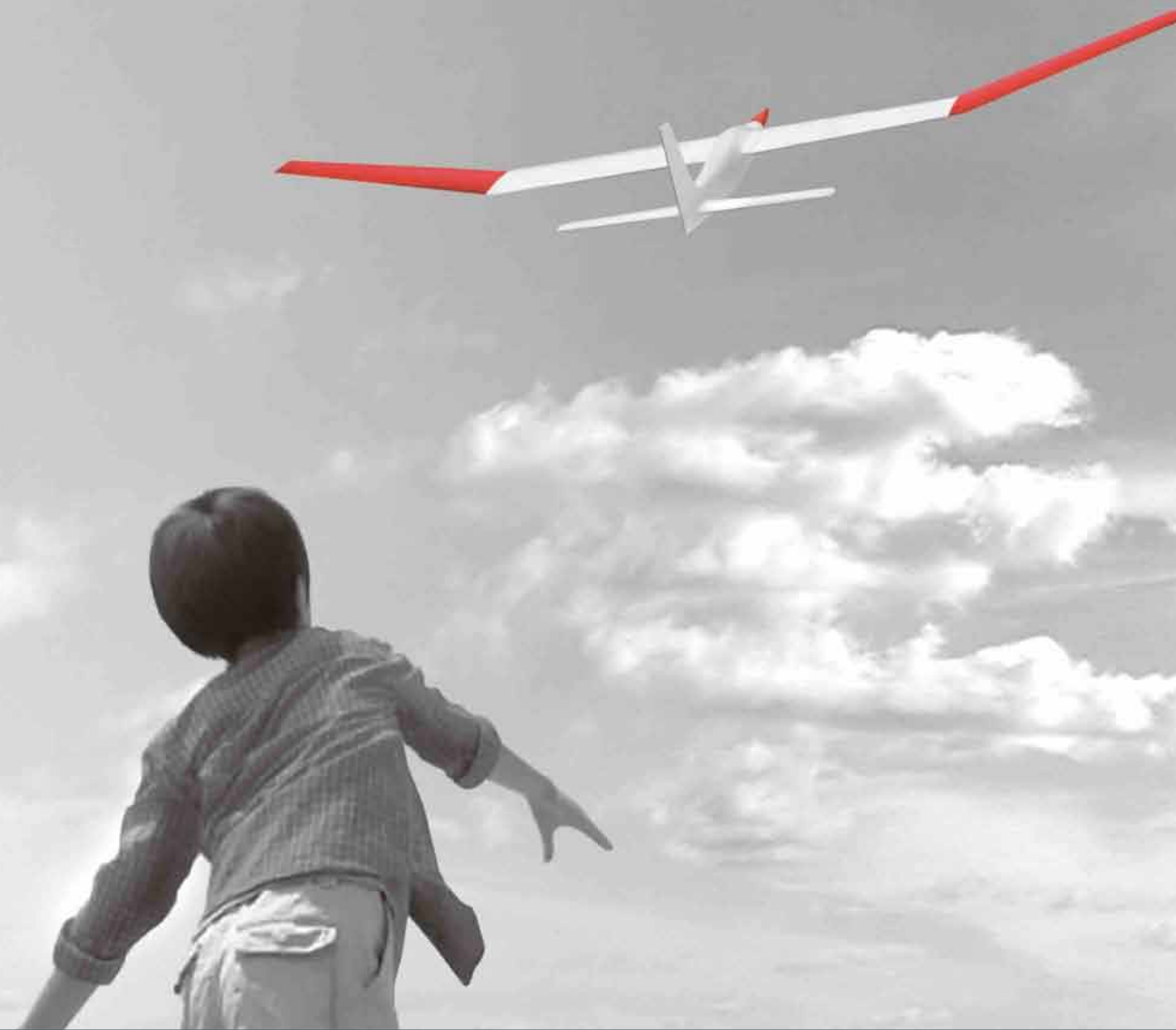
All these accomplishments strengthen our faith in the potential Antibiotice testified so far. Performance will be our target in the years to come. We'll constantly aim at complying with international quality standards and enhancing our portfolio of modern and competitive pharmaceuticals. Last but not least, we'll keep an eye on consolidating our integrated management system and production-related activities.

7

Besides the considerable investment effort that is paramount, what is worthy of note is the human effort of our entire team of 1600 employees who have contributed to edifying the success, reputation and attractiveness that Antibiotice company enjoys these days.

In a nutshell, Antibiotice asserts itself as a competitive player on the pharmaceutical market and equally a top-of-mind brand amongst partners, patients and stockholders, all confiding in its potential for development.

Board of Directors



We own a plus

Antibiotice manufactures today more than antibiotics

In 2007 we aimed at asserting ourselves as a competitive company whose portfolio includes today more than antibiotics, against a continuously changing market. Increases registered in the sales of medicines recently introduced in the portfolio covering the cardio-vascular, anti-infective, dermatological preparations or central nervous system classes, as well as enjoying the position of leader on the segment of injectable anti-infectives allowed us to maintain our position owned in the top 10 producers present on the Romanian market.

Thus, at the end of 2007, Antibiotice registered an extra 12% volume of medicines offered to patients through its partners: distributors, physicians, pharmacists, in the context of a constant consumption manifested on the local pharmaceutical market. Applying a flexible marketing strategy oriented towards the market's tendencies allowed us however to obtain certain positive cumulated indices, although the price of our medicines registered an average decrease by approximately 5%.

The increase in medicine sales got materialized in our obtaining a turnover of 229.4 million lei, by 17% higher as opposed to the previous period. The major share was owned by sales on the domestic market, amounting to 211.6 million lei, by 18.5% higher in comparison with 2006.

At the same time in 2007 Antibiotice maintained the 9th place in top 10 of the medicine producers present in Romania, with a 3.1% market share.

The proportion of new medicines increases, year by year, in the turnover

In 2007 new medicines reported a 6% to 12% increase in the total turnover

The orientation towards the needs of the pharmaceutical market meant a sustained effort towards the development and the promotion of new, therapeutically valuable medicines. This had as a consequence the constant increase, year by year, of the weight of the new medicines from the cardio-vascular, anti-infective and dermatological preparation classes in the company's total turnover (from 6% in 2006 to 12% in 2007).

The development of the cardio-vascular class resulted in a 67% sales increase on this segment

Approached only recently (starting with 2006), the class of cardio-vascular medicines knew an ample development in 2007 by launching seven new products on the market. The reorientation of the strategy of product assimilation towards the cardio-vascular segment was justified by the increased incidence of cardio-vascular affections among the population, the main cause of mortality in Romania.

Bisotens® range (bisoprolol, 5 and 10 mg coated tablets) launched at mid 2007 completed the cardio-vascular portfolio with beta blockers.

Another therapeutic sub-class developed in 2007, with a large curative power due to benefits proved on different categories of cardio-vascular patients, is that of conversion-enzyme inhibitors provided by Lisinopril range – Antibiotice trademark – 10 mg, 20 mg and 40 mg tablets.

In 2007, the line of products assigned to cholesterol reduction was completed with Simcor® (simvastatinum), with a new 40 mg strength; the end of 2007 was marked by the launching of Fluven® (heparinum) indicated in varicosity's topical treatment.

This strategy of product development and promotion induced a 67% increase of the turnover on the cardio-vascular segment in 2007, as opposed to 2006, against the fact that the local market of the cardio-vascular products increased only with 14%.

The new generation of anti-infectives have consolidated the position of Antibiotice on the market

The sales of anti-infectives for which Antibiotice is recognized as main Romanian producer, with a market share of approximately 12%, represented in 2007 about 55% of the turnover value. This performance was due to the sales of therapeutically valuable anti-infectives introduced in recent years in the portfolio, such as: Cefort® (ceftriaxonum), Ceftamil® (ceftazidimum), AmpiPlus® (ampicillinum with sulbactamum), AmoxiPlus® (amoxicillinum with acid clavulanicum).

New medicines from the dermatological preparations class

In 2007, the segment of dermatological preparations was extended by the assimilation of three last generation anti-fungal medicines allotted to the local treatment of cutaneous mycoses: Naftitine – Antibiotice trademark, Kefungin® (ketoconazolum) and Fluconazole® (fluconazolum).

This class registered a 6% increase in turnover as compared to the previous year, gaining a 15% market share.

+67%

sales on the cardio-vascular segment

+12

new medicines from the cardio-vascular, anti-infective and OTC classes

+6%

is the share of medicines recently introduced in the portfolio, in the turnover



Important increase on the CNS segment

The information offered by Cegedim, a specialized company in pharmaceutical market research reveals the fact that Antibiotice obtained in 2007 a 50% turnover for CNS class (K-Alma®, Piracetam). This fact induced an increase in Antibiotice's market share on this segment from 1.3% in 2006 to 1.8% in 2007.

All these increases reflect, on one hand, the success of Antibiotice's penetrating the market with medicines from new therapeutic areas, as well as its affirmation as a company which produces, today, more than antibiotics.

On the other hand, the higher proportion in the turnover of new medicines with a high therapeutic value, recently introduced in the portfolio, represents a positive sign and a guarantee for the positive evolution in Antibiotice's market share on the Romanian market.

Reorientation towards the retail segment – a plus for turnover

Sales on the retail segment 6% higher over 2006

Another characteristic of the market strategy approached by Antibiotice in 2007 was the reorientation of the sales from the hospital segment to the retail segment (pharmacies). This was justified by the constant increase of medicine consumption at national level, as well as by transferring programs for purchasing oncologic and diabetes medicines to retail pharmacies.

Therefore, according to Cegedim, Antibiotice's sales on the retail segment represented in 2007 72.6% out of the total value of sales on the market, 6% higher as opposed to 2006, while sales to the hospital segment decreased to 27%.

Spectacular increase on the OTC segment

Gaining a 17% plus in the 2007 turnover was also due to intensified promotion activity for the medicines without medical prescription.

With a portfolio of 32 OTC products, an important percentage (65%) of which is represented by analgesic-antipyretic medicines, antispastic medicines and mineral-multivitamins, Antibiotice company succeeded in obtaining a 45% sales increase for these products, from 29 million lei in 2006 to 42 million lei in 2007.

The traditional medicines sales (Clafen® – diclofenacum, Paracetamol – paracetamolum, Novocalmin® – metamizolum) and sales of medicines assimilated during the last years, such as (Rubifen® – ketoprofenum, Saliform® (combinations), nutritive supplements – Equilibra® and Fezivit®) have all induced Antibiotice's rising on the eighth place on the pharmaceutical market, with a 4% market share.

The sales force promoted Antibiotice brands at national scientific events

In 2007 alone, 45 new members were drawn into the promotion and sales teams, fact which encouraged the intense promotion of Antibiotice medicines towards hospitals, pharmacies and distributors. Today, the company owns a sales force formed of 100 medical and sales representatives.

Pharmaceutical market trend against Antibiotice sales evolution (on therapeutic classes)

		Value (million lei)				Market share	
Therapeutic class		2005	2006	2007	Ratio 2007/2006	2006	2007
Anti-infectives	Market	806	850	868	102%	12.5%	11.8%
	Antibiotice	88	106	102	96%		
Alimentary tract	Market	676	804	890	111%	2.6%	3.0%
	Antibiotice	16	21	27	129%		
Cardio-vascular system	Market	814	1077	1223	114%	0.6%	0.8%
	Antibiotice	6	6	10	167%		
Central nervous system	Market	608	745	847	114%	1.3%	1.8%
	Antibiotice	8	10	15	150%		
Dermatological preparations	Market	89	105	122	116%	16.2%	14.8%
	Antibiotice	15	17	18	106%		
Musculoskeletal system	Market	253	321	386	120%	3.7%	3.6%
	Antibiotice	10	12	14	117%		

Source: Cegedim

The sales activity was doubled by a medical activity sustained by Product Managers, who made easier the transformation of scientific information into an accessible and educational promotional message which confers a competitive advantage to our company's products.

In order to promote its medicines, Antibiotice took part to many symposia and scientific events all over the country, events dedicated to the following classes: systemic anti-infectives, cardio-vascular, dermatologic and surgical medicines. New and traditional brands from the company's portfolio, such as Eficef® (cefiximum), Ceforan® (cefadroxilum), Bisotens® (bisoprololum), Simcor® (simvastatinum), Ceftamil® (ceftazidimum), Cefort® (cefadroxilum), AmoxiPlus® – (amoxicillinum with acid clavulanicum), were, this way, sustained at national level.

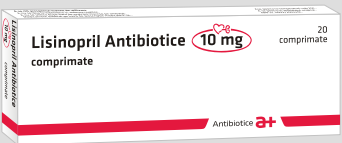
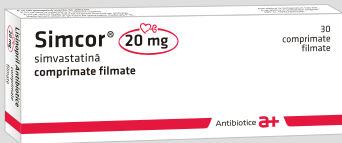

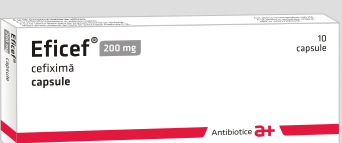


You can find further information on Antibiotice's products on our website: www.antibiotice.ro/produse

Antibiotice's portfolio on therapeutic classes

Sensitive organs	
Alimentary tract and metabolism	Medicines treating acid-related disorders Medicines treating functional gastrointestinal disorders Laxatives Intestinal anti-diarrheic, anti-inflammatory/anti-infective medicines
Blood and hemopoietic organs	Platelet anti-aggregation medicines
Cardiovascular system	Blood vessels protectors Beta-blockers Active products for the renin-angiotensin system Hypolipemiants
Dermatologic preparations	Antifungals for dermatologic use Antibiotics and chemotherapy preparations for dermatological use Corticosteroids, dermatological preparations
Genitourinary system and sexual hormones	Sexual hormones and modulators of the genital system
Anti-infectives of systemic use	Antibacterial products for systemic use Antifungal products for systemic use Antimycobacterial products Antiviral products for systemic use
Musculoskeletal system	Anti-inflammatory and anti-rheumatic preparations Topical preparations for articular and muscular algias
Central nervous system	Analgesic products Psychoanaleptic products
Sensitive organs	Ophthalmologic products
Respiratory system	Expectorants
Nutritive supplements	
Cosmetic products	

Top products made by Antibiotice

12

Product name / representation	Therapeutic class	Therapeutic indications	Sales evolution	
	Cardiovascular system Tablets 10 mg, 20 mg and 40 mg	Angiotensin – converting enzyme inhibitor indicated in arterial hypertension, chronic cardiac failure, acute myocardial infarction, conditions post-myocardial infarction and diabetic nephropathy	2007 market share	17.61%
	Cardiovascular system Coated tablets 20 mg and 40 mg	Hypolipemiant, indicated both in patients with known coronary heart disease and in high risk patients (patients with diabetes, cardiovascular peripheral diseases, cerebro vascular disease)	2007/2006 increase 2007 market share	+ 24.51% 2.69%
	Anti-infectives for systemic use Capsules 500 mg	Cephalosporin indicated in pharyngitis/tonsillitis caused by beta-hemolytic streptococcus; respiratory, urinary and cutaneous infections	2007/2006 increase 2007 market share	+ 236.17% 20.18%
	Anti-infectives for system use Capsules 200 mg	Cephalosporin indicated in respiratory, ENT, urinary and genital infections	2007/2006 increase	+ 320.63%
	Anti-infectives for systemic use Capsules 500 mg	Broad spectrum penicillin indicated in respiratory, digestive, urinary and genital infections	2007 market share	37.91%
	Alimentary tract and metabolism Coated tablets 150 mg	Antacid product indicated in duodenal ulcer and gastric hyperacidity	2007/2006 increase 2007 market share	+ 19.67% 77.51%

13

Product name / representation	Therapeutic class	Therapeutic indications	Sales evolution	
	Anti-infectives for systemic use Capsules 500 mg	Penicillin acting against staphylococci, resistant to beta-lactamase, indicated in respiratory, genitor-urinary and cutaneous infections	2007/2006 increase 2007 market share	+ 7.7% 41.92%
	Anti-infectives for systemic use Capsules 500 mg	Fluoroquinolone indicated in respiratory, urinary, cutaneous and digestive infections 2007	2007 market share	11.5%
	Anti-infectives for systemic use Vial with powder for injection 1.2 g	Broad spectrum penicillin indicated in respiratory, digestive, urinary, genital and osteoarticular infections	2007 market share	29.72%
	Anti-infectives for systemic use Vial with powder for injection 1.5 g	Penicillin in combination of beta-lactamase inhibitors indicated in respiratory, urinary, abdominal, genital infections, antibiotic prophylaxis in surgery	2007/2006 increase	+ 7.01%
	Anti-infectives for systemic use Vial with powder for injection 1 g	Cephalosporin indicated in respiratory, urinary, abdominal and genital infections, in meningitis and antibiotic prophylaxis in surgery	2007/2006 increase 2007 market share	+ 6.3% 91.79%
	Anti-infectives for systemic use Vial with powder for injection 1 g	Cephalosporin indicated in respiratory, urinary, abdominal and genital infections, in meningitis, infections with <i>Pseudomonas aeruginosa</i> , and antibiotic prophylaxis in surgery	2007 market share	64.61%

The quality of our products opened us new export opportunities

Our presence in more than 35 states worldwide has conferred us something in addition: the confidence that our medicines, produced here at Antibiotice, can be accessible anywhere in the world. In 2007 we continued to develop the activity of export (Nystatin and finished medicines) and we concluded cooperation projects with strategic partners who can sustain our ambitious development plans for the years to come.

13% turnover increase

In 2007 the turnover value obtained from the export of Antibiotice products was USD 7,500,000, 13% higher than in 2006.

From the value viewpoint, the main product traded was nystatin (active substance) which represented about 70% of the entire export activity. Thus, the total export volume of Nystatin was USD 5.3 million in 2007, the main markets being Germany, Holland, the United States, Vietnam, Brasil, Switzerland and the Russian Federation.

Offering a high quality product in accordance with the last international pharmacopoeias EP 5/ BP 2007/USP 30 led to the growth of nystatin sales on highly regulated markets as well as to the commencement of new cooperation projects with external partners.

Antibiotice is currently the second world producer of nystatin, with a 25% market share.

Export of micronised Nystatin doubled

The sales volume for micronised Nystatin, used for manufacturing oral suspensions doubled, mainly as a result of the increase in quantities delivered on the USA market. Since this market is a premium one and the trading conditions offered are very advantageous, there are real perspectives for developing new cooperation projects for nystatin in 2008.

An essential factor for developing the export of nystatin in the previous year was the continuous preoccupation for offering a high-quality product, reality confirmed by the American authority responsible for regulating the pharmaceutical field in the United States of America) after the audit conducted in January 2007. The successful result of the audit was a reconfirmation of the quality of the product offered by Antibiotice company and an advantage for promoting Nystatin on the North-American market.

This determined the increase of export on this market in 2007 by 61% over 2006.

Export of conditioned products tripled in 2007

2007 represented for the export of conditioned products the year when numerous projects for registering some products on the strategic markets materialized. At the same time we intensified our efforts for promoting the manufacturing operations under contract on the production facilities complying with the European standards.

These factors determined a triplication of the export volume of conditioned products, as compared to the previous year (from USD 700,000 in 2006 to more than USD 2 million in 2007).

Thus, in the Asia-Africa region, Antibiotice consolidated its presence on its traditional markets such as Tunisia and Vietnam and initiated trading relations on new markets (Algeria, Saudi Arabia, Morocco, Jordan and Sri Lanka).

Present on the Tunisian market since 2004, Antibiotice succeeded in consolidating its position on this market, the deliveries to Pharmacie Centrale de Tunisie exceeding USD 300,000.

Another significant project in this area was the consolidation of business relationships with Vietnamese partners that led to a duplication of sales on this market as compared to the previous year.

As far as Russia-CIS states are concerned, 2007 meant an intensified promotion activity on the main markets (Russia, Armenia, Azerbaijan, Georgia and Uzbekistan), the total sales volume amounting to USD 350,000. What is quite remarkable is the sales increase on the Georgian market, by trading one of the most important products in the company portfolio – Cefort® (ceftriaxonum) 1 g.

Promising projects for the EU market

In 2007 the attention was focused towards the export of conditioned products on the European Union market.

According to EU regulations, our company submitted to the Hungarian Regulatory Authority registration files for four products (Ampicillin for injection 1g, Amoxiplus® (amoxicillinum + acidum clavulanicum) for injection 1.2 g, Bisotens® (fumerated bisoprolol) tablets 5 mg, 10 mg, Cefalexin capsules 250 mg, 500 mg).

Our obtaining the Marketing Authorization in Hungary – expected for the first half of 2008 – will allow the extension of the registrations through the mutual recognition procedure in other countries in the European area.

At the same time, in order to penetrate the European Community market in 2007, Antibiotice concluded a “manufacturing” type contract with a French company for manufacturing 4 cephalosporins for injection and a non-penicillin. The aim of the project is the manufacture of these medicines for which Antibiotice holds the marketing authorization on the GMP certified production lines of the partner. During 2007 the contracts with the French partner were concluded and the documentation for manufacturing the products was elaborated as to ensure the actual production start in 2008.

Opportunities for launching finished medicines on the US market

The US market represents another target area for Antibiotice, both from the size and the economical development viewpoint. Thus, in 2007, an ample cooperation project started with the Canadian company ACIC, in view of distributing penicillins for injection on the US market. In 2007 the registration documentation for seven products was finalized and submitted to the Canadian partner in view of filing an application to the FDA.

+200%

export of finished drugs in 2007
as compared to 2006

+13%

export in 2007 as compared to 2006

+

new partnerships for the export
of medicines on the EC and USA
markets

Antibiotice:

- is the second world producer of Nystatin
- has successfully registered 15 community trademarks
- exports medicines to more than 35 countries worldwide
- holds the FDA authorization for Nystatin that led to developing our business on the US market.



We own a plus

We optimize the production process, year by year, for extra efficiency

We as a company could not accumulate a plus without permanent efforts to be better, more competitive and more efficient in what we do. In 2007, our objectives were to enhance the productive activity by strategic investments in production lines and infrastructure, as well as to obtain GMP recognition both from partners in the pharmaceutical industry, as well as partners from interfacing economic domains.

The harmonization of GMP requirements with ISO standards

The GMP recognition by all our partners was the result of a great integration effort of the Good Manufacturing Practice requirements, specific to the medicine and active substances manufacturing industry, with the requirements of ISO 9001/2000, ISO 14001/2004 and OHSAS 18001/1999.

This fact led in 2007, on the one hand to the GMP recertification of our parenteral product and active substances plants, and, at the same time, to obtaining during the same year of the recognition regarding the Integrated Management System implementation (quality, environment and occupational health and safety).

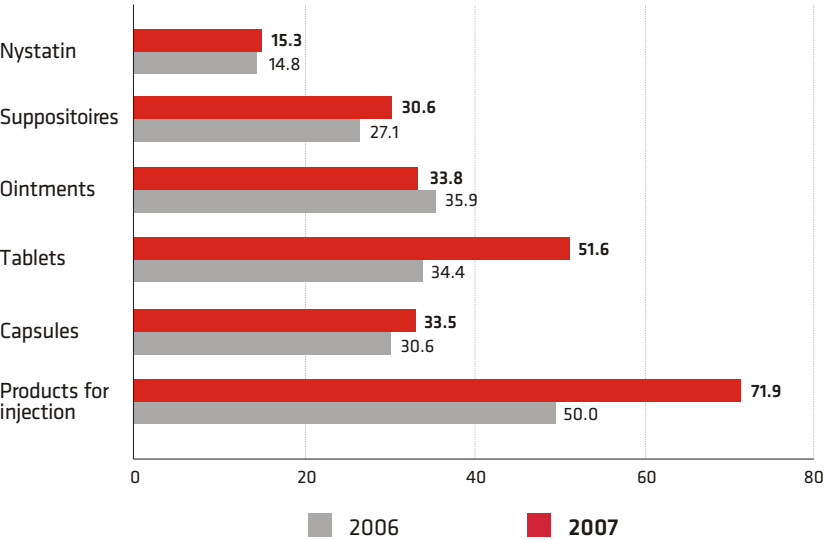
25 percent plus, for the production manufactured in 2007

On the other hand, as a result of investments made in view of the production processes optimization in 2007 the company registered a 25% increase of the production value. This was also encouraged by the overall pharmaceutical market increase, on the whole.

Antibiotice is one of the companies with the most complex manufacturing structure, owning modern, high-performing production capacities for the manufacturing of medicines for human use (the main category), active substances (Nystatin), medicines for veterinary use and biofertilizers.

Within the manufacturing capacities of Antibiotice, which are GMP certified, more than 120 medicines are obtained, manufactured under 5 pharmaceutical forms: powders for injectable solutions and suspensions, capsules, tablets, topical use preparations (ointments, gels, creams) and suppositories.

Manufacturing structure in term of value
2006-2007, million lei



+25%
to the value of the production manufactured in 2007

- + FDA reauthorization for the Nystatin manufacturing line
- + recognition for the Integrated Management System's implementation



FDA recertification for Nystatin without signaling non-conformities

Moreover, as a result of the inspection conducted by the American Authority in the medical and pharmaceutical field, our company obtained the Food and Drug Administration re-approval for the Nystatin manufacturing line. Similar to the inspection conducted by the American authority in 2002, the 483 FDA form "Warning Letter" assigned to the signaling of non-conformities was not filled-in, and thus we achieved once more the performance of finishing the audit without remarks.

The quality of the product Nystatin manufactured by Antibiotice was also recognized through our re-awarding, by the commission of the European Pharmacopoeia, of the Certificate of Suitability RO-CEP 2003-096-Rev 01, fact which recertifies the meeting of Nystatin's quality into the requirements of the monograph from the latest edition of the European Pharmacopoeia.

Optimization of the nystatin manufacturing process

Within the plant manufacturing active substances, in 2007 we increased the productivity per series for Nystatin, by 4%. This was possible as a result of the implementation and exploitation of a new biosynthesis technology for Nystatin, accomplished in cooperation with partners from abroad. At this moment, the biosynthesis process is carried out semi-automatically.

The investments made in 2007 for the optimization of the production process induced the reduction of costs regarding raw

materials with 16%, as well as the improvement of environmental parameters by cutting down the emissions of organic compounds by approximately 8%.

This performance was possible as a consequence of redesigning the ventilation and organic solvent recovery systems used in the production process, as well as of supplementing by 15% the cooling capacity, by the assembling of two chillers.

Investments in the line of injectable products favoured the GMP recertification

The investments made in 2007 within the injectable penicillins plant had as objective the optimization of the activity, as well as the GMP recertification of the production line. Therefore, we revamped the ventilation systems for areas with controlled atmosphere, we supplemented the cooling capacity needed technologically as well as that of air conditioning in classified areas, investments which reached approximately 300,000 euro.

New storage facilities were created for the packaging materials, as well as for the finished pharmaceutical products (quarantines).

External partners for the manufacturing of injectable products

Within the parenteral product plant Antibiotice produces injectable penicillins, which own the biggest share in the company's manufacturing structure (30%).



The quality standards recognized at European level facilitated in 2007 the manufacturing of injectable medicines, under contract, for partners from France. These partnerships brought an extra gain to the turnover amounting to 500,000 dollars, this way making possible the tripling of this value in 2008.

New medicines manufactured by the method of moist granulation within the Tablet Plant

In view of increasing the production capacity of the tablet plant, last year works were set off for the projection and authorization of the plant, so that we can obtain an increase in production capacity from 350 million units/year to 500 million units/year. This fact was justified by the increase by 25% of the volume of sales for tablets in 2007, as opposed to 2006.

At the same time, we continued the modernization of the technologies for obtaining tablets by the method of moist granulation, method which simplified the production process by the elimination of some intermediate production stages.

The innovation policy of the portfolio of products induced the assimilation in fabrication of new products assigned to the cardiovascular system (Lisinopril 10 mg, 20 mg, 40 mg, Bisotens[®] 5 mg, 10 mg, Simcor[®] 40 mg) and from the class of anti-inflammatories of systemic use (Kefungin[®]).

New medicines formulated as capsules, ointments and suppositories in 2007

The Capsule Plant developed its activity on the three separate lines, allotted for penicillins, non-beta-lactams and cephalosporins, with an increased production capacity (350 million capsules/year).

In 2007 we introduced a new product into manufacture: Ketoconazole 50 mg, an antimycotic for systemic use.

At the ointments and suppositories plant we continued the activity of improvement of the fabrication formulas, achieving products of high quality, such as: Fluven[®] 50 g (hepato-protective), Kefungin 15 g (antifungal), Naftitine by Antibiotice 15 g (antifungal).

Antibiotice also authorized and manufactured suppositories for complete treatments, with 12 suppositories/box, which replaced those with 6 suppositories/box.

We own a plus

Our high-quality pharmaceuticals are safe and effective

20

Having an ace up your sleeve can sometimes mean putting forth a plus of professionalism and dedication in the work you are doing. With Antibiotice, this is converted in the permanent effort to make our quality medicines provenly safe and therapeutically efficient.

Pharmacovigilance, responsibility towards the patient

Antibiotice aims at reassuring each patient that our medicines provide a twofold protection: the drug's effectiveness, similar to that of the innovative ones, doubled by its safety of administration, the latter being evaluated and constantly monitored by means of our own pharmacovigilance system.

Antibiotice has benefited from a pharmacovigilance system for five years now, during which the relevant legislation in this field has suffered dramatic changes (for instance, new notions were introduced such as "codified electronic transmission of adverse events", "signal detecting", "risk management"). The changes have had and will continue to have an impact upon the human resources and logistics allotted to this domain within the company.

The responsibilities of a pharmaceutical manufacturer do not end once the marketing authorization is released. Requirements imposed on generic-medicine manufacturers are similar to those imposed to innovative-medicine manufacturers. Beyond the legislative obligation to set up a coherent pharmacovigilance system, able to monitor the safety profile of medicines and act promptly in case an inadequate report benefit/risk is identified Antibiotice considers that a permanent monitoring and reporting of the effectiveness and safety of its products, doubled by the correct informing of consumers, doctors and specialists in the field answers the company's ethical profile.

Antibiotice, Romania's first generic medicine manufacturer connected to Eudravigilance

Harmonizing Antibiotice's pharmacovigilance system with the most recent updates in national and European legislation have aimed at monitoring all sources of information relative to the safety of medicines manufactured under trademark of Antibiotice, as well as providing a fast, optimal information exchange with the National Medicines Agency (NMA) and the European Medicine Agency (EMA).

A major achievement of the year 2007 was Antibiotice's connection to Eudravigilance, the European network for information processing regarding medicine safety. This has turned us into the first Romanian company to comply with European standards in pharmacovigilance. Eudravigilance stands for EMA's data processing network, constituted as a risk management system by the mutual collection, evaluation and information of all suspected adverse reactions both during the phases of development and after obtaining the MA for medicinal products meant for the European Economic Area (EEA).

Another important step taken in 2007 was represented by finalizing The European Medical Dictionary (Eudravigilance Medicinal Product Dictionary) with the essential information regarding safety – a stage that needs legally to be concluded in June 2008.

At the same time, steps were taken for purchasing electronic data base for the collected adverse reactions, compliant with the codified mode for recording adverse reactions specific to Eudravigilance.

Antibiotice has also enacted legal procedures for including in collaboration agreements certain detailed procedures on the obligations relative to pharmacovigilance to be applied by partners.

Training course in pharmacovigilance for the Promotion and Sales Department

In 2007 Antibiotice was concerned that all employees understand the importance given by the company to releasing safe and therapeutically efficient drugs on the market.

As follows, we continued the training of our team of over 100 medical sales representatives to make them familiar with the safety profile of Antibiotice's pharmaceuticals and collect potential adverse reactions that are spontaneously transmitted by doctors, in the case of medicines whose MA holder is Antibiotice.

+

the connection to Eudravigilance, the European network of processing the information regarding the safety of the medicines

+

the initiation of Risk Management Planning according to the NMA and EMA recommendations

+

the first bioequivalence studies for beneficiaries from Canada and France

21





Antibiotice – pioneer Romanian company to initiate Risk Management Planning

2007 saw enhanced communication efforts towards doctors and patients, who are constantly informed and updated on safety relative to a series of frequently used anti-inflammatory drugs. Last year our company was among the first in Romania to initiate a Risk Management Plan compliant with NMA and EMEA. These plans have in view collecting relevant information that would make for a safer use of drugs containing metamisol, whilst taking measures for minimizing any potential risk relative to administrating this medicine to Romanian patients.

Also, the information aimed at patients suffered changes and the medical staff was informed on the new data published by the Scientific Committee of the EMEA, referring to the safety of systemic non-steroidian anti-inflammatory drugs which hold a major part in the company's portfolio of pharmaceuticals.

These important 2007 accomplishments confirm a consolidated organizational culture regarding medicine-safety. This can only be achieved by a rigorous, in-depth knowledge about our pharmaceuticals and by enhancing the methods and techniques in the field.

Within the frame of the company, the pharmacovigilance system is considered a decisive element enabling us to contribute to evaluating benefits, efficiency and risk of drug administration. Consequently, we encourage a safe, rational and enhanced administration of Antibiotice medicinal products.

The bioequivalence of Antibiotice pharmaceuticals, clinically proven in our own Center for Drug Evaluation (CDE)

Our CDE, authorized by the Romanian Ministry of Public Health, conducts bioequivalence studies of medicines under trademark of Antibiotice, in order to prove that their safety and efficiency are equivalent to branded medicines. One of the largest bioequivalence centers in the country, the research unit is equipped with a clinical unit and a GLP certified bioanalytical laboratory. The center has its own system for quality assurance that provides a strict compliance with GCP (Good Clinical Practice) and GLP norms.

Bioequivalence studies conducted for 23 Antibiotice brand medicines

Throughout 2007 only, within the CDE bioequivalence studies for

23 Antibiotice trademark products, capsules and tablets respectively were conducted.

The bioequivalence studies conducted within CDE demonstrate that the generic-medicines manufactured at Antibiotice have the same therapeutic effect and present the same safety of administration just as innovative medicines.

Our business collaborations extend to Canadian and French companies

In the same year CDE made possible, on a contract basis, the first bioequivalence studies for French and Canadian partners.

This is the utmost evidence of the competitive, professional spirit of our CDE staff as well as the high-quality standard of the clinical studies conducted and that of the related documentation for both EC producers as well as for those on the North-American Market.

Investment-related development

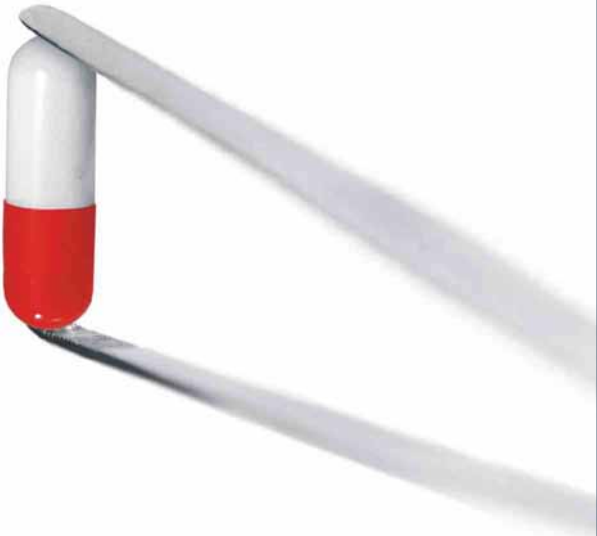
In order to enhance the CDE's competitiveness and its sustained-development strategy, investments made in 2007 meant purchasing advanced technology equipment (lab centrifuges and two HPLC items, one provided with high-pressure UV detection and the other with weight-selective detection).

The development strategy for the oncoming period has in view extending the scope of bioequivalence services we provide for our external partners, as well as conducting phase I clinical studies (first human administration).

Within the CDE Antibiotice conducts therapeutic benefit-free clinical studies (phase I studies, bioequivalence studies) for our own pharmaceutical products and, on a contract basis, for national and international manufacturers.

Being the fruit of an investment project exceeding one million euro, the CDE boasts with a team of qualified professionals (doctors, chemists, bio-chemists) that can annually conduct up to 25 clinical studies.

As a result of the training made by British experts in February 2007, 11 people within the CDE laboratory have received Certificates for Training in Good Laboratory Practice.



+25

positions in Top 100 Most Attractive Employers Antibiotice rose

+

We boast the on-line formation center, E-forma, financed by European funds



We are continuously investing in our most valuable asset: **people**

2007 meant a plus value to our company brought by our most valuable asset people. The human resources policy focused on increasing the performance of employees, on attracting new valuable employees, and on implementing adequate management systems for performance, motivation, training and development. The success of human resources management materialized in 2007 in the ascension within the "Top 100 most attractive employers" published by Capital Magazine with 25 positions as compared to 2006.

New valuable people in Antibiotice's team

In the last years Antibiotice attracted physicians, pharmacists, chemists, engineers, biologists, economists, highly qualified people who supported the ample process of structural and functional reorganization of the company. In 2007 the number of specialists joining the company was by 13% higher than in 2006.

Training and development

The continuous training in international standards and GMP guidelines implemented by Antibiotice

Increasing the performances of the employees and their motivation imply investments in their training and development. Thus, in 2007 all personnel categories were involved in professional and GMP training programs. The training courses conducted by internal lecturers run according to the system procedure issued by the Quality Assurance Department and within the frame of the annual program for every structure of the company.

Implementing the Integrated Management System: quality, environment, occupational health and safety, according to the three standards: ISO 9001/2000, ISO 14001/2004, and OHSAS 18001/1999 meant preparing also specialists and assessors, who gained specific abilities in the quality assurance, environment protection and occupational protection fields.

Specialized trainings

Specialization of the personnel working in the key fields was ensured by external trainings conducted by specialty lecturers from internationally recognized pharmaceutical companies. Almost one third of the specialized staff with university degree working in fields of major interest for the company – bioequivalence, pharmacovigilance, regulatory affairs, quality assurance, production, computerized system validation – attended these courses as compared to 13% in the previous year.

Development of the sales and promotion force – more than 100 employees – determined the organization of some specific trainings, including continuous long distance education through the Center for Evaluation and Formation on-line. This Center

financed through the Phare programme – Human Resources Development – Promotion of Human Capital, ensures on-line training sessions, with substantial material and time saving for all our employees. In 2007 this system was used only for training the promotion staff, the following step being the extension of the system at other categories of employees in 2008.

Improvement of the wages system

In 2007 a comparative analysis was made between the wage levels within Antibiotice company and those on the Romanian pharmaceutical market and the results of this analysis are applied to wage negotiations at present. This analysis aimed at enhancing the level of faith and performance among employees by an appropriate rewarding system. As a consequence the staff fluctuation rate was 2.36% in 2007 as compared to 3.27% in 2006.

Antibiotice, a career under the "plus" sign

Career plan for employees

The career plan is designed for counseling and supporting employees to gain new knowledge and skills with a view to improving their performance or for a possible hierarchical evolution. Aiming at involving and motivating the employees, in 2007 a pilot-project for career planning was developed for staff belonging to two structures of the company and, in the next year, this project will be extended on all levels in the company.

Programs of cooperation with universities from Iasi

2007 meant the beginning of a cooperation program with universities from Iasi, by which Antibiotice ensures the practical training of students and offers scholarships to the best among them; universities in turn provide theoretical training for Antibiotice employees. The project was initiated for attracting new employees from the pharmaceutical, medical and economic fields and for the continuous formation of our specialists.

The first partnership was concluded with "Gr. T. Popa" University of Medicine and Pharmacy in Iasi, being materialized in scholarships granted by Antibiotice to students in pharmacy with special academic results.

Close to people, with science and soul

Beyond implementing good manufacturing practices, we are preoccupied with the health and security of our employees, with that of the surrounding environment, and not in the least, we take part in accomplishing people's dreams offering them resources and support.

Antibiotice implements the Environmental Management System (EMS)

Recently, Antibiotice company has paid special attention to the protection of the surrounding environment. A proof in this direction consists in the ample projects regarding the improvement of purification parameters of water resulted from the company's technological processes as well as in the storage, recycling and incineration under conditions of minimum environmental impact, of the waste resulted from the company's activity.

As a result, in 2007 our company invested 1 million euro in purchasing an ecological industrial waste incinerator. Putting into service the incinerator allowed closing down the company's old warehouse and its ecologization.

As a consequence of this fact, as well as of the considerable improvement of waste waters purification parameters, in March 2007 Antibiotice obtained approval for its EMS, being the first Romanian pharmaceutical company obtaining this certification. The EMS implementation and certification conducted as per ISO 14001 requirements proves the company's interest in the protection of the surrounding environment and in the rational use of material resources and utilities.

Over 4,000 trees were saved from being cut by paper recycling

As generator of paper and carton waste Antibiotice is responsible for nature and the environment. This way, at the level of the work places, in the production plants and the related activities there were organized points for selective collection of waste, including

paper and carton. In 2007, Antibiotice collected and recycled 36 tones of paper and carton, compared to 22 tones in 2006, respectively 22 tones in 2005. The 80 tones of paper recycled during the last 3 years meant saving 1400 trees from being cut down, merely by the selective collection and recycling of waste.

More than that, in 2007, with the support of an authorized partner Antibiotice recycled 160 tones of carton packages, the equivalent of 56% of the amount of packages introduced by the company on the Romanian market, amount representing another 2,750 saved trees.

"With science and soul, close to people", humanitarian project

Because we care about our fellow human beings, last year we developed the humanitarian project entitled "With science and soul, close to people".

Within this project, Antibiotice company offered material support to more than 500 people in need from Iasi, Vaslui and Tecuci counties. Responsibility towards the community we are a part of, as well as our humanitarian spirit, made it possible to help the people affected by drought from Perieni village (Vaslui county); what is more, we provided material support and medications to families affected by the floods in Tecuci, as well as food supplies for the old people abandoned in the social center from Sculeni.

Under aegis of the same project, the company also developed a local partnership with the non-governmental organization "By your side", within which Antibiotice promoted among employees messages regarding tolerance towards the people

infected with HIV and the continuous efforts for stopping the spreading of this plague among young people.

The "Science and soul" scholarships

Antibiotice has continued its tradition of supporting intelligent youth coming from under-privileged families so that they carry on their studies within prestigious schools from Iasi, by granting them Science and soul scholarships.

Within this project developed starting with 2000, Antibiotice has been annually helping 5 selected young students in building up their future. The program entitled Scholarships for students in the rural areas is developed in cooperation with *Pro Ruralis* Association and *Ziarul de Iasi*.

Prizes and distinctions obtained in 2007 by the Antibiotice brand

The value of the Antibiotice brand, brand that is there for the people with science and soul, was awarded several prizes and distinctions in 2007. Within the first edition of Superbrands Romania, a world-wide reference publication in branding culture development edited in 81 states of the world, our brand was awarded the Superbrand title, next to other 46 brands operating in Romania.

At the same time, Antibiotice brand identity signed by Grapefruit branding agency was awarded first prize at „Identity: Best of the Best 2007”, an international competition of logo design and company identity organized at Moscow.

The re-branding campaign of Antibiotice entered the American top 50 of the most valuable re-branding processes.

High profits for investors

In 2007, the positive evolution of Antibiotice shares on the stock market eventually propelled our company to prestigious hierarchies, such as “„Top 500 most outstanding companies listed on the stock exchange, or the “Top of the most valuable companies”. These achievements, as well as the good financial results reported, make Antibiotice one of the most attractive companies listed on the Bucharest Stock Exchange.

The evolution of Antibiotice shares in 2007

2007 was a favorable year for investing in Antibiotice shares. Investors who took advantage of the peak reached by the Antibiotice stock (2.17 lei/share) obtained a return on investment of 126% as compared to investments at the end of 2006.

The positive economic results reported by the company recently, particularly those reported in 2007, have determined a constant increase in the price of shares traded on the Bucharest Stock Exchange. As a result, the price per share was 17% higher on 2007, from 1.75 lei/share at the beginning of the year, to 2.05 lei/share at the end of 2007. The positive evolution of Antibiotice shares listed on the stock exchange is also shown by the fact that the average price per share was, in 2007, 16 times higher than the one reported 7 years before.

This brought about a constant increase in the company's market capitalization, which, by the end of 2007 reached 933 million lei (264 million euro), 1.19 times higher than the value reported at the end of 2006 (228 million Euro) and about 115 times higher than the market capitalization reported at the end of 2000.

What we bring as a plus

The excellent reputation and the sustained growth in terms of the price per share have made Antibiotice an attractive company for numerous investors. This ensured, at the beginning of 2007, the inclusion of Antibiotice shares in the Dow Jones Wilshire Global Total Market Index, next to other Romanian, Bulgarian and Icelandic companies. The Dow Jones index, one of the most prestigious stock market indices, enhances the reputation of our company as the stock evolution on the local market can be hence monitored from Wall Street.

Moreover, the evolution of Antibiotice shares is being monitored on the regional Viennese market as well. The Antibiotice shares have been included and maintained their position within the ROTX index (Romanian Traded Index), since 2005.

Moments under the plus sign

- On 10.07.2007, Antibiotice reported a peak value of 2.17 lei/share, this record value being owed to the positive evolution in terms of turnover and profit, as well as to the high level of credibility granted to the company by its investors.
- On October 2007 the number of shares traded reached a maximum value, i.e. 6,891,482, with an overall traded value of 14 million lei (4.4 million euro).
- The end of 2007 saw a dramatic increase in the number of shares traded, which is 9 times higher than the value recorded in 2000.

Evolution of Antibiotice shares during 2002-2007

Indices	UM	2002	2003	2004	2005	2006	2007
Opening price	lei/share	0.1110	0.2100	0.2250	0.5000	0.9650	1.7500
Top price	lei/share	0.2950	0.2400	0.5450	1.0100	1.9100	2.1700
Floor price	lei/share	0.1010	0.1820	0.2250	0.5000	0.9600	1.5800
Reference price	lei/share	0.2100	0.2250	0.4820	0.9650	1.7200	2.0500
Average price	lei/share	0.2026	0.2151	0.3301	0.7820	1.5004	1.8840
Total amount traded	million lei	17	10	19	45	76	95
No of shares traded		82,096,107	47,590,611	56,722,508	57,444,262	50,434,665	50,265,984

+17%

increase in the average price per share in 2007, as compared to 2006

+19%

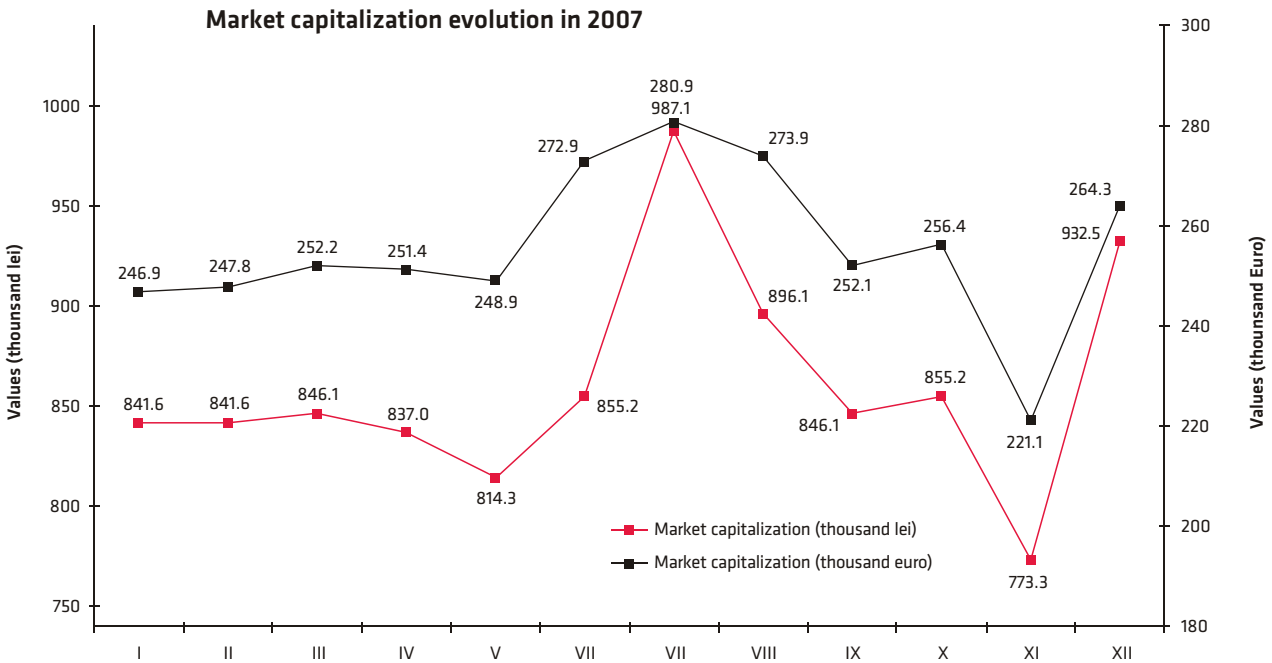
increase in the market capitalization value in 2007, as compared to 2006

+

Antibiotice shares are included in the Dow Jones index

+

Antibiotice entered the top of the most valuable Romanian companies



Antibiotice – constantly present in the upper hierarchy of the pharmaceutical market

The positive evolution of Antibiotice shares on the Stock Exchange, as well as the outstanding financial results obtained in 2007 and before have prompted the company to leading positions in hierarchies drawn-up by renowned economic journals.

In the list of the most valuable Romanian companies created by Ziarul Financiar, Antibiotice was awarded the 84th position, going up one place since last year. The market share that prompted Antibiotice to this position is 252 million Euro, (as per the market capitalization on 28 September 2007), which was an increase of 43% over the previous year.

Similarly, Antibiotice came in 9th place in the “Top 50 most outstanding companies listed on the Stock Exchange” drawn-up by the Contrast Management Consulting society for the weekly financial newspaper Capital.

In the same year Antibiotice was ranked 15th in “TIB 100 – Top 100 stock market investments”, according to a study conducted by the Romanian rating company BERG. Moreover, in “Top 100 most valuable companies on the stock market”, Antibiotice was ranked the 16th.

The major Antibiotice shareholders at the end of 2007

- AVAS (53.0173% of the shares)
- S.I.F. Oltenia (10.0954%)

Steady and profitable growth

At the end of 2007 Antibiotice totaled a turnover of 229.42 million lei, reporting a 17.24% increase as compared to 2006. The gross profit related to the past fiscal year was 36.89 million lei, 22.65% higher than the gross result reported for the previous year. Thus, the economic profitability determined by the gross profit and turnover indices was 16.08%.

Operational income goes up 22%

On the 31st December 2007 the operational result amounted to 42.08 million lei, 45% higher than the previous year. Thus, the operational profitability reached 18.34%, as compared to 14.86% in 2006. The financial income amounted to 1.68 million lei, a significant value being obtained from favorable differences of exchange rates relative to receivables and obligations in foreign currency.

The financial expenses were 6.87 million lei, out of which expenses with bank interests related to credits were 2.48 million lei, whereas negative difference of exchange rates totaled 4.39 million lei.

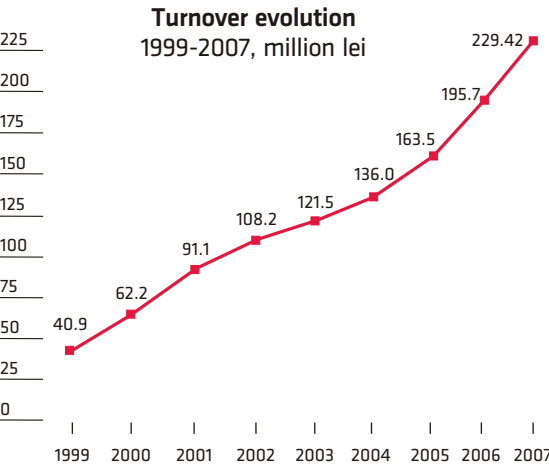
The operational income amounting to 235.85 million lei increased by 22% as opposed to the precedent year and consists of:

- Sales of product: 228.3 million lei
- Sales of merchandise: 1.16 million lei
- Other income: 6.43 million lei

Structurally analyzed, the operational expenses relative to 2007 underwent no dramatic changes.

Against a turnover increase of 33.74 million lei (17%) as compared to the previous year, 2007 sees an increase in raw material expenses amounting to 6.31 million lei (14%).

Quite the opposite of 2007, the utility consumption decreased with 3%; the savings recorded with utilities were a result of last years' investments in installations producing air, steam and cooling agent.

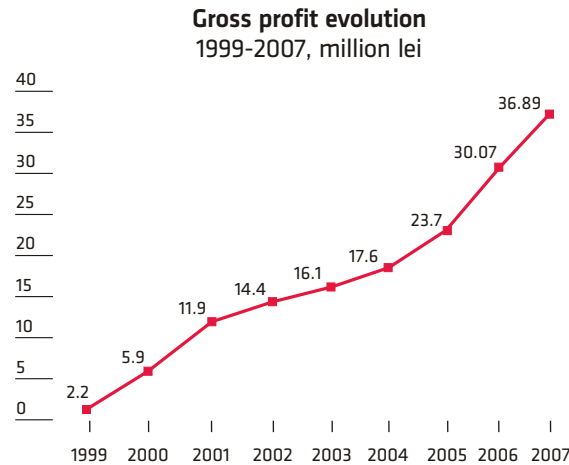


The net profit has increased by 36.15% as opposed to 2006

At the end of 2007, the company reported a total income of 237.53 million lei, and total expenses of 200.64 million lei, respectively. Hence, a gross profit of 36.89 million lei was obtained. After calculating the profit tax, the company reported a net profit of 32.46 million lei, 36.15% higher than 2006. The profit was distributed according to the provisions of Government Ordinance no. 64/2004 and to approval of the General Meeting of Shareholders of April 21st, 2008.

Economic - Financial indices

Elements	31.12.2007 mil. lei	31.12.2006 mil. lei	%
Fixed assets	106.79	164.10	+53.66%
Circulating assets	153.60	180.77	+17.69%
Current Debts	68.66	84.28	+22.75%
Long-term debts	2.55	3.81	+49.41%
Risk provision	3.49	2.40	-31.23%
Advance income	8.87	8.55	-3.61%
Shareholder's equity	177.06	246.25	+39.08%



The main items of assets and liabilities

The fixed assets reported a growth of 53.66% based on commissioning new fixed assets, new investment and revamping works, as well as a benefit of the revaluation of fixed assets conducted at the end of 2007 according to International Accounting Standards.

The circulating assets went up 17.69%, mainly as a result of an increase in receivables from 106.59 million lei to 122.33 million lei, against an increase of the inventories' value from stocks from 18.33 million lei to 21.75 million lei.

Cash flow influenced by pay-back difficulties

The commercial receivables and, above all, the due receivables from medical suppliers became a problem that Antibiotice had to face in recent years. Summoned to come up with an answer, the Ministry of Health, the National Health Insurance House and the Ministry of Finance failed to find a solution to settle the problem.

As a result, in 2007 the company recorded a cash flow that, in the line of recent years, was negatively influenced by the state's failure to allot financial funds to the sanitary system.

The current debts reported by Antibiotice increased by 22.75%, the absolute debt value to be paid back within one year amounting to 84.28 million lei.

The positive economic results obtained by the company materialized in an increase of the value of the net circulating assets by 14% as compared to the previous year, amounting to 96.9 million lei.

On 31 December 2007 Antibiotice company had paid all the outstanding budgetary debts. Throughout the past fiscal year, the company paid to the state budget obligations amounting to 32.36 million lei.

As opposed to the end of 2006, the debt ratio diminished by 11.02%

The company debt ratio (determined as a relation between total debt and total assets) amounted to 35.77% on the 31st December 2007, on the previous year being 40.2%. Accordingly, the debt ratio decreased during this interval with 11.02%.

Book net asset, higher with 39.08%

The company's equity capital (book net asset) has reported a growth of 39.08% from 177.10 million lei in December 2006 to 246.25 million lei in December 2007.

Quick ratios appreciated

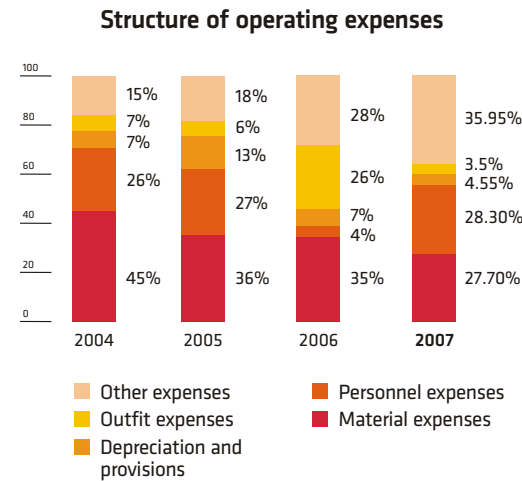
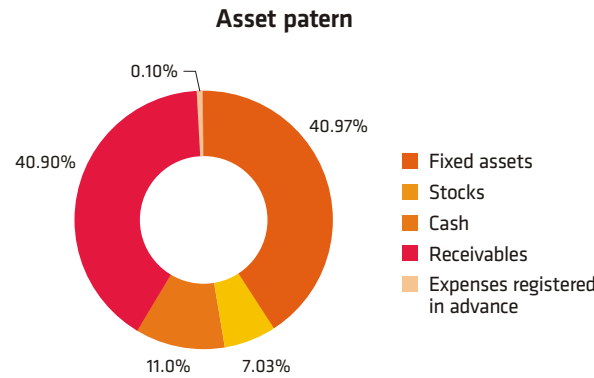
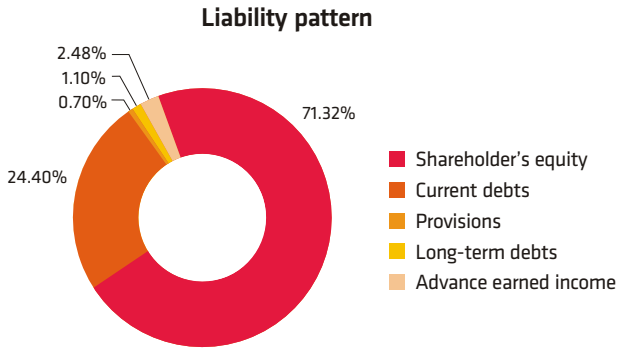
The financial-economical policies adopted in 2007 have determined the improvement of the company's quick ratios. Therefore, the overall quick ratios leveled off at 2.2, and the immediate ratios increased from 1.9 in 2007 to 2 in 2006.

+17.24%

on 2007 the turnover was higher than the value reported in 2006

+22.65%

he gross profit was higher as compared to 2006



Financial data

Intermediary Administration Balances

(lei)	2006	2007
Sales of merchandise	1,093,304	1,164,131
Expenses with merchandise	(801,641)	(783,568)
Commercial margin	291,663	380,563
Sold production	194,584,641	228,251,471
Stored production	(4,412,706)	3,607,554
Fixed production	437,630	417,093
Production of the financial year	190,609,565	232,276,118
Commercial margin	291,663	380,563
Other purchases and external expenses	(89,059,692)	(124,194,774)
Added value	101,841,536	108,461,907
Operational subsidies	–	–
Personnel related expenses	(43,382,326)	(54,849,217)
Tax and fees	(1,522,747)	(1,618,003)
Gross operational excess	56,936,463	51,994,687
Income from operational provisions	5,695,755	10,066,519
Other operational income	1,689,844	2,407,816
Expenses with depreciation and operational provisions	(26,337,251)	(15,971,903)
Other operational expenses	(8,903,947)	(6,420,057)
Operational result	29,080,864	42,077,062
Financial income	4,355,603	1,678,689
Financial expenses	(3,362,907)	(6,869,401)
Current result	30,073,560	36,886,350
Extraordinary income	–	–
Extraordinary expenses	–	–
Gross result of the financial year	30,073,560	36,886,350
Profit tax	(6,234,414)	(4,430,343)
Result of the financial year	23,839,146	32,456,007

Profit and Loss Account

(lei)	2006	2007
Net turnover	195,677,945	229,415,802
Sold production	194,584,641	228,251,471
Income from merchandise sale	1,093,304	1,164,131
Variation of creditor balance stocks	0	3,607,554
Variation of debtor balance stocks	4,412,706	0
Fixed production	437,630	417,093
Other operational income	1,689,844	2,407,816
I. Operational income	193,392,713	235,848,065
Expenses with raw materials and consumables	(46,350,619)	(52,659,641)
Other material expenses	(900,854)	(1,017,009)
Other expenses (with power and water)	(6,950,340)	(6,735,681)
Expenses with merchandise	(801,641)	(783,568)
Personnel expenses	(43,382,326)	(54,849,217)
Adjustment of the value of corporeal and incorporeal fixed assets	(11,778,682)	(8,822,218)
Adjustment of the value of circulating assets	(8,969,608)	(-1,822,815)
Other operational expenses	(45,284,573)	(71,820,503)
Adjustment of the risk and expense provision	(-106,794)	(-1,094,019)
Operational expenses	(164,311,849)	(193,771,003)
Operational result	29,080,864	42,077,062
Financial income	4,355,603	1,678,689
Current result	(3,362,907)	(6,869,401)
Financial result	992,696	(5,190,712)
Current result	30,073,560	36,886,350
Total income	197,748,316	237,526,754
Total expenses	(167,674,756)	(200,640,404)
Gross result	30,073,560	36,886,350
Profit tax	(6,234,414)	(4,430,343)
Net result of the financial year	23,839,146	32,456,007

Balance Sheet of the Financial Year 2007*

(lei)	2006	2007
A. Fixed assets		
I. Non-tangible Fixed Assets	936,819	1,773,383
Concessions, patents, licenses, trademarks, rights and similar value	883,311	1,212,667
Advances and non-tangible fixed assets in course	53,508	560,716
II. Tangible fixed assets	105,848,204	162,316,097
Lands and buildings	84,196,576	138,240,577
Technical installations and machinery	19,869,249	22,330,719
Other installations, equipment and furniture	536,409	825,296
Advances and tangible fixed assets in course	1,245,970	919,505
III. Financial fixed assets	8,198	8,198
Titles as tradeable securities	1,500	1,500
Titles held as fixed assets	640	640
Other receivables	6,058	6,058
Fixed assets - Total	106,793,221	164,097,678
B. Circulating assets		
I. Stocks	18,333,107	21,753,839
Raw materials and consumables	9,177,085	9,640,823
Production under development	1,626,013	949,217
Finished products and merchandinse	7,364,619	10,142,161
Advances for stock purchase	165,390	21,753,839
II. Payables	106,591,713	122,326,101
Commercial payables	105,161,725	120,991,568
Other payables	1,429,988	1,334,533
III. Cash and accounts with banks	28,670,254	36,690,424
Circulating assets – Total	153,595,074	180,770,364
C. Prepaid expenses	248,653	422,739
D. Debts to be paid in one year	68,662,036	84,281,535
Sums owed to credit institutions	39,633,252	51,301,520
Advances collected for orders	36,588	–
Commercial debts	17,459,200	23,725,751
Other debts, including tax debts and debts for social security	10,002,270	7,552,229
E. Circulating assets, respectively net current obligations	85,181,691	96,911,568
F. Total assets minus current obligations	183,101,563	261,009,246
G. Debts to be paid in more than one year	2,547,890	3,807,056
Sums owed to credit institutions	1,761,697	2,143,556
Other debts, including tax debts and other debts for social security	786,193	1,663,500
H. Provisions for risk and expenses	3,494,019	2,400,000
I. Prepaid income, of which:	8,873,349	8,552,429
Subsidies for investments	8,873,349	8,552,429
Prepaid income	0	0

*The financial statements according to the IFRS requirements are available on our website: www.antibiotice.ro/investors

(lei)	2006	2007
J. Capital and reserves	75,048,082	78,796,565
I. Capital, of which:		
Paid subscribed capital	45,489,729	45,489,729
II. Reserves from reevaluation	<u>Credit balance</u> <u>Debtor balance</u>	
	46,419,363	92,774,229
III. Reserves	75,048,082	78,796,565
Legal reserves	6,507,240	8,351,558
Other reserves	66,181,075	66,191,600
IV. Reported result	<u>Credit balance</u> <u>Debtor balance</u>	
	10,102,480	1,422,451
V. Result of the exercise of the creditor balance	23,839,146	32,456,007
Profit allotment	23,839,146	1,844,318
Total equity capital	177,059,654	246,249,761
Total capitals	177,059,654	246,249,761

Cash flows

(lei)	2006	2007
I. Cash flows from operations		
Cash collection from good sale and service provision	132,015,614	164,292,419
Cash collection from royalties, fees, commissions and other income	1,468,242	156,419
Cash payment to good and service providers	(81,471,434)	(84,089,838)
Cash payment to and in the name of the employees, payments made by the employer regarding the personnel	(42,986,957)	(54,253,522)
Value-added paid fee	(370,546)	(2,583,438)
Other taxes, fees and assimilated payments	(3,987,584)	(3,356,599)
Cash generated by operation	4,667,335	20,165,441
Collected interests	36,607	26,457
Paid interests	(1,785,976)	(2,350,911)
Paid profit tax	(4,611,750)	(5,198,888)
Net cash flows from operation	(1,693,784)	12,642,099
II. Cash flow from investments		
Cash collection from sale of lands and buildings, instalations and equipment, incorporeal assets and other long-term assets	–	–
Cash collection and payment from other investments	1,329,840	955,511
Cash collection from procuring land and fixed assets, incorporeal assets and log-term assets	(10,110,424)	(12,161,519)
Collected dividends	–	–
Net cash flow from investments	(8,780,584)	(11,206,008)
III. Cash flow from financing		
Collection from long-term loans/paybacks	(267,096)	(905,691)
Collection from short term loan/paybacks	11,697,833	10,557,381
Payments for financial leasing operations	(664,918)	(1,258,664)
Paid dividends	(3,372,600)	(10,333,686)
Net cash flow from financing	7,393,220	(1,940,661)
Effects of exchange rate variation afferent to cash and chas equivalences	306,044	–
Cash flow – Total	(2,775,105)	(504,570)
Cash andcash equivalences at the begining of the period	5,437,188	2,662,083
Cash and cash equivalences at the end of the period	2,662,083	2,157,514

Auditor's Report for the General Meeting of Shareholders

1. We have audited the balance sheet of SC Antibiotice SA (hereby referred to as the Company) as of 31 December and the profit and loss account for the financial year ended on the above-mentioned date. The attached financial statements are the responsibility of the company management. Our responsibility is, based on the audit conducted, to express an opinion on these financial statements.

2. The company management is responsible for drawing up and faithfully presenting the financial statements as per OMFP no. 1752/2005 for “approving the accountant stipulations in conformity with European directives”. This responsibility includes: setting-up, implementing and maintaining a relevant internal control for drawing up and faithfully presenting the financial statements without significant alterations caused by errors or fraud.

3. Our responsibility is, based on the audit conducted, to express an opinion on these financial statements. Except as discussed at paragraph 5, we conducted our audit in conformity with the Auditing Standards issued by the Chamber of Romanian Financial Auditors, based on the International Audit Standards. These standards impose compliance with the requirements of professional ethics, planning and conducting the audit so as to obtain reasonable assurance of whether the financial statements are free of significant misstatement.

4. The audit consists in conducting procedures to obtain the proofs justifying the amounts and information contained in the financial statements. The selection of procedures is based on the professional judgment of auditors, including the evaluation of risk relative to significant misstatement in the financial statements, regardless if they are caused by errors or fraud. In conducting these risk evaluations, the auditor takes into account the internal control relevant for the drawing up and faithful presentation of these financial statements in order to set the relevant auditing procedures in the given circumstances, but not with the aim of presenting an opinion on the effectiveness of the internal control system of the company. Auditing the financial situations equally includes the assessment of the accounting principle used, the rationale of the management's assessment and the evaluation of the overall financial statement presentation. We consider that the audit conducted by us provides a reasonable basis for our opinion.

5. Our society has contracted expenses related to marketing and advertising, and expenses with the services supplied by distributors up to the amount of 48 million LEI, without distinguishing the commercial discounts granted to distributors.

6. In previous financial years, the company made reserves for the reevaluated tangible assets, without properly reducing the related reevaluation difference. On 2007 the society has resumed a part of the reserves accumulated in the previous financial exercises reporting an income of 4.3 million LEI .

7. Throughout December 2007, the company's income resulting from finished product sales was 3 million lei. The cost related to granting discharge was 2 million lei, the product delivery being carried out during January 2008.

8. In our opinion, except for certain adjustments that may have been necessary if we had made sure of the things mentioned in paragraph 5 above and except for paragraphs 6 and 7, the financial statements of Antibiotice SA were appropriately drafted in all their significant aspects, in conformity with OMFP no. 1752/2005 for approving “Accountant regulations compliant with European directives”.

9. The management's report is in compliance with the annual financial statements.

10. Also, we'd like to inform you of the following:

- ANAF is in the process of conducting fund control for the financial year 2007 regarding the fiscal debt of the company. In this sense, amounts such as increases or penalties related to debts to the estate budget can be established further to the above-mentioned control.
- The company has made the reevaluation of the tangible assets in its patrimony using the company's experts. The adjustment coefficients of the reevaluated value contain some arguable elements in terms of determining the right values of the tangible assets.
- Based on the final sentence no. 154/05.11.07 issued by the Court of Appeal Iasi and decision no. 2/11.01.07 issued by the National Agency of Fiscal Administration, the company reported income from the recovery of debits and increases to the state budget amounting to 0.9 million lei, representing amounts related to previous financial statements.
- The company has to collect debits in relation to CHPM Impex SRL amounting to 1 million LEI and dating two years back. These amounts are guaranteed by a mortgage contract on lands owned by GP Pharma SRL, company that is undergoing legal liquidation.
- The amount of 2 million lei representing expenses with subsidies given on legal holidays and other personnel-related expenses was included under “Expenses with donations and subsidies”.
- Previously our company operated in an economy marked by hyperinflation. One of the main effects of hyperinflation is loss of comparability of the information comprised in the financial statements. Thus, expressing non-monetary elements as historical values leads to the undervaluation of the net assets of the company. The re-evaluations performed by the company during the previous periods are likely to attenuate the above-mentioned effects. The company will prepare a new set of financial statements made available for the users, including adjustments of the financial statements in conformity with the International standards of Financial Reporting.

BDO Conti Audit
Bucharest, 3rd April 2008

Contacts:

Headquarters:

1 Valea Lupului Street
Iasi, 707410

Tel: + 40 (232) 220 040, 235600

Fax: + 40 (232) 211 020

E-mail: office@antibiotice.ro

Bucharest Office:

17-19 Dr. Eugen Iosif Street
5th Sector, Bucharest, Romania

Tel: + 40 0372 065 601

Fax: + 40 0232 209 620

E-mail: office.bucuresti@antibiotice.ro

+ FDA reauthorization for the Nystatin manufacturing line

+25

positions in Top 100 Most Attractive Employers Antibiotice rose

+25%

to the value of the production

+ recognition for the Integrated Management System's implementation

