

The background features four blue spheres of varying sizes, each with thin white lines and dots representing orbits or paths. These spheres are interconnected by several thick, white, curved lines that sweep across the page, creating a sense of dynamic movement and interconnectedness.

2013 ANNUAL REPORT



ALKALOID
SKOPJE



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KEY FINANCIAL INDICATORS

	(In 000 MKD)		
	Amount 2013	Amount 2012	Index 13/12
Total Revenues	7.275.497	7.109.229	102,34
Sales	7.097.599	6.788.633	104,55
Gross Profit	3.424.586	3.291.423	104,05
Operating Profit	715.510	688.476	103,93
Profit Before Tax	671.283	640.041	104,88
Net Profit	600.426	583.730	102,86
Total Assets	9.481.868	9.279.155	102,18
Equity	7.547.843	7.242.108	104,22
Net Cash Flow	223.339	(3.235)	-
Investments in Assets (PPE&IA)	461.610	468.898	98,45
Average Number of Employees	1.446	1.384	104,48
Sales per Employee	4.908	4.905	100,07
Current Ratio	2,61	2,63	99,24
Long-term Debt	0,7%	2,9%	25,42
ROE Return on Equity	7,95	8,06	98,64
EPS Basic Earnings per Share (In MKD)	422,30	410,50	102,87
DPS Dividend per Share (In MKD)	180,00	165,00	109,09
Total Number of Shares	1.431.353	1.431.353	100,00
1 EUR/1 MKD (Average)	61,5834	61,5304	100,09

FINANCIAL HIGHLIGHTS

	(In 000 EUR)		
	Amount 2013	Amount 2012	Index 13/12
Total Revenues	118.141	115.540	102,25
Sales	115.252	110.330	104,46
EBIT Earning Before Interest and Taxes	11.619	11.189	103,84
Net Profit	9.750	9.487	102,77
EPS Earnings per Share	6,86	6,67	102,79

Alkaloid organized the third humanitarian picnic. The funds raised through the Foundation "Trajche Mukaetov" were donated to the Gynecology and Obstetrics Clinic at the Clinical Centre "Mother Theresa" in Skopje

"Trajche Mukaetov" Foundation granted 42 new scholarships to undergraduate students of the Faculty of Medicine (22.) and the Faculty of Pharmacy (20.) at "Sts. Cyril and Methodius" University. Two valedictorians were also granted one-of premiums

Alkaloid upgraded the SAP system with a global leading solution for human resources management branded AlkaSAP_HR

Alkaloid obtained over 30 marketing authorizations for its pharmaceutical products in the Commonwealth of Independent States

Alkaloid's research team discovered the crystal structure of the compound codeine phosphate sesquihydrate

Alkaloid's Cefixime and Methadone got marketing authorizations for the EU markets

HIGHLIGHTS 2013

A new modern high rack warehouse was commissioned at the production site "Gjorche Petrov" in Skopje

Alkaloid obtained all A-integrated environmental protection licenses

PC Pharmaceuticals successfully passed the British MHRA inspection

For the fourth time, Alkaloid was awarded the "Crystal Bell" by the Macedonian Stock Exchange

Alkaloid opened a new subsidiary in Turkey

CEO/MB President Zhivko Mukaetov was presented with prominent national and international acknowledgments. He also became member of Class 2014 of the prestigious organization Forum of Young Global Leaders (part of the World Economic Forum)

SHAREHOLDERS ASSEMBLY

SUPERVISORY BOARD

**INTERNAL AUDIT
DEPARTMENT**

MANAGEMENT BOARD

CHIEF EXECUTIVE OFFICER

CORPORATE SERVICES

Finances

Shareholding,
Property Issues

Legal and
Personnel Affairs
Human Resources

Bussines Planing
Controlling and
Reporting

LOGISTICS

**DOMESTIC DAUGHTER COMPANIES
AND SUBSIDIARIES ABROAD**

PC PHARMACEUTICALS

Sales

MKD (Pharmaceuticals & CONS),
KOS, ALB, SRB, ME, B&H

European
Union

RUS, CIS

**Pharmaceutical
Corporate Development**

**OTC Division,
in-house projects**

**Rx Division
in-house projects**

**Bussiness
Development**

PC CHEMISTRY, COSMETICS, BOTANICALS

Production Division Chemistry
Cosmetics, Botanicals

Commercial Department
Chemistry, Cosmetics, Botanicals

2013 ORGANIZATIONAL CHART ALKALOID GROUP

CORPORATE SERVICES

Quality Assurance

Information Technology and Telecommunications

Marketing Communications

General Affairs

PC PHARMACEUTICALS

Research and Development

Global Regulatory and Medical Affairs, Drug Safety, Intellectual Property

Quality control

Production of Pharmaceuticals

Ampoules, Liquids, Semisolid Dosage Forms

Packaging

Pharmaceutical Ingredients

Solid Dosage Forms

Cephalosporines

Maintenance

PC CHEMISTRY, COSMETICS, BOTANICALS

R&D Department
Chemicals, Cosmetics, Botanicals

Quality Control
Chemistry, Cosmetics, Botanicals

REPORT ON THE WORK OF THE SUPERVISORY BOARD OF ALKALOID AD SKOPJE

In 2013, the Supervisory Board of Alkaloid AD Skopje operated as follows:



Prof. D-r Miodrag Micajkov

President of the Supervisory Board,

Ph.D. in Law

Born on August 27, 1944, in Kavadarci, Republic of Macedonia. Professor and former Dean of the Faculty of Law "Justinian I" at Sts. Cyril and Methodius University in Skopje. President of the Board since 1998.



Prof. D-r Ilija Dzhonov

Member of the Supervisory Board,

MD, Dr. Sci. med.

Born on November 24, 1943, in Stip, Republic of Macedonia. Professor and former Dean of the Faculty of Medicine at Sts. Cyril and Methodius University in Skopje. Member of the Board since 1998.



Bojancho Krlevski

Member of the Supervisory Board,

B.Sc. in Chemical Engineering.

Born on March 8, 1951, in Skopje, Republic of Macedonia. Employed in Alkaloid AD Skopje. Member of the Board since 1998.

In accordance with the Law on Trade Companies and the Statute of ALKALOID AD Skopje, the Supervisory Board is authorized to supervise the management of the Company performed by the Management Board as well as to analyze and assess the papers and the documents of the Company. The authorizations of the Supervisory Board are set forth in the Law on Trade Companies and the Statute of Alkaloid AD Skopje.

In the course of year 2013, the Supervisory Board held 8 (eight) sessions and passed 19 (nineteen) Decisions.


During its formal sessions, the Supervisory Board reviewed and discussed all important issues that fell within the scope of its competences, including the unaudited standalone financial reports and unaudited consolidated financial reports for year 2013, as well as those for the period 1 January to 31 March 2013; 1 January to 30 June 2013; 1 January to 30 September 2013 in all structures: Balance sheet of the Company, Income statement, Cash flow, Trade receivables and Borrowings.

On the formal sessions, upon invitation sent by the Supervisory Board, the Chief Executive Officer and President of the Management Board attended, along with other competent management representatives in order to elaborate all positions from the submitted unaudited standalone financial statements and unaudited consolidated financial statements thus enabling the Supervisory board to take its decisions accordingly.

Thereafter, upon the rendered assessment and elaborations given by the CEO and MB President of Alkaloid AD Skopje and the management representatives from the respective expert services, the Supervisory Board asserted to approve the unaudited standalone financial statements and unaudited consolidated financial statements as well as the unaudited unconsolidated and unaudited consolidated Balance sheet of the Company for year 2013.

The Supervisory Board carried out a regular assessment of the management of the Company i.e. the work of the Management Board and reviewed the Annual Report on the operations of the company for the period from January to December 2013. The Supervisory Board thus assessed that the operations of the Company and its management were carried out successfully in the course of the fiscal year 2013, as indicated in the presented positive financial results of the Company. The Supervisory Board positively assessed the cooperation with the President and the Members of the Management Board whose sole purpose was to build mutual attitudes aimed at realization of the set plans for successful development of the Company for 2013.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board reviewed the semi-annual report of the Internal Audit Department containing the activities of this independent organizational unit in the course of the period from January to June 2013. The Supervisory Board asserted the referenced semi-annual report thus assessing that the same is adequate, efficiently compiled and elaborated in accordance with the Law on Additions and Amendments to the Law on Trade Companies.



Pursuant to the annual plan for internal audit for year 2013 of the Internal Audit Department, the Supervisory Board reviewed and adopted the Quarterly reports for the period January-March, January-June, January-September and October-December 2013.

In accordance with Article 415-b of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board reviewed and passed a decision for approval of the annual report of the Internal Audit Department for the year 2014.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board passed a decision for approval of the annual report of the Internal Audit Department for the period January-December 2013 upon rendered review. The annual report of the Internal Audit Department encompassed the following:

- Description of performed activities
- Findings/Recommendations of rendered individual audits
- Consulting activities
- Information on the Internal Audit Department

The Supervisory Board assessed this report as sustainable, of high quality and objective, giving overall presentation of the rendered audits thus approved the aforementioned report and enclosed it to the Shareholders' Assembly.

Pursuant to Article 480, Section 2 of the Law on Trade Companies, the Supervisory Board reviewed the Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports for the year ended 31 December 2013 and the Independent Auditors' Report along with the opinions issued by the independent auditor Deloitte LTD Skopje.

The audit was performed in accordance with the International Auditing Standards and the Law on Audits in the Republic of Macedonia. According to the opinion of the independent auditor, the financial reports of Alkaloid AD Skopje for the year ended 31 December 2013 are prepared in all material aspects, in accordance with the valid accounting regulations in the Republic of Macedonia.

The Supervisory Board reviewed the records and documentation of the Company which were related to its financial operations, and consequently asserted that in this area the Company performed its operations successfully and in full compliance with the legal regulations.

Following the review of the Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports, the Independent Auditors' Report issued by the independent auditor Deloitte, the Proposal Annual Statement of Accounts of the Company, Annual Performance Report for the period January – December 2013 and the Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for 2013, the Supervisory Board proposed to the Shareholders' Assembly to pass a decision for approval of the following:

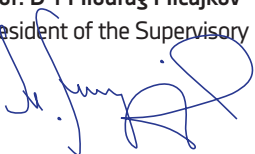
- Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports and the Independent Auditors' Report issued by the independent auditor Deloitte for the year ended as at 31 December 2013;
- Annual Statement of Accounts of the Company for year 2013;
- Annual Performance Report for the period January – December 2013;
- Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for year 2013.

The Supervisory Board also reviewed other proposals submitted by the Management Board of the Company such as: Decision-proposal for determining dates for payment of the dividend for year 2013 (dividend calendar); Decision-proposal for acquisition of proper shares with buyout, Decision-proposal for selling proper shares and Decision-proposal for amendments and additions in the Statute of the Company.

After reviewing the decision-proposals, the Supervisory Board proposed to the Shareholders' Assembly of Alkaloid AD Skopje to pass decision for approval of the above referenced.

All operations of the Supervisory Board in the course of the year 2013 were in the frame of the competences set forth in the Law of Trade Companies and the Statute of Alkaloid AD Skopje.

Prof. D-r Miodrag Micajkov
President of the Supervisory Board



Prof. D-r Ilija Dzhonov
Member of the Supervisory Board



Bojancho Krlevski
Member of the Supervisory Board



REPORT ON THE WORK OF THE MANAGEMENT BOARD OF ALKALOID AD SKOPJE



Zhivko Mukaetov

President of the Management Board and Chief Executive Officer of Alkaloid AD Skopje

Holds a B.Sc. degree in Mechanical Engineering and a postgraduate degree from the Chartered Institute of Marketing in London, UK. Member of the Management Board since 2004; appointed for President of the Management Board in 2007. Born on 3 May 1974 in Skopje, Republic of Macedonia. He has 20 years of professional experience, and is responsible for the overall operations of Alkaloid Group.



Milkica Gligorova

**Member of the Management Board,
Director of the Production segment of PC Pharmaceuticals of Alkaloid AD Skopje**

Holds a B. Sc. Degree in Pharmacy, Specialist in Pharmaceutical Technology. Member of the Board since 2004. Born on 10 April 1959 in Skopje, Republic of Macedonia. She has 30 years of professional experience and is responsible for the overall production operations in PC Pharmaceuticals.

Viktor Stojchevski

**Member of the Management Board and Chief Financial
Officer of the Company**

Holds a B. Sc. Degree in Economics.
Member of the Board since January 2013. Born on December
17, 1974 in Skopje, Republic of Macedonia.
He has 12 years of professional experience and
is responsible for the financial operations of the Company.



Gjorgi Jovanov

**Member of the Management Board and Director
of Shareholding Operations and Propriety Issues
of the Company**

Holds a B.Sc. degree in Economics. Member of the Board since
2006. Born on 20 August 1964 in
Shtip, Republic of Macedonia. He has 25 years of professional
experience and is responsible for the operations in the
shareholding and property segment.




Kire Icev

**Member of the Management Board, Director of the General
Services Department of Alkaloid AD Skopje**

B. Sc. in Mechanical Engineering.
Member of the Board since 2007. Born on 19 June 1974 in
Kavadarci, Republic of Macedonia. He has 13 years of profes-
sional experience and is responsible for the overall operations
of the general services department.





The Management Board has ample authorizations in the management of the Company, i.e. the implementation of the ongoing activities of the Company. It acts on behalf of the Company and within the scope of the subject matter at hand.

In compliance with the Law on Trade Companies and the Statute of the Company, the Management Board submits a Report on its operations given hereinbelow presenting the operations of the Management Board in the course of the year 2013.

Within the reporting period, the Management Board performed its activities within the framework of its competences and in compliance with the valid legislation in the Republic of Macedonia and the Statute of the Company; passing decisions concerning the business policy and managing the overall operations of the Company.

The Management Board held its sessions on a regular basis and in the course of 2013; 27 sessions were held on which 162 important decisions/conclusions were made.

The Management Board of the Company passed a Decision for making an inventory listings and establishment of commissions for making inventory listings of the capital assets and the sources of capital assets, as well as adopting the compiled report on inventory listings of Alkaloid AD Skopje. The Management Board compiled the Annual Statement of Accounts and the Proposal Annual Report on the operations of the Company.

The Management Board of the Company in the course of its regular monthly sessions assessed and approved the Balance Sheets of the subsidiaries founded by Alkaloid AD Skopje for the year 2013; Balance Sheets of Alkaloid AD Skopje per cost centers and the Report on the Operations of Alkaloid CONS Ltd Skopje.

Upon MB President's invitation, the sessions were attended by executives from the Finance Department and Alkaloid CONS.

The Management Board passed decisions/conclusion concerning specific tasks for the managers of the profit centers of Alkaloid AD Skopje and the manager of Alkaloid Cons Ltd. Skopje directed towards maximum engagement and fulfillment of the set objectives, intensification of settlement of outstanding debts, control of stocks as well as reduction of costs.

Pursuant to the Law on Trade Companies, the Management Board reviewed and discussed the unaudited standalone unconsolidated and unaudited consolidated Financial Reports for year 2013, as well as those pertaining to the period 1 January to 31 March 2013; 1 January to 30 June 2013, 1 January to 30 September 2013 thus assessed that the Company effectuated positive financial results.

Pursuant to the Law on Trade Companies and the Statute of Alkaloid AD Skopje, the Management Board, within the frames of its competences passed decision-proposals in accordance with the proposed agenda for the Annual Shareholders' Assembly, among which was the Decision Proposal for additions and amendments in the Statute of Alkaloid AD Skopje directed towards its harmonization with the Law on Additions and Amendments of the Law on Trade Companies.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Management Board received the Annual Reports of operations for the year 2013 from the Internal Audit Department of Alkaloid AD, an independent organizational unit in the company, containing the following information:

- Description of rendered activities
- Findings/Recommendations for rendered individual revisions
- Consulting activities
- Information on the Internal Audit Department

The Management Board thus passed a decision for approval of the work for year 2013 of the independent organizational unit, the Internal Audit Department.

In reference with the operations connected with the subsidiaries abroad, founded by Alkaloid AD Skopje, in the course of year 2013, the Management Board passed several important decisions those being:

- Decision for establishment of a trade company in Istanbul, Turkey, "ALKALOID ILAC LIMITED SIRKETI"
- Decision for establishment of a company in Kiev, Ukraine, "ALKALOID KIEV"
- Decision for increasing the principal capital of Alkaloid's company in Istanbul, Turkey
- Decisions for personnel restructuring and election of new directors at ALKALOID RUS, Moscow, ALKALOID KIEV in Ukraine and the representative office of ALKALOID in Tirana;
- Decision for continuation of the mandates of the directors of the companies abroad founded by Alkaloid AD Skopje, those being: ALKALOID LTD BELGRADE; ALKALOID WHOLESALE BELGRADE; ALKALOID LTD SARAJEVO and representative office in Sarajevo; ALKALOID LTD PODGORICA; ALKALOID LTD ZAGREB; ALKALOID EOOD SOFIA; ALKALOID PHARM FRIBURG; ALK&KOS PHARMACEUTICALS LTD PRISHTINA.

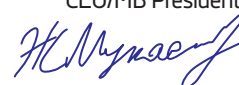
Pursuant to Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Management Board reviewed the semi-annual report of the Internal Audit department of the company presenting the operations of this unit in the period of January to June 2013. The Management Board approved the afore-mentioned report assessing that the same is compiled in full compliance with the legal regulations thereto.

The Management Board approved the concept for the Business Plan of the Company for year 2014 and specified guidelines for its implementation. The Management Board assessed that the Business Plan is based on realistic expectations, projections and capacities of the existing and new markets and products, risk management policy and energy efficiency increase of proper resources.

The Management Board passed Decisions for approval of the financial report of the Foundation "Trajche Mukaetov" - Skopje for year 2013 and approved the work program of this Foundation for the year 2014.

The work of the Management Board in the course of the year 2013 was within the frame of the competences determined by the Law on Trade Companies and the Statute of Alkaloid AD Skopje.

Zhivko Mukaetov
CEO/MB President





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CORPORATE INFORMATION

ADDRESS OF THE CEO/MB PRESIDENT

Another challenging year has passed. A year in which we invested lots of efforts, yet managed to generate positive business results. This was mainly due to the professionalism in our business operations, our employees' focus on accomplishment of even greater results and the investments, primarily in advanced technology with the purpose of maintaining the superior quality of our products and services.

“ RESULTS

In the past 8 years (Y2005 – Y2013) the total turnover of Alkaloid has risen from EUR 53 mil. to EUR 115 mil. The sales grew continuously year after year, whereby we managed to maintain the balance between our goals, the needs of the consumers, the community and the stakeholders.



2013 was marked with a mild recovery from the recession, which still impacts the economic flows in the Euro-zone. In 2013 we achieved total consolidated sales of MKD 7,097 bn., which in an increase of 5% compared to year 2012. Our consolidated net profit has risen for 3% compared to the previous year. 56% of the consolidated sales were effectuated on the foreign markets. Greatest percentile growth was noted on the domestic market (9%), then on the markets in Bosnia and Herzegovina, Romania, Slovenia and the market in the United States of America. 84% of these placements belonged to the Pharmaceuticals segment; 10% Cosmetics; 3% Botanicals and 3% to the Chemicals segment.

In the course of year 2013, Alkaloid had 75 new employments in the Republic of Macedonia.

STOCK EXCHANGE OPERATIONS

According to the information of the Macedonian Stock Exchange, the shares of Alkaloid AD Skopje in the course of year 2013 were once again among the most traded and most liquid ones.

Alkaloid AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with 19.06% in the total recorded turnover on the first official market with traded MKD 227.015.203. The price of Alkaloid shares ranged from MKD 4.120 to MKD 4.650 with average of MKD 4.334,14, which represents a growth of the average share price of 7.62% compared to year 2012.

For the fourth time since year 2008, Alkaloid was granted the prestigious Crystal Bell award by the Macedonian Stock Exchange for the quality of the communication with this institution regarding the information published via SEI-Net.

INVESTMENTS




In 2013, the overall investments of Alkaloid AD Skopje amounted to MKD 461.6 millions. Among the most significant investments completed in 2013 was the new high rack warehouse for cosmetic and medical products and appliances at the production site of Gjorche Petrov, an investment worth EUR 1.2 mil.

In order to expand our operations on the Turkish market and there from to Asia and the Middle East, we opened a new subsidiary of the company in Istanbul, Turkey.

In the Pharmaceuticals segment, we commissioned a new wet granulation machine for the production of cephalosporine antibiotics and new semi-automatic machine for liquids dosing.

Through EBRD's WEBSEFF (Western Balkans Sustainable Energy Financing Facility), we implemented a couple of energy efficient projects at the production sites Avtokomanda and Gjorche Petrov as well as our education centre in Doyran thus contributing to decreasing the level of fuel consumption and preserving the environment.



Regarding the strategic and continuous endeavors for environmental care, in 2013, the company obtained all A-Integrated environmental licenses for conformity with operational plans for the profit centre Pharmaceuticals and the profit centre Chemicals and Cosmetics on both production sites.

Investments in cutting-edge pharma equipment, new projects and human resources as well as information technology will remain among our top priorities in future.

PRODUCTS

In 2013, Alkaloid Pharmaceuticals obtained nearly 300 new marketing authorizations and we filed for 130 new applications and 270 renewals.

The year passed in the light of intensified positioning of our product portfolio on the EU markets. The drug Methadone was registered in the markets of 11 European Union countries and Cefixime in 12, among which for the first time in the modern history of the company, we have obtained exclusive marketing authorization for our product in Germany, France, Italy, Spain and Austria.

Specific for 2013 are the 50 marketing authorizations for our products in the countries of the Commonwealth of Independent States (such as Azerbaijan, Turkmenistan, Georgia, Armenia and others), Russia and Ukraine.

In the course of 2013, the FMCG brand portfolios in the profit centre Chemicals, Cosmetics and Botanicals were expanded with dozens of new and modern products.

Alkaloid successfully passed the Quality Austria audit and was issued the corporate ISO 9001; 14001; 13485 and HACCP certificates.

The British Medical and Healthcare Regulatory Agency renewed for the third time the GMP certificate for solid pharmaceutical dosage forms and granted a new GMP certificate for the hard gelatin capsules and new GMP certificate for liquid pharmaceutical dosage forms in PC Pharmaceuticals.

The Ministry of Health of the Republic of Serbia issued a GMP certificate for primary and secondary packaging of our production facilities in Belgrade, R. Serbia.

In the Botanicals segment, the company renewed the HALAL and Fair Wild certificates and was issued a new certificate for production of gluten-free food.

The company successfully passed the audits effectuated on behalf our business partners: Johnson Matthey, Novartis and Estee Lauder.

Our activities in the sphere of scientific research are our pride and priority. In 2013, the research and development team of Alkaloid in cooperation with domestic and international scientific institutions published two exceptionally significant scientific discoveries regarding the crystalline structures of pholcodine monohydrate and codeine phosphate. These scientific challenges that resulted from continual and lengthy systematic studies are of extreme importance for Alkaloid but also the scientific public in general.

CORPORATE SOCIAL RESPONSIBILITY

Our activities in the field of corporate social responsibility remained on the top of my personal agenda as well as the agenda of Alkaloid.

In August 2013, I was presented with the high national award "Mother Theresa" as social acknowledgment for exceptional contributions in the sphere of humanity and human solidarity and in December 2013, I received the "Golden Medal" by the Macedonian Red Cross as token of appreciation for my personal support of the goals of this organization.

In 2013, Alkaloid entered into new partnership with the Macedonian Red Cross regarding the functioning of their blood donating centre.

The Centre for Institutional Development presented Alkaloid with high acknowledgment for its dedication to corporate social responsibility and philanthropic efforts in the Republic of Macedonia.

In 2013, under the auspices of the Foundation "Trajche Mukaetov" Alkaloid implemented its third charity event, collecting MKD 600.000 donated to the Gynaecology and Obstetrics Clinic at the Clinical Centre "Mother Theresa" in Skopje.

For the past six years, the Foundation "Trajche Mukaetov" established by Alkaloid, grants scholarships to students of pharmacy and medicine at the respective faculties at the "University Sts. Cyril and Methodius". Out of 264 students who received scholarships from this Foundation (139 students of Pharmacy and 125 students of Medicine), 129 are active scholarship holders and 20 have started their careers with Alkaloid.

The concept of social responsibility will remain an integral part of the business strategy and operations of The Company.

PROSPECTS AND PRIORITIES

2014 brings exceptional challenges. The economic uncertainty that is still present in the European markets, especially after the Ukraine crisis, may lead to losing businesses and partners as well as postponement of the planned realization on part of our business deals.

Besides all these challenges, we will continue to navigate Alkaloid on its optimistic course. Our professionalism, quality performances and maximum dedication will remain to be the main feature of our organizational behavior and organizational culture.

In 2013 I was nominated a member of the Class 2014 of the prestigious organization Forum of Young Global Leaders (part of the World Economic Forum), as second representative from the Republic of Macedonia from the establishment of this organization in year 2004, and one of the 214 honored holders of this prestigious title. To be chosen among thousands of nominees is a true honor and pride, but also commitment to continue on the right tracks and record outstanding results in every segment of my daily operations. I would also strive to reflect the same in the operations of the company I run for already eight years. We must remain on the course of growth, continue investing in production facilities and modern technologies, personnel and the community in general.

Zhivko Mukaetov
CEO/MB President



42 NEW SCHOLARSHIPS FOR THE ACADEMIC YEAR 2013/2014 GRANTED “TRAJCHE MUKAETOV” FOUNDATION

“Trajche Mukaetov” Foundation granted 42 new scholarships for the academic year 2013/2014, to 20 students from the Faculty of Pharmacy and 22 students from the Faculty of Medicine at the University “Sts Cyril and Methodius” from Skopje.

The scholarship in the amount of 6,500 denars is granted for a period of 12 months. Pursuant to the announced public call for submitting scholarship applications, the selection of scholarship holders for the current academic year was made by the Management Board of the Foundation, as per the preliminary list proposed by the respective committees for granting scholarships. Provided the students meet the requirements set forth in the propositions, the scholarships shall be extended for the following academic year. The Board for granting scholarships is composed of representatives of the Foundation, the two faculties, as well as of representatives of the students.

“The Management Board worked strictly in compliance with the student selection procedure and after having received the thorough analysis from the committees of both faculties, we have decided, instead of 40, to grant 42 scholarships due to the scoring criteria which resulted in overlap of the scores presented by some of the candidates from the Faculty of Medicine. On this occasion, I would like to emphasize that it is a great honour for all the MB members of the Foundation, to be able to help in some way talented and ambitious students. The trend of providing employment at “Alkaloid” to successful students after their graduation will, in no doubt, continue in future,” underlined the President of the Foundation and CEO/MB President of Alkaloid AD Skopje, Mr. Zhivko Mukaetov.

According to the programme policies for support of young and ambitious professionals who have dedicated their careers to the Macedonian healthcare and pharmacy sector, as of the academic year 2009/2010, “Trajche Mukaetov” Foundation also grants one-off premiums to the valedictorians from the Faculty of Medicine and the Faculty of Pharmacy at “Sts Cyril and Methodius University”, which this time amounted to EUR 1,200 paid in Macedonian denars counter-value. This premium was granted to Ms. Emilija Lazova from the Faculty of Pharmacy (with GPA of 9.84) and Ms. Sandra Gjorgova from the Faculty of Medicine (with GPA of 9.89).

Starting from the academic year 2007/2008, the Foundation granted 264 scholarships to students of pharmacy and medicine, including the new 42 scholarships of the academic year 2013/2014. Out of the total number of scholarship holders, 82 students of pharmacy and 51 students of medicine have already graduated. As of 2009, 17 holders of scholarships granted by the Foundation have started their careers at Alkaloid AD Skopje in the departments of the profit center Pharmaceuticals.

CORPORATE INFORMATION





THIRD HUMANITARIAN PICNIC: HUMANITY IS ABOVE ALL

Our corporate social responsibility, humanity and desire to personally promote the most positive human values were shown in the act by all Alkaloid employees during the third humanitarian picnic held under the auspices of the Foundation "Trajche Mukaetov".

The employees of Alkaloid, their friends and members of their families donated symbolic sum of MK Denars 200 for which they got a T-shirt especially designed for this occasion and joined the gathering enjoying the fun and good company at the "Best Western complex – Bellevue" in Skopje.

The employees gathered MKD 600.000 (approx. EUR 9.800), which were donated to the Gynecology and Obstetrics Clinic at the Clinical Centre "Mother Theresa" in Skopje where annually over 6000 babies are born.

The CEO/MB President of Alkaloid AD Skopje and President of the Management Board of the Foundation, Mr. Zhivko Mukaetov emphasized that the company and the Foundation will continue their humanitarian mission aimed at promoting positive social values.

The director of the Clinic, Mrs. Marija Hadzhilega expressed high appreciation for this gesture and thanked the management of the Company and its employees stating that the donated funds are to be used for improving the perinatal care of newborns, especially prematurely born babies.

This is the third gathering of this type initiated by the Foundation "Trajche Mukaetov", organized by the company Alkaloid and cordially supported by its employees. The first charity picnic was held in 2011 when the donation amounted to MK Denars 425.500 (approx. EUR 7000); in 2012 this event collected MK Denars 572.300 (approx. EUR 9.300), both used for donations to the Pediatric Clinic at the Clinical Centre "Mother Theresa" in Skopje.



MUKAETOV PRESENTED WITH PRESTIGIOUS NATIONAL AND INTERNATIONAL AWARDS

“MOTHER TERESA”

The Board for granting the National award “Mother Teresa” presented these high national recognitions for year 2013 to Mr. Zhivko Popovski – Cvetin, a painter, humanist and journalist and Mr. Zhivko Mukaetov, CEO/MB President of Alkaloid AD Skopje. The national award “Mother Teresa” is traditionally presented every year for particularly significant accomplishments that are of national interest in the sphere of humanity, solidarity, improvement of mutual understanding as well as development of cooperation among people and also among members of various communities, cultures and religions. 2013 laureates highlighted that they were honored by this award and motivated for even greater philanthropy in the future. Mukaetov donated the financial assets that come alongside the award, amounting to approximately EUR 1.900 to the Institution for Rehabilitation of Children and Youth “St. Kliment Ohridski” in Skopje, for purchase of office supplies that would ease the education activities of children and youth with special needs sheltered in this institution.

“GOLDEN MEDAL” FROM THE NATIONAL RED CROSS

The Red Cross of the Republic of Macedonia presented the prestigious national recognition, the Golden Medal, to Mr. Zhivko Mukaetov, for his wholehearted support of social programs that aid the most vulnerable category of citizens and his enormous contribution to help people in need. In his address, Mr. Mukaetov expressed his deepest gratitude for the recognition granted stating that the Red Cross' Golden medal is an exceptional honor but also a motive for further continuation of the humanitarian mission: by himself, his family and the company he runs.

“REPUBLIKA” PERSON OF THE YEAR FOR 2013

Ten significant persons who contributed to the affirmation of the Republic of Macedonia, among which was the CEO/MB President of Alkaloid, were nominated by the editorial board of the Macedonian weekly magazine “Republika” for persons of 2013. Mukaetov was elected due to his outstanding efforts in the sphere of corporate social responsibility, such as initiation of the traditional charity picnic, granting scholarships to talented students in medicine and pharmacy at the state university “Sts. Cyril and Methodius”, the Golden medal from the Macedonian Red Cross as well as his engagement as head of the Macedonian Handball Federation.

MACEDONIAN NATIONAL TELEVISION FOR THE BEST

Mukaetov was presented the award “Manager of the Year” by the Macedonian National Television at the event dedicated to promotion and protection of the national values entitled “MRT for the Best”. At the special ceremony Mukaetov emphasized that this acknowledgment would be his motif for additional achievements and further promotion of the Macedonian values outside the borders of his country.

“SEE PERSONALITY”

At the opening ceremony of the fourth edition of South-East European Film Festival, “SEE à Paris” (South-East Europe in Paris; author's note) held at the prestigious “Théâtre le Palace” in Paris, Mukaetov received the award “SEE Personality 2014” for his merits and achievements in the area of economy, corporate responsibility, contributions in culture and sport and different areas of public life that connect the South-East European region. The rector of the University of Audiovisual Arts “ESRA”, Mr. Jordan Plevnesh, who is also the founder and President of the South-East European Film Festival Council “SEE à Paris”, awarded Mr. Mukaetov with the “SEE Personality 2014” plaque.





ALKALOID LAUNCHED A MODERN HIGH-RACK WAREHOUSE IN GJORCHE PETROV LOCALITY

The new high rack warehouse covers an area of 1,600 m². It heights 13m and has 3,114 palettes for high-rack storage of products. Besides the shelving system, the warehouse is equipped with two high-rack computerized forklifts of 10.50m lifting height and standard storage equipment (manual electrically-maneuvered forklifts, hand pallet trucks and hydraulic loading ramp).

The warehouse is executed in compliance with the latest standards for this type of objects, with seismic characteristics and sophisticated fire protection system in order to ensure maximum safety of the employees, the facilities and the materials inside. The materials flow is executed via SAP software system.

The complete investment was commissioned in 9 months and the company allocated EUR 1,2 million. Major part of this investment funding was provided by company's own resources, whereas a part has been provided from WeBSEFF credit line of the European Bank for Reconstruction and Development dedicated to energy efficient projects that use renewable sources of energy.

While implementing this project Alkaloid paid great attention to decreasing the level of gas emissions. In order to improve energy efficiency and use of alternative sources of energy, we installed heating pump that provides energy for air conditioning of the area, using underground water for power supply. We also installed energy efficient light bulbs and ECO panels for external thermal isolation at this facility.

The complete project was implemented in line with Alkaloid's commitments for environmental protection, safety of employees and material goods, while obeying all standards and regulations in construction and functioning.

CORPORATE INFORMATION





ALKALOID UPGRADED THE SAP SYSTEM WITH A GLOBAL LEADING SOLUTION FOR HUMAN RESOURCES MANAGEMENT

Alkaloid upgraded its SAP corporate information system with one of the most complex and globally leading human resource management solution.

The existing SAP ERP (Enterprise Resource Planning System, branded by Alkaloid under the name of AlkaSAP), a system for total management of company databases, was upgraded in the following segments: organizational management, personnel administration, personnel and employee development, management of professional trainings and events, occupational health and safety and trips management.

Although AlkaSAP_HR was a rather complex project, the team of Alkaloid in cooperation with its foreign partner, managed to implement it in a very short period of time, of only six months, in which all five phases of the project were put into practice. Alkaloid plans to implement this module in its subsidiaries abroad soon.



MUKAETOV BECAME PART OF THE ELITE COMMUNITY OF YOUNG GLOBAL LEADERS

The CEO/MB President of Alkaloid AD Skopje, Mr. Zhivko Mukaetov, became part of the elite global community of Young Global Leaders, whose primary objective is to make the world a better place to live employing joint efforts and commitments. As the only representative from Macedonia in the Class of 2014, before acquiring the prestigious title of Young Global Leader, Mukaetov underwent an extremely complex and rigorous selection process, which consisted of several stages. The YGL selection committee is chaired by H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan.

The Chief Executive Officer of "The New Champions", Mr. David Aikman, within the framework of the World Economic Forum, extended his warm welcome to the new leaders:

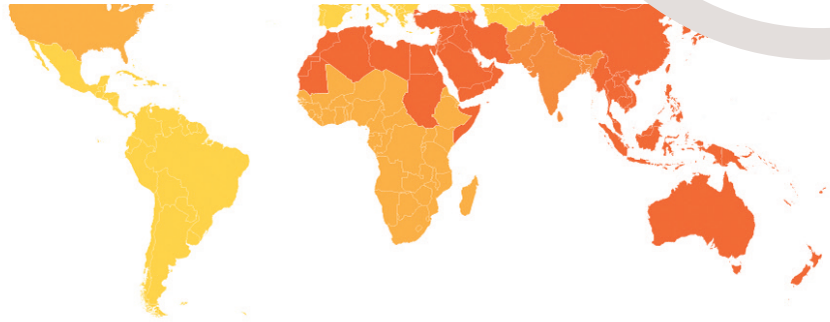
„Young global leaders are not just exceptional leaders in their own right, they are leaders that already have a track record in improving the state of the world. We welcome the members of the Class of 2014 into our community and look forward to collectively engaging them to deliver a change of genuine global significance“, Mr. Aikman stated.


The Forum of Young Global Leaders (FYGL) was established in 2004 by Mr. Klaus Schwab, as an independent foundation in close partnership with the World Economic Forum. Since its establishment to the present day, the Young Global Leaders Community has acquired over 900 members worldwide. Some of the young global leaders are: Marissa Mayer – Chief Executive Officer of "Yahoo", Larry Page - Co-founder and Chief Executive Officer of "Google", Zhou Xun - Actress and Goodwill Ambassador (United Nations Development Programme), Nasoko Yamazaki - Japanese astronaut and mission specialist on the crew of "STS - Discovery" etc.

In addition to Mr. Mukaetov, another representative from Macedonia in this prestigious organization is the present Deputy Prime minister for European Affairs in the Government of the Republic of Macedonia, H.E. Dr. Fatmir Besimi, who was Minister of Economy when he became a part of this community in 2010.


From the thousands of nominations, only 214 outstanding individuals managed to join the YGL Class of 2014. They come from 66 countries, from 7 regions in the world, and only 46 of them are from Europe.

Besides Mr. Mukaetov, the highly acclaimed chef of Macedonian origin and of worldwide fame, owner and founder of the Danish restaurant "Noma" (which is a two-Michelin-starred restaurant), Mr. René Redzepi, also became a member of the Forum.






Zhivko Mukaetov
Chief Executive Director / Alkaloid AD Skopje
Former Yugoslav Republic of Macedonia



THE FORUM OF
YOUNG GLOBAL LEADERS
SHAPING THE FUTURE



- East Asia - 49 YGLs
- Europe - 46 YGLs
- Latin America & The Caribbean - 17 YGLs
- Middle East / North Africa - 18 YGLs
- North America - 48 YGLs
- South Asia - 17 YGLs
- sub-Saharan Africa - 18 YGLs

[Download the complete list \(PDF\)](#)

Other prominent personalities in the Class 2014 of the Young Global Leaders Community include:

Karl-Johan Persson,
President and Chief Executive Officer of the Swedish giant „Hennes & Mauritz AB“, also known as „H&M“

Francesca Carlesi,
Managing Director of “Deutsche Bank”, Italy

Natalia Vodianova,
Top model, Founder and President of the Russian “Naked Heart Foundation”

Patricia Cobian,
Managing Director of “Telefónica Europe”, Spain

Wladimir Klitschko,
World Heavyweight Champion and Owner of “Klitschko Management Group GmbH”

Maseena Ziegler,
British Author and Entrepreneur

James Moore,
Canadian Minister of Industry

Avani Davda,
Chief Executive Officer of “Tata Starbucks Limited”, India

Charlize Theron, Actress and Founder of the “Charlize Theron Africa Outreach Project”

Jared Cohen,
Director of “Google Ideas / Google USA”

David Karp,
Founder and Chief Executive Officer of “Tumblr”, USA

Olivia Leland, Director for Partnerships at “Bill & Melinda Gates Foundation”

Heather Zichal,
Deputy Assistant to President Barack Obama for Energy and Climate Change and others.

The complete list of Young Global Leaders can be accessed at: <http://widgets.weforum.org/ygl-2014/#ygl2014>



NEW SUBSIDIARY IN TURKEY

In line with the continuous investment activities aimed at strengthening the export positions of the company, Alkaloid AD Skopje registered a new subsidiary in Turkey under the name “ALKALOID ILAC TICARET LIMITED SIRKETI” with head office in Istanbul.

The main goal for opening this new subsidiary is strengthening the positions Alkaloid has established on the market in Turkey through sales of liquid fertilizers, as well as introduction of Alkaloid’s pharmaceuticals and other products to the Turkish market. This subsidiary should serve as Alkaloid’s gateway to Asia and the Middle East.

ALKALOID TOOK PART IN THE PINK WALK

The aim of the "Go Pink" campaign is to raise the awareness with the population that breast cancer is potentially curable disease. The event was organized for the sixth time by NGO "Borka - For Each New Day" in partnership with the Embassy of the United States of America in Macedonia.

According to the information of the Global Cancer Research Agency, in the course of year 2012, 1.152 cases of breast cancer were registered in Macedonia, out of which 400 had fatal outcome.

The central event was held in the City Park in Skopje where Alkaloid had its exhibition stand promoting its new healthy products from the Good Nature range: Combuha, Detoxy and Holestri.

More than 1500 people walked the route of 3 kilometers thus stressing the importance of early diagnosing and patient support as basic weapons in the struggle against this lethal disease.





NEW PARTNERSHIP WITH THE MACEDONIAN RED CROSS

Alkaloid entered into a new partnership with the Red Cross of the Republic of Macedonia by financing the rebranding of the Blood Donation Day Centre and its functioning. The main goal of this center is not only to be a blood donation place but also a base for education of potential blood donors, a place where ideas and experience can be exchanged among donors and professionals.

The day of the Red Cross Foundation and the Blood Donor Day in the Republic of Macedonia were marked by promoting the rebranded Day Centre inside the premises of “Dare Dzambaz Centre” of humanitarian organizations in Skopje.

Mr. Zhivko Mukaetov, Chief Executive Officer and President of the Management Board of Alkaloid highlighted in his speech that he is particularly honored because the company he is running is part of the humanitarian mission of the Red Cross in the Republic of Macedonia:

“The missions of Alkaloid and Red Cross are absolutely complementary concerning the care and help for people in greatest need. In future our company will continue to help and stimulate blood donation as a particularly human initiative” – stressed Mukaetov.

The Red Cross officials pointed out that the support manifested by Alkaloid is an outstanding example of how a socially responsible company should appear and function in the true sense of that word.





HUMAN RESOURCES DEPARTMENT

The wishes and the goals we set for 2013 were aimed at creating the future, rather than foreseeing or anticipating it. Thus, adhering to the strategy that human resources and the processes involved in their management are the crucial factors for the accomplishment of the goals for growth and development of the company, we laid the foundations of another challenging project, which focused on the implementation of cutting-edge software solutions for human resources management and for upgrading the existing SAP ERP system.

Guided by the premise that we should acquire a tool of the highest quality so as to establish the system at the highest professional level, in the course of the year one of our main focuses was to lay the foundations for the successful implementation of the best software solution for human resources management, which is the SAP HCM (Human Capital Management) system.

In order to maintain the focus on the results and the achievement of the set objectives, we continued the trend for continuous investment in our staff, in their future, and thus, in the future of our company. With each passing year, the number of highly specialized staff is increasingly high, which reflects the trend for constant professional development of our human resources, with the purpose of developing a knowledge-based company.

In the course of 2013, Alkaloid's family was expanded with 73 new members whose knowledge and qualifications contributed to the success and the results achieved during the year. Thus, the quantitative structure of our employees, as well as the structure in terms of their qualifications, is presented bellow.

Personnel and education

	Number of employees
Profit Centre / Organizational Unit	
Pharmaceuticals	627
Chemistry	64
Cosmetics	97
Botanicals	49
Corporate Services	309
TOTAL in Alkaloid AD Skopje	1146

	Number of employees
Alkaloid CONS Ltd. – Skopje	38
Private Health Institute Herbal Pharmacy – Skopje	4
Firms abroad and subsidiaries	300

Qualification structure of Alkaloid AD Skopje in 2013

Degree	Number of employees
Doctoral degree	1
Master Degree	14
University degree	422
Junior college degree	18
High school degree	555
Qualified workers	111
Non-qualified workers	25
Total:	1146



Human resources department

What is particularly important for us is the spirit of traditional continuation of the socially responsible practices of the company and the organization of the big charity picnic, whereby all employees along with their families are actively involved in promoting social responsibility and humane spirit. Last year, the charity picnic was organized at the Bellevue hotel, and the funds raised were donated to the Clinic of Gynecology, Neonatal Department. In addition, last year our socially responsible activities were recognized by the Center for Institutional Development (CIRa), which awarded the first prize to our company for "overall commitment to social responsibility."

In the spirit of our motto "Health above all" and the aspiration towards a healthy lifestyle and a healthy spirit, what we are particularly proud of are our sports teams consisting of our employees, who decently represent us each year at the annual pharmaceutical and chemical gatherings in the countries of former Yugoslavia. Last year was very successful for all the teams involved in the following sports: football, volleyball, basketball, swimming, archery and chess, but our women's volleyball team must be singled out as the most successful one for winning the first place at the annual gathering in Ohrid.

Having recapitulated last year's events, we now set our future goals and look forward to the next year, in which, using our latest technological upgrade, we will enhance the processes of successful and effective management of the talents in our company.

CORPORATE INFORMATION





ENVIRONMENTAL PROTECTION

Environmental protection is one of the long-term corporate principles of the business policy of Alkaloid AD thus reflecting all areas of our operations.

The Environment Management System (EMS) is a part of the integrated Quality Management System (QMS) and the principles of Good Manufacturing Practice (GMP).

In line with the sustainable development principles, we constantly strive to improve environmental management by implementing cleaner technologies.

Last year Alkaloid AD has obtained two installation permits, after obtaining an A-permit in 2012, for harmonization with the operational plan. These permits refer to Alkaloid AD – Chemistry Program PC and Alkaloid AD – Pharmacy PC, both on a site in Gjorche Petrov municipality.

Our activities for saving natural resources are reflected in the rational use of water by exploiting underground water sources for technological needs, located in Gjorche Petrov municipality, in accordance with a permit obtained from the Ministry of Environment and Physical Planning (MEPP).

In order to save natural energy sources (electricity, natural gas, fossil fuels), the company increased the energy efficiency of its buildings, increased the usage of renewable energy sources (Installation of solar thermal collectors for obtaining sanitary hot water), start to use light bulbs instead of the existing ones and installed heating and cooling pumps in the storage areas.

Environmental protection in Alkaloid AD is perceived as prerequisite for sustainable development. We direct our business activities to raise the awareness of the critical environmental needs.

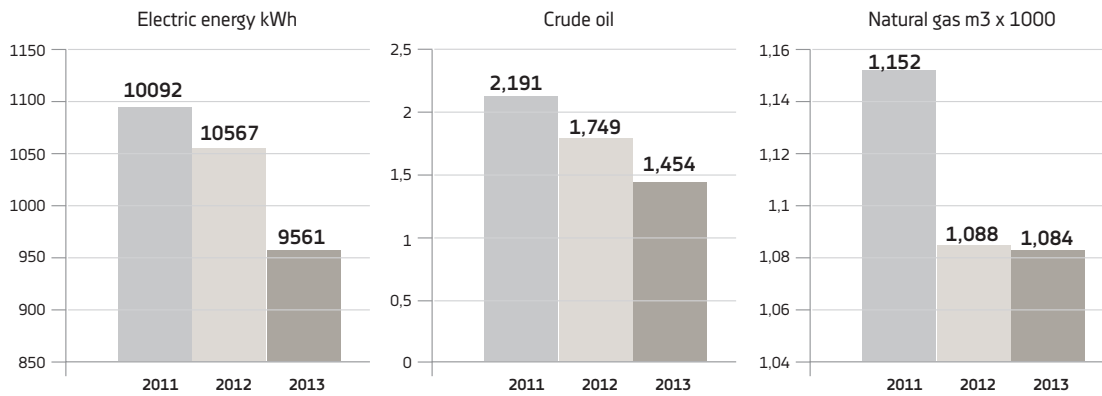


Figure 1
Use of electricity, oil and natural gas in the past three years

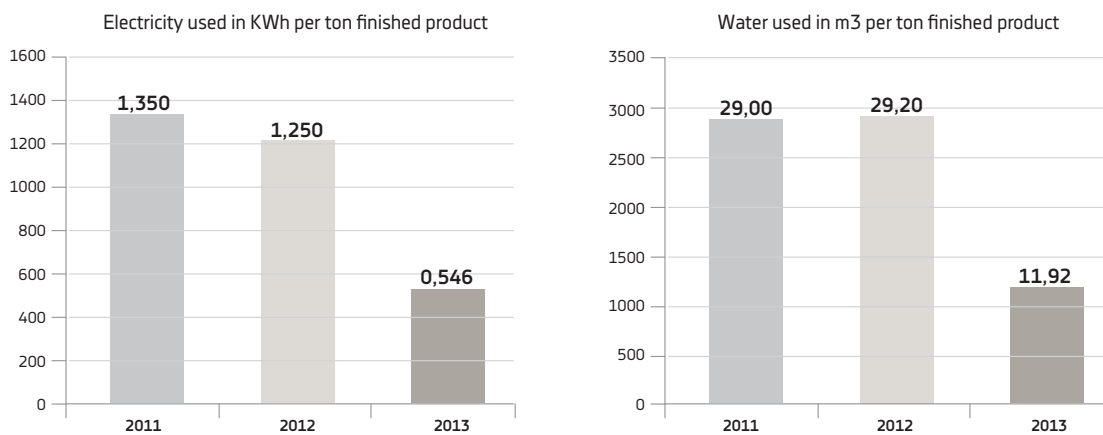


Figure 2 and 3.
Electricity used in kWh and water in m³ per ton finished product in the 2011-2013 period.

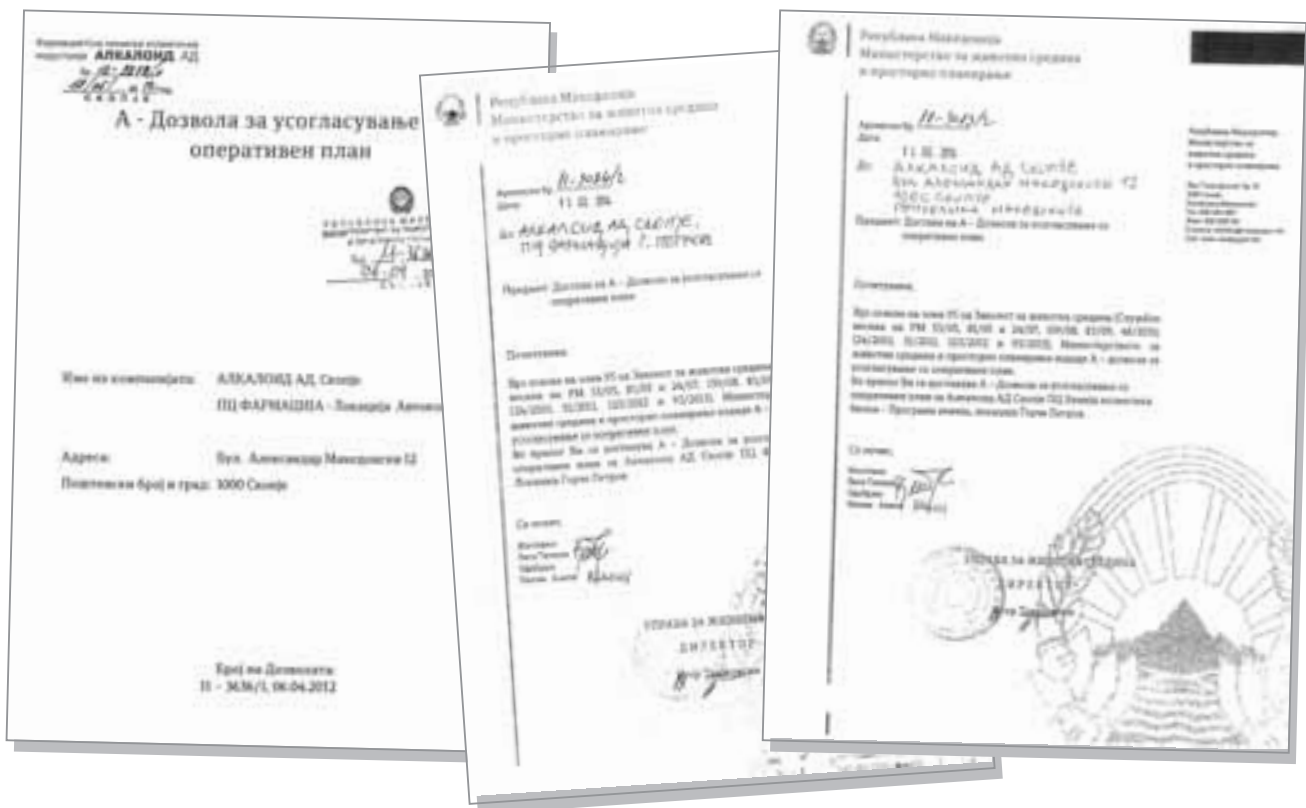


ALKALOID OBTAINED ALL A-INTEGRATED ENVIRONMENTAL PROTECTION LICENSES

Alkaloid AD Skopje obtained a written confirmation for the commitments concerning environmental protection: being one of the permanent principles in the business policy of the company for decades. The company managed to obtain all A-integrated environmental licenses for harmonization with the operational plan.

After obtaining an A integrated license for harmonization with the operational plan of Alkaloid AD – PC Pharmaceuticals, Production Site “Avtokomanda” in 2012, the company recently obtained the other two licenses, which required preparing an application with the operational plan and their submission to the Ministry of Environment and Environmental Planning, pursuant to the Law on Environmental Protection. A-Integrated Licenses for harmonization with the operational plan that were last obtained refer to Alkaloid AD – PC Chemistry and Alkaloid AD – PC Pharmaceuticals, both located on the productions site in “Gjorche Petrov” municipality.

In order to harmonize its operations with the national and EU legislation provisions, Alkaloid started the preparations for obtaining integrated environmental licenses back in 2007.







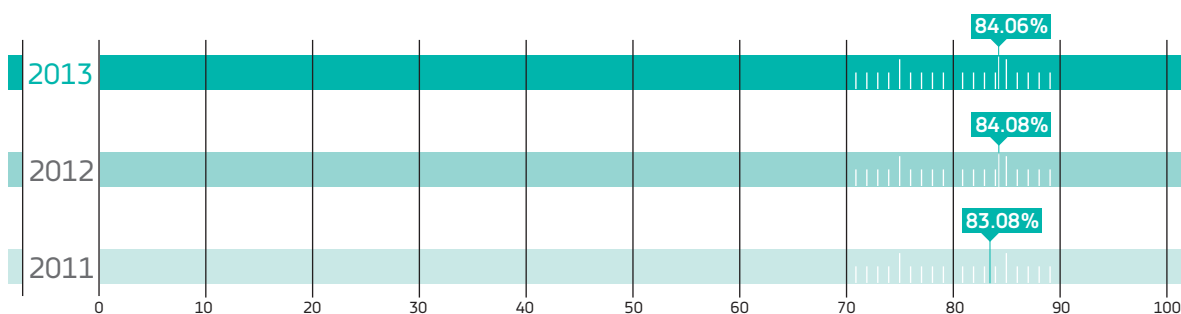
PC
PHARMACEUTICALS

MARKETING AND SALES

In 2013, 627 employees were working in the Pharmaceuticals segment in its headquarters in Skopje and 342 employees in its subsidiaries. The total net sales of PC Pharmaceuticals amounted to 5.966 billion MK denars (EUR 96.883 million), which is a share of 84.06% in the total sales of Alkaloid Group.

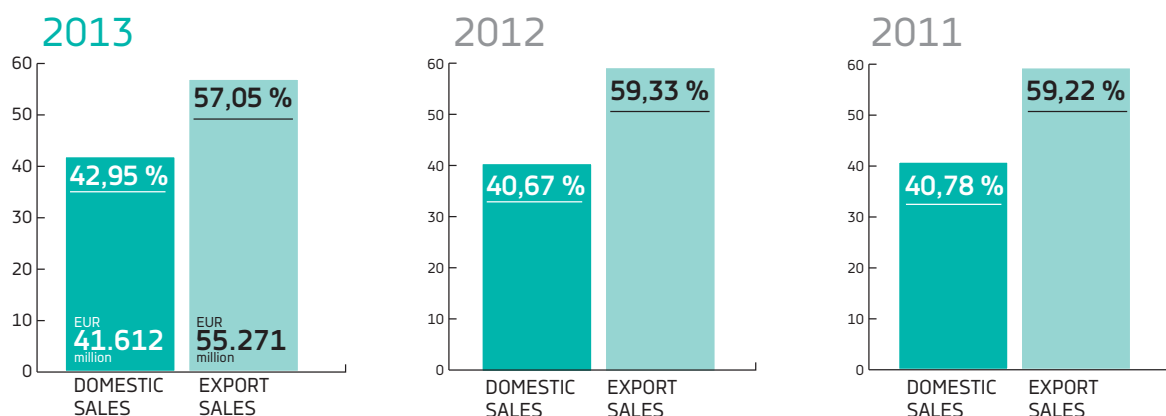
In 2013, the products of the PC Pharmaceuticals were available on the markets in 17 countries.

PC Pharmaceuticals as a part of Alkaloid Group

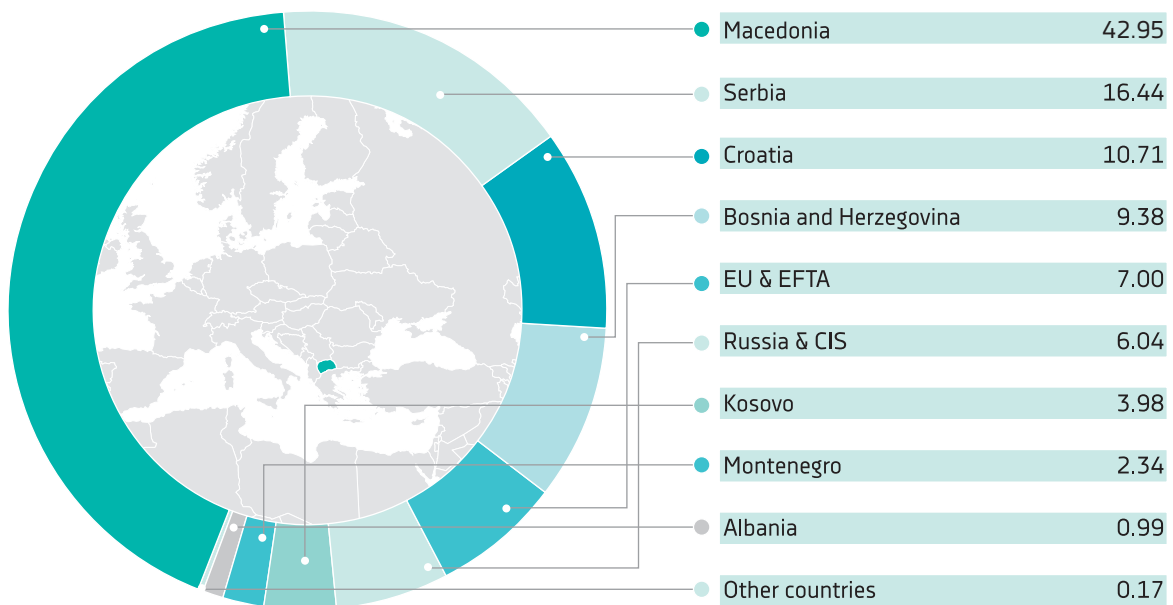


In 2013 we managed to increase the sales level by 4.53% compared to last year. This was primarily due to the increase in the domestic sales by 10.38%, and the increase in the export sales by 0.51% compared to 2012.

SALES PER MARKETS



SALES PER COUNTRIES 2013 in %



TOP 5 PRODUCTS OF PC PHARMACEUTICALS

Sales of top 5 products for the year 2013 (% participation in the total sales of PC Pharmaceuticals):

	% participation		
	2013	2012	2011
CAFFETIN	9.65	10.54	13.02
PANCEF (Cefixime)	8.33	8.25	7.98
ANALGIN (Metamizole)	6.28	4.97	5.13
SKOPRYL (Lisinopril)	4.41	4.66	4.14
SKOPRYL PLUS (Lisinopril, Hydrochlorothiazide)	3.76	3.32	2.69

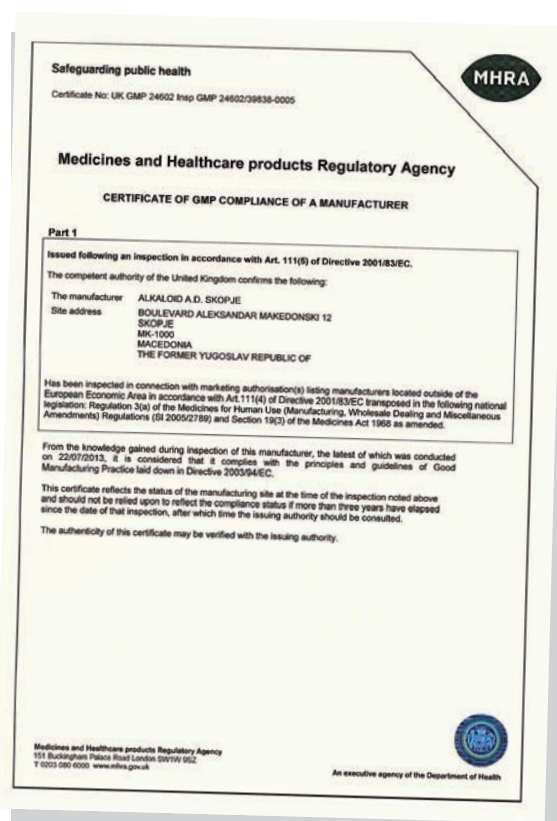
ALKALOID SUCCESSFULLY PASSED THE BRITISH MHRA INSPECTION

Following the thorough audit conducted at Alkaloid's production site for solid pharmaceutical forms (tablets) in the profit center Pharmaceuticals, the British Medicines and Healthcare Products Regulatory Agency (MHRA), renewed for the second time Alkaloid's certificate for conformity with the principles of Good Manufacturing Practice (GMP), as defined in the guidelines of the European Union.

Furthermore, MHRA issued a new certificate for GMP conformity for the production of hard gelatine capsules and for the production site of liquid pharmaceutical dosage forms for internal and external administration, which were previously certified by the Drug Agency of the Republic of Bulgaria and the Public Agency for Medicinal Products and Medical Devices of the Republic of Slovenia.

This GMP-inspection and assessment of the pharmaceutical quality system by MHRA was carried out for the first time at several production sites simultaneously.

This is yet another confirmation of Alkaloid's conformity with the highest and most strict European standards implemented by the company in its everyday operations but also a solid basis for obtaining new and maintaining the existing marketing authorizations for pharmaceutical products within the markets of the European Union member states.



ONE MORE SCIENTIFIC DISCOVERY PRESENTED TO THE PUBLIC UNDER ALKALOID INITIATIVE

The research team of Alkaloid in direct collaboration with the prestigious "Max Planck Institute" from Stuttgart, Germany and the Institute of Chemistry at the Faculty of Natural Sciences at the university "Sts. Cyril and Methodius" from Skopje – solved the crystalline structure of the compound codeine phosphate sesquihydrate, which was up to date unknown to the scientific public. This compound plays a significant role in the pharmaceutical industry and has been used for more than half a century.

The identification of the crystalline structure of each pharmaceutically active compound is extremely important for defining its physical and chemical properties.

The results of this significant discovery were published in the journal "Chemical Communications", one of the three most significant scientific gazettes in the sphere of chemistry in the world. The results were published in a form of original scientific paper entitled "On the hydrates of codeine phosphate: The remarkable influence of hydrogen bonding on the crystal size". The main experiment was carried out at the "Max Planck Institute" in Stuttgart by Tomche Runchevski, M.Sci., research associate at Alkaloid.

This extremely important scientific challenge that resulted from a three-years continuous systematic research is a huge success not only for Alkaloid and the Republic of Macedonia, but also for the global scientific community.

Last year, the research team of Alkaloid headed by Gjorgji Petrushevski, PhD., in cooperation with two research laboratories, managed to resolve for the first time the crystalline structure of the compound pholcodine monohydrate.

PARTICIPATION AT EXPERT EVENTS

Recognized as partner of the Macedonian healthcare and pharmacy, Alkaloid actively participated and sponsored several expert gatherings with international participation held in the Republic of Macedonia in the course of year 2013.

5th MACEDONIAN CONGRESS OF CARDIOLOGY WITH INTERNATIONAL PARTICIPATION

This Congress was held in June 2013 in Skopje, organized by the Macedonian Society of Cardiology, chaired by the renowned professor Dr. Sashko Kedev (MD, PhD, FESC, FACC) and sponsored by Alkaloid. The main topics of the Congress included acute coronary syndrome, interventional cardiology, imaging in cardiovascular diseases, peripheral artery diseases; preventive cardiology, non-invasive diagnostics, electrophysiology and electrostimulation, congenital and valvular heart diseases, cardiopathies, cardiac surgery and pediatric cardiology.

This Congress enabled exchange of experience among healthcare and pharmaceutical professionals from the country and abroad on diagnostics and medical treatment of cardiovascular diseases, employing the latest expert discoveries and scientific achievements.

The Congress was organised with plenary sessions by domestic and international experts, symposia, round tables, oral and poster presentations. Alkaloid's symposia was presented to the expert public on the first congress day by Prof. d-r Sashko Kedev and Prof. d-r Vesna Stojanov from Belgrade Serbia. It featured Alkaloid's pharmaceutical products Valzera (valsartan), Synetra (clopidogrel), Torvex (atorvastatin) and Cardiopirin (ASA), starting with presentation of the therapeutical strategies for cardiovascular risk factor regulation by Prof. Kedev, whereas Prof. Stojanov highlighted the hypertension therapy as a risk factor in the light of the new recommendations.

FIRST MACEDONIAN AND FOURTH ADRIATIC CONGRESS ON PHARMACOECONOMICS AND THERAPY OUTCOMES RESEARCH

This Congress was held in April 2013 in Ohrid, Macedonia, organized by (International Society of Pharmacoeconomics and Outcome Research) ISPOR Chapter Republic of Macedonia and the Section for Pharmacoeconomics and Outcomes Research of the Croatian Society for Clinical Pharmacology and Therapeutics. ISPOR Chapter Bosnia and Herzegovina and ISPOR Chapter Serbia, were supporting organisers.

The Congress on Pharmacoeconomics and Outcomes Research was organized in order to enrich and fortify regional cooperation. Particular accent was given to the promotion and cooperation of the ISPOR CEE network.

Main topics of this Congress included healthcare economy and healthcare policies; pharmaceutical parallel trade; cost-effective use of medicines; generics and biosimilar drug policies; HTA and low income countries; personalized medicines etc.

The latest discoveries and experiences in the field of pharmacoeconomics and outcome Research were shared via lectures, poster presentation and workshops. Alkaloid, the general sponsor of this expert event had satellite symposium entitled "Alkaloid - Challenges and Perspectives in the Area of Pharmacoeconomics".



5th Macedonian Congress of Cardiology

ALKALOID WAS GRANTED MARKETING AUTHORIZATIONS FOR METHADONE AND CEFIXIME IN THE EUROPEAN UNION

After three years of comprehensive analysis, assessments and careful monitoring of national legislation specifics of the EU countries involved in the marketing authorization procedures, Alkaloid obtained MAs for two of its pharmaceutical products: Cefixime and Methadone.

Methadone was approved in 11 and Cefixime (present on the Macedonian market under the brand name Pancef®) was approved in 12 EU countries. These were the first marketing authorizations Alkaloid was granted for the markets in Italy and Spain.

The procedures for obtaining marketing authorizations for these pharmaceutical products were carried out in compliance with the strict regulatory procedures in the European Union, such as the European Decentralized Procedure, under the guidance of the British Medicines and Healthcare

Products Regulatory Agency (MHRA) as reference member state, observing the national specific requirements of other countries included in the regulatory procedure such as Germany, Poland, Spain, Austria, Portugal, Italy, the Czech Republic, Slovakia, Romania and Hungary. In addition to the aforementioned countries, the antibiotic Cefixime (Pancef®) obtained marketing authorization in France as well.

Due to its specific nature, Methadone was subject to detailed national analysis in all respective markets. Furthermore, Alkaloid prepared for the first time a specific application at EU level, the so-called well-established use application for marketing authorization. Based on evaluation of this full application and scientific data provided to support the quality of the pharmaceutical product, its safety and efficiency, MHRA concluded that Methadone can be treated as a European reference pharmaceutical product.

OVER 30 MARKETING AUTHORIZATIONS IN THE COMMONWEALTH OF INDEPENDENT STATES

Alkaloid obtained marketing authorizations for over 30 pharmaceutical products in the member-countries of the Commonwealth of Independent States (CIS), including: Armenia, Azerbaijan, Georgia and Turkmenistan. The company also initiated numerous projects in Kazakhstan.

Parallel to the European expansion, Alkaloid intensively worked on this voluminous project whose primary purpose is entry into the markets of the CIS region. The concept of this project, which greatly differs from the European track, is based on analysis of the region as a whole, including detailed analysis of all markets respectively.

CIS pharmaceutical market implies plenty of specifics, particularly in the legislation segment, where pharmaceutical products registration criteria range between recognition of European regulations to highly specific national requirements.

In future, Alkaloid will remain focused to further expansion of its operations in this region, ranked of strategic importance for the company. Alkaloid is already present and well established on the markets in Russia and Ukraine with nearly 50 actively present pharmaceutical products.

ALKALOID CONS LTD. DAUGHTER COMPANY OF ALKALOID AD SKOPJE

As of 1979, Alkaloid-Pharmaceuticals has established a department that is in charge of development and cooperation with foreign companies in terms of contracts for representation, distribution, as well as consignment stocks.

Its long-standing successful operation and the experience accumulated in this area provided a basis for foundation of Alkaloid Cons Ltd., officially established in year 2004.

In the course of 2013, Alkaloid Cons Ltd. cooperated with nearly 20 non-domicile companies and represented approximately 1000 pharmaceutical products.

Alkaloid Cons Ltd. has cooperation agreements with the following international companies:

1. SANOFI-AVENTIS, France
2. PFIZER H.C.P. CORPORATION, USA
3. NOVARTIS PHARMA SERVICES INC., Switzerland
4. GRIFOLS THERAPEUTICS Inc., USA
5. FUJIFILM CORPORATION, Japan
6. INFOMED FLUIDS S.R.L., Romania
7. HARTINGTON PHARMA LTD., UK
8. PRIZMA D.O.O., Serbia
9. LeMis-Handels-GesmbH, Austria
10. SHIRE PHARMACEUTICALS IRELAND LIMITED, Ireland
11. MSD, U.S.A.
12. MEDTRONIC, U.S.A.
13. GlaxoSmithKline Export Ltd., UK
14. Fresenius Medical Care, Germany
15. GASPERO d.o.o., R. Slovenija
16. ALCON PHARMACEUTICALS, Switzerland

The intention of the Company is to continue and extend its programme of drugs, adjuvant medicinal agents and medical appliances by offering competitive prices and verified quality.

DRUG PRODUCTS



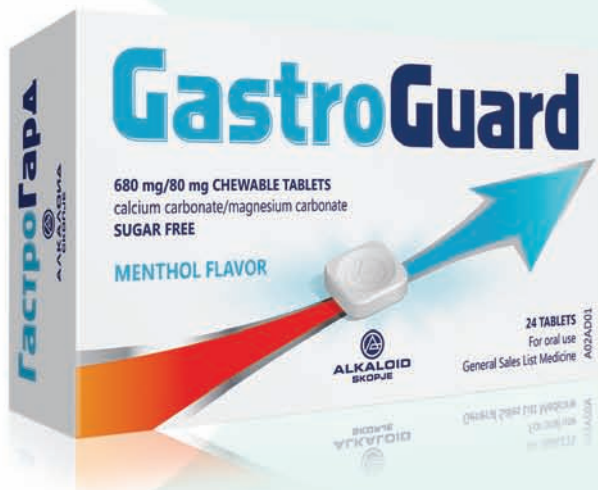
INDAPAMID ALKALOID® SR

indapamide
1.5 mg prolonged release tablets
30 film-coated tablets
C03BA11, diuretics



RISPERIDON ALKALOID®

risperidone
1 mg/1ml oral solution
60 ml solution
N05AX08, antipsychotic



GASTROGUARD®

calcium carbonate; magnesium carbonate
680 mg/80 mg chewable tablets
8, 16, 24 and 32 tablets
A02AD01, antacids, combinations and complexes
of aluminium, calcium and magnesium compounds

FOOD SUPPLEMENTS



ALKAKAPS COENZYME Q10 FORTE®

10 mg coenzyme Q10
(ubidecarenone)
30 soft tablets



PREMAMA DUO

30 tablets & 30 soft capsules
11 vitamins,
10 minerals,
omega-3 fatty acids

caffetin®

We know everything about
HEADACHE!

— EVER SINCE 1957 —




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Read the insert leaflet carefully before use. For indications, use related risks and side effects resulting from this drug use, consult your physician or a pharmacist.
THE DRUG IS INTENDED FOR USE IN ADULTS AND CHILDREN OVER 12 YEARS OF AGE.

COMPLETE LIST OF PHARMACEUTICAL PRODUCTS REGISTERED IN MACEDONIA

(in alphabetical order)

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
ACEROLA ALKALOID®		
ascorbic acid	contains natural vitamin C 500 mg and 180 mg chewable tablets 30 tablets	A11GA01, vitamin
ACEROLA ALKALOID® for children		
ascorbic acid	contains 100% natural vitamin C 50 mg chewable tablets, 30 tablets	A11GA01, vitamin
ACIKLOVIR ALKALOID®		
aciclovir	50 mg/g cream, 5 g cream	D06BB03, topical antiviral
ACIKLOVIR ALKALOID®		
aciclovir	30 mg/g eye ointment, 5 g ointment	S01AD03, ophthalmological antiviral
ACIKLOVIR ALKALOID®		
aciclovir	200 mg tablets, 30 tablets	J05AB01, antiviral for systemic use
ALBENDAZOL ALKALOID®		
albendazole	200 mg film-coated tablets 6 and 60 tablets	P02CA03, antihelmintic
ALDIZEM®		
diltiazem	60 mg and 90 mg prolonged release tablets, 30 tablets	C08DB01, calcium channel blocker
ALKADIL®		
captopril	25 mg tablets, 40 tablets	C09AA01, ACE inhibitor
ALKALAX-TAB®		
bisacodyl	5 mg gastro-resistant tablets 20 tablets	A06AB02 contact laxatives
ALKAVIT® vitamin C for children		
ascorbic acid	50 mg tablets, 30 tablets	A11GA01, vitamin
ALKAVIT® vitamin E		
tocopherol, a	100 mg chewable tablets 30 tablets	A11HA03, vitamin

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
ALKAVIT® FOLIC ACID		
folic acid	0,4 mg film-coated tablets 30 tablets 5 mg film-coated tablets 20 tablets	B03BB01, antianemic preparations
ALMACIN®		
amoxicillin	500 mg capsules, hard 16 and 100 capsules 250 mg/5 ml powder for oral suspension 100 ml suspension	J01CA04, broad spectrum penicillin
ALMETEX®		
carbazoChrome	25 mg tablets, 20 tablets 10 mg/2ml solution for injection 30 ampoules	B02BX02, haemostatic
ALVEN®		
heparin, dexpanthenol, allantoin	300IU/2,5mg/2,5mg/1 g cream and gel, 40 g 500IU/2,5mg/2,5mg/1 g cream and gel, 40 g	C05BA53, combined heparin for topical use
ALYCEF®		
cefadroxil	500 mg capsules, hard, 16 capsules 250 mg/5 ml granules for oral suspension, 100 ml suspension	J01DB05, first-generation cephalosporins
AMINOFILIN ALKALOID®		
aminophylline	100 mg film-coated tablets 50 tablets 350 mg prolonged release tablets 20 tablets 250 mg/10 ml solution for injection 50 ampoules	R03DA05, bronchodilator
AMLODIPIN ALKALOID®		
amlodipine	5 mg and 10 mg tablets 30 tablets	C08CA01, calcium channel blocker

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
AMPICILIN ALKALOID®		
ampicillin	500 mg capsules, hard 16 and 100 capsules 250 mg/5ml powder for oral suspension 100 ml suspension	J01CA01, broad spectrum penicillin
ANALGIN®		
metamizole	500 mg tablets 10 and 500 tablets 1g/2ml and 2.5g/5ml solution for injection, 50 ampoules	N02BB02, analgesic and antipyretic
AQUA AD INIECTABILIA ALKALOID®		
water for injections	2 ml, 5 ml and 10 ml solvent for parenteral use 50 ampoules	V07AB, solvent and diluting agent
ATENOLOL ALKALOID®		
atenolol	50 mg film-coated tablets 15 tablets 100 mg film-coated tablets 15 and 30 tablets	C07AB03, selective β -blocker
BETADINE®		
povidone - iodine	100 mg/g ointment, 20 g ointment 7.5 % and 10 % cutaneous solution 100 ml and 1000 ml solution	D08AG02 and D11AC06, antiseptic & disinfectant;
Manufactured under the license of Mundipharma AG Basel, Switzerland		
BETADINE®		
povidone - iodine	200 mg vaginal pessaries 14 pessaries	G01AX11, gynecological antiseptic
Manufactured under the license of Mundipharma AG Basel, Switzerland		
BETADINE®		
povidone - iodine	1% gargle, 100 ml solution	R02AA15, throat antiseptic
Manufactured under the license of Mundipharma AG Basel, Switzerland		

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
BIPRESSO®		
bisoprolol	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	C07AB07, selective β -blocker
BlokMax®		
ibuprofen	200 mg film-coated tablets 10 tablets	M01AE01, NSAID
BlokMax® forte		
ibuprofen	400 mg film-coated tablets 10 tablets	M01AE01, NSAID
BlokMax® for kids		
ibuprofen	100mg/5 ml oral suspension 100 ml suspension	M01AE01, NSAID
BRONLES®		
carbocisteine	375 mg capsules, hard 30 capsules 250 mg/5ml oral solution, 150 ml solution	R05CB03, mucolytic
BRONLES® for children		
carbocisteine	125 mg/5ml oral solution, 150 ml solution	R05CB03, mucolytic
BRONLES DIRECT®		
carbocisteine	750 mg/10ml oral solution 15 sachets with 10 ml solution	R05CB03, mucolytic
BUPRENORFIN ALKALOID®		
buprenorphine	0,4 mg, 2 mg and 8 mg sublingual tablets 7 and 28 tablets	N07BC01, drugs used in opioid dependance
CAFFETIN sc®		
paracetamol, propyphenazone, caffeine	250 mg/210 mg/50 mg tablets 10 and 500 tablets	N02BE51, combined analgesic
CAFFETIN trio®		
paracetamol, caffeine, codeine	500 mg/50 mg/10 mg tablets 10 and 500 tablets	N02BE51, combined analgesic
CAFFETIN®		
paracetamol, propyphenazone, caffeine, codeine	250 mg/210 mg/50 mg/10 mg tablets 6, 10, 12 and 500 tablets	N02BE51, combined analgesic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
CAFFETIN COLD®		
paracetamol, ascorbic acid, pseudoephedrine, dextromethorphan	500 mg/60 mg/30 mg/15 mg film-coated tablets, 10 tablets	N02BE51, cough & cold medication
CAFFETIN COLD® PLUS		
paracetamol, vitamin c (ascorbic acid + acerola), dextromethorphan, pseudoephedrine	(500 mg+60 mg (50 mg +10 mg) +15 mg+30 mg) film-coated tablets, 10 tablets	N02BE51, cough & cold medication
CAFFETIN COLD max®		
paracetamol, phenylephrine	1000 mg/12,2 mg powder for oral solution 10 sachets with 5,15 g powder	N02BE51 paracetamol, combinations excl. psycholeptics
CAFFETIN® menstrual		
ibuprofen (in a form of lysinate)	200 mg film-coated tablets 10 tablets	M01AE01, NSAID
CARDIOPIRIN®		
acetylsalicylic acid	100 mg gastro-resistant tablets 30 tablets	B01AC06, platelet aggregation inhibitors
CEFACTOR ALKALOID®		
cefactor	500 mg capsules, hard, 16 capsules 125 mg/5ml and 250mg/5ml granules for oral suspension, 60 ml suspension	J01DC04, second-generation cephalosporins
CEFALEXIN ALKALOID®		
cefalexin	500 mg capsules, hard 16 and 100 capsules 250 mg/5ml powder for oral suspension 100 ml suspension	J01DB01, first-generation cephalosporins
CEFAZ®		
ceftazidime	500 mg and 1 g powder for solution for injection 5 vials	J01DD02, third-generation cephalosporins

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
CHLORAMPHENICOL ALKALOID®		
chloramphenicol	50 mg/g ointment, 5 g ointment	D06AX02, antibiotic for topical use
CHLORAMPHENICOL ALKALOID®		
chloramphenicol	10 mg/g eye ointment, 5 g ointment	S01AA01, ophthalmological antibiotic
CINEDIL®		
cinnarizine	75 mg tablets, 45 tablets	N07CA02, calcium channel blocker, antivertigo preparation
CIKLOSPORIN ALKALOID®		
ciclosporin	25 mg, 50 mg and 100 mg capsules, soft 50 capsules 100 mg/ml oral solution, 50 ml solution	LO4AD01, immunosuppressant
CITERAL®		
ciprofloxacin	250 mg and 500 mg film-coated tablets 10 tablets 100 mg/10ml concentrate for solution for infusion, 5 ampoules	J01MA02, quinolone for systemic use
CITERAL®		
ciprofloxacin	3 mg/ml eye and ear drops, solution 5 ml solution	S03AA07, antimicrobial quinolone, agent
CODEINI PHOSPHATIS ALKALOID®		
codeine	30 mg tablets, 10 tablets	R05DA04, antitussive
CO-ALMACIN®		
amoxicillin; clavulanic acid	400 mg/57 mg/5 ml powder for oral suspension 70 ml suspension 875 mg/125 mg film-coated tablets 10 and 14 tablets	J01CR02, combinations of penicillins, incl. β -lactamase inhibitors
DECOTAL®		
diflucortolone	1 mg/g cream, 20 g cream 1 mg/g ointment, 20 g ointment	D07AC06, potent corticosteroid dermo-therapeutic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
DIABINESE®		
chlorpropamide Manufactured under the license of Pfizer Corporation	250 mg tablets, 30 tablets	A10BB02, oral antidiabetic
DIAZEPAM ALKALOID®		
diazepam	2 mg and 5 mg coated tablets 30 tablets 10 mg/2ml solution for injection 10 ampoules	N05BA01, anxiolytic
DicloJet®		
diclofenac Manufactured in cooperation with Temmler Werke GmbH, Munchen, Germany	75 mg gastro-resistant capsules, hard 20 capsules	M01AB05, NSAID
Diclo Duo®		
diclofenac Manufactured in cooperation with Temmler Werke GmbH, Munchen, Germany	75 mg modified, dual release capsules, hard 20 capsules	M01AB05, NSAID
DIPROL®		
paracetamol	120 mg/5ml oral suspension 100ml suspension	N02BE01, analgesic and antipyretic
DOXYCYCLIN ALKALOID®		
doxycycline	100 mg capsules, hard 5 and 100 capsules	J01AA02, tetracycline antibiotic
EGLONYL® forte		
sulpiride Manufactured in cooperation with Sanofi Aventis, France	200 mg tablets, 10 and 30 tablets	N05AL01, antipsychotic
EGLONYL®		
sulpiride Manufactured in cooperation with Sanofi Aventis, France	50 mg capsules, hard, 30 capsules 25 mg/5 ml oral solution 120 ml solution 100 mg/2 ml solution for injection 30 ampoules	N05AL01, antipsychotic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
EPIAL®		
carbamazepine	200 mg tablets, 50 tablets	N03AF01, antiepileptic
ETOLAC		
etodolac	200 mg film-coated tablets, 20 tablets	M01AB08, NSAID
FAMOSAN®		
famotidine	10 mg and 20 mg film-coated tablets 20 tablets 40 mg film-coated tablets 10 tablets	A02BA03, antiulcer drug
FLAGYL®		
metronidazole	500 mg vaginal pessaries 10 pessaries	G01AF01, gynecological antiinfective and antiseptic
Manufactured in cooperation with Sanofi Aventis, France		
FLAGYL®		
metronidazole	250 mg film-coated tablets 20 tablets 400 mg tablets, 20 tablets	J01XD01, P01AB01, antiinfective for systemic use, antiprotozoal
Manufactured in cooperation with Sanofi Aventis, France		
FLUFENAZIN ALKALOID®		
fluphenazine	1 mg coated tablets, 25 tablets 2.5 mg and 5 mg coated tablets 100 tablets 2.5 mg/1ml solution for injection 5 ampoules	N05AB02, antipsychotic
FLUOXETIN ALKALOID®		
fluoxetine	20 mg capsules, hard 30 capsules	N06AB03, antidepressant
FURAL®		
nifuroxazide	200mg/5 ml oral suspension 90ml suspension	A07AX 03 intestinal antiinfective agent
FURAL®		
nifuroxazide	100 mg capsules, hard, 30 capsules 200 mg capsules, hard, 20 capsules	A07AX03 intestinal antiinfective agent

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
FUROSEMID ALKALOID®		
furosemide	40 mg tablets, 10 tablets 20 mg/2ml solution for injection 50 ampoules	C03CA01, diuretic
FUREXA®		
cefuroxime	250 mg and 750 mg powder for injection 5 vials	J01DC02, second-generation cephalosporins
FUREXA®		
cefuroxime	1,5 g powder for solution for injection or infusion, 5 vials	J01DC02, second-generation cephalosporins
GENTAMICIN ALKALOID®		
gentamicin	20 mg/2 ml, 40 mg/2ml, 80 mg/2 ml and 120 mg/2ml solution for injection, 10 ampoules	J01GB03, aminoglycoside antibiotic
GLIBEDAL®		
glibenclamide	5 mg tablets, 30 tablets	A10BB01, oral antidiabetic
GLUCOSE ALKALOID®		
glucose	5% and 10% solution for infusion 500 ml solution	B05BA03, solution for parental nutrition
GYNIPRAL®		
hexoprenaline	0.01 mg/2ml solution for injection 5 ampoules	G02CA, tocolytic
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
HARTMAN ALKALOID®		
sodium chloride; potassium chloride; calcium chloride dihydrate; sodium lactate	6,02g/0,373g/0,294g/6,276g/ /1000 ml solution for infusion 500 ml solution	B05BB01, blood substitutes and perfusion solutions
HEFEROL®		
ferrous fumarate	350 mg capsules, hard, 30 capsules	B03AA02, antianaemic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
HIDROHLOROTIAZID ALKALOID®		
hydrochlorothiazide	25 mg tablets, 20 tablets	C03AA03, diuretic
HOLLESTA®		
simvastatin	10 mg, 20 mg and 40 mg film-coated tablets, 30 tablets	C10AA01, hypolipaemic
INSTENON®		
etofylline, etamivan, hexobendine	60 mg/50 mg/20 mg/coated tablets 30 tablets	C04AX, peripheral vasodilator
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
INSTENON®		
etofylline, etamivan, hexobendine	100 mg/50 mg/10 mg/2ml solution for injection, 30 ampoules	C04AX, peripheral vasodilator
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
KALCIUM KARBONAT ALKALOID®		
calcium carbonate	1000 mg tablets, 50 tablets	A12AA04, antiphosphataemic, mineral supplement
KLINDAMICIN ALKALOID®		
clindamycin	150 mg and 300 mg capsules, hard 16 capsules 300 mg /2 ml and 600 mg/ 4 ml solution for injection, 10 ampoules	J01FF01, lincosamide antibiotic
LAMAL®		
lamotrigine	25 mg, 50mg, 100 mg and 200 mg tablets, 30 tablets	N03AX09, antiepileptic
LEGOFER®		
ferric proteinsuccinylate	40 mg/15 ml oral solution 150 ml solution	B03AB09, antianaemic
Manufactured in cooperation with Italfarmaco S.p.A. Milan, Italy		
LEXILIUM®		
bromazepam	1.5 mg, 3 mg and 6 mg tablets 30 tablets	N05BA08, anxiolytic
Manufactured in cooperation with F. Hoffman - La Roche Ltd. Basel, Switzerland		

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
LIDAPRIM®		
sulfametrole, trimethoprim	400 mg/80 mg/ tablets, 20 tablets	J01EE03, combined sulphonamide & trimethoprim
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
LIDAPRIM® for children		
sulfametrole, trimethoprim	100 mg/20 mg tablets, 20 tablets 200 mg/40 mg/5 ml oral suspension 100 ml suspension	J01EE03, combined sulphonamide & trimethoprim
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
LIDOKAIN HIDROHLORID ALKALOID®		
lidocaine	40 mg/2ml solution for injection 100 ampoules	N01BB02, C01BB01 local anaesthetic, antiarrhythmic
LIDOCAIN-ADRENALIN ALKALOID®		
lidocaine, epinephrine	40mg/0.025 mg/2 ml solution for injection, 100 ampoules	N01BB52, local anaesthetic
LORATADIN ALKALOID®		
loratadine	10 mg tablets, 10 tablets 1 mg/1ml oral solution, 120 ml solution	R06AX13, antihistaminic
LOSARTAN ALKALOID®		
losartan	50 mg and 100 mg film-coated tablets 30 tablets	C09CA01, angiotensin II antagonist
LUNATA®		
zolpidem	5 mg and 10mg film-coated tablets 10 tablets	N05CF02, hypnotics and sedatives
LYVAM®		
levetiracetam	250 mg, 500 mg, 750 mg and 1000 mg film-coated tablets 60 tablets	N03AX14 other antiepileptics
MENDILEX®		
biperiden	2 mg tablets, 50 tablets	N04AA02, antiparkinsonic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
METADON ALKALOID®		
methadone	10 mg/ml oral drops, solution 10 ml solution 10 mg/ml oral solution, 100 ml and 1000 ml solution	N07BC02, opioid analgesic; drug used in opioid dependence
METFORMIN ALKALOID®		
metformin	500 mg, 850 mg and 1000 mg film-coated tablets, 30 tablets	A10BA02, oral antidiabetic
MORFIN HIDROHLORID ALKALOID®		
morphine	20 mg/ml and 4 mg/ml solution for injection 10 ampoules	N02AA01, opioid analgesic
NATRII CLORIDI INFUNDIBILE CUM GLUCOSO 5% ALKALOID®		
sodium chloride; glucose	9 g/50 g/ 1000 ml solution for infusion 500 ml solution	B05BB02, blood substitutes and perfusion solutions
NATRIUM HLORID ALKALOID®		
sodium chloride	0,9% solution for infusion 500 ml solution	B05XA03, plasma substitutes and infusion solutions/electrolytes
NIFADIL® retard		
nifedipine	20 mg prolonged release, tablets 30 film-coated tablets	C08CA05, calcium channel blocker
NIFLAM® retard		
ketoprofen	200 mg film-coated tablets, 20 tablets	M01AE03, NSAID
NIFLAM®		
ketoprofen	50 mg capsules, hard, 20 capsules 100 mg/2ml solution for injection and infusion 10 ampoules 100 mg suppositories, 12 suppositories	M01AE03, NSAID
NOVAMORF®		
morphine	20 mg sublingual tablets 20 and 60 tablets	N02AA01, opioid analgesic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
NOZINAN®		
levomepromazine	25 mg and 100 mg film-coated tablets 20 and 100 tablets	N05AA02, antipsychotic
Manufactured in cooperation with Sanofi Aventis, France		
NYPERO®		
ropinirole	0,25 mg, 0,5 mg, 1 mg, 2 mg and 5 mg film-coated tablets, 21 tablets	N04BC04, dopamine agonists
NYMER®		
nimesulide	100 mg tablets, 15 tablets	M01AX17 other antiinflammatory and antirheumatic agents, non-steroids
OMEZOL®		
omeprazole	20 mg gastro-resistant capsules, hard 14 capsules	A02BC01, antiulcer drug
PANCEF®		
cefixime	400 mg film-coated tablets, 5 and 10 tablets 100 mg/5ml granules for oral suspension 60 ml and 100 ml suspension	J01DD08, third-generation cephalosporins
PARACETAMOL ALKALOID®		
paracetamol	500 mg tablets, 10, 12 and 500 tablets 120 mg/5ml oral solution 100 ml solution	N02BE01, analgesic, antipyretic
PARSEDIL®		
dipyridamole	75 mg coated tablets, 15 tablets	B01AC07, platelet aggregation inhibitor
PENTOKSIFILIN ALKALOID®		
pentoxifylline	400 mg prolonged release tablets 20 film-coated tablets 100 mg/5 ml solution for injection 5 ampoules	C04AD03, peripheral vasodilator, rheolytic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
PHENOBARBITAL ALKALOID®		
phenobarbital	15 mg and 100 mg tablets 30 tablets	N03AA02, antiepileptic
PHOLCODIN ALKALOID®		
pholcodine	10 mg capsules, hard, 20 capsules 15 mg/15ml oral solution 150 ml solution	R05DA08, antitussic
PHOLCODIN ALKALOID® for children		
pholcodine	4 mg/5ml oral solution 60 ml solution	R05DA08, antitussic
PIMEF®		
cefepime	1 g and 2 g powder for solution for injection or infusion 5 vials	J01DE01, forth-generation cephalosporins
PROCULIN®		
naphazoline	0.3mg/ml eye drops 10 ml solution	S01GA01, ophthalmic decongestant
PROPAFENON ALKALOID®		
propafenone	150 mg film-coated tablets 40 tablets 35 mg/10 ml solution for injection 10 ampoules	C01BC03, antiarrhythmic
PROPILTIOURACIL ALKALOID®		
propylthiouracil	50 mg tablets, 20 tablets 100 mg tablets, 45 tablets	H03BA02, thyrostatic
REGLAN®		
metoclopramide	10 mg tablets, 40 tablets 5 mg/5ml oral solution 120 ml solution 10 mg/2 ml solution for injection 30 ampoules	A03FA01, antiemetic
Manufactured in cooperation with Sanofi Aventis, France		

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
RELIKA®		
perindopril tert-butylamine	2 mg, 4 mg and 8 mg tablets 30 tablets	C09AA04 ACE inhibitors, plain
REMOXICAM®		
piroxicam	20 mg capsules hard, 20 capsules	M01AC01, NSAID
RINGER ALKALOID®		
sodium chloride; potassium chloride; calcium chloride dihydrate	8,60 g/0,30 g/0,33 g/1000 ml solution for infusion 500 ml solution	B05BB01, plasma substitutes and infusion solutions/electrolytes
RISPERIDON ALKALOID®		
risperidone	1 mg, 2 mg and 3 mg film-coated tablets, 20 tablets	N05AX08, antipsychotic
SALBUTAMOL ALKALOID®		
salbutamol	2 mg tablets, 60 and 100 tablets 2mg/5ml oral solution 150 ml solution 5mg/ml nebuliser solution 20 ml solution	R03CC02, R03AC02, bronchodilator
SINEQUAN®		
doxepin Manufactured under the license of Pfizer Corporation	10 mg and 25 mg capsules, hard, 30 capsules	N06AA12, antidepressant
SIZAP®		
olanzapine	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	N05AH03, antipsychotics
SKOPRYL®		
lisinopril	5 mg, 10 mg and 20 mg tablets 20 tablets	C09AA03, ACE inhibitor
SKOPRYL plus®		
lisinopril, hydrochlorothiazide	20 mg/12.5mg tablets 20 tablets 20 mg/25 mg tablets 20 tablets	C09BA03, combined antihypertensive

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
SOLCOSERYL®		
protein-free haemodialysate of calves' blood	8.3 mg/g eye gel, 5 g gel	S01XA, ophthalmic wound and ulcer treatment
Manufactured under the licence of Meda Pharmaceuticals Switzerland GmbH, Switzerland		
SOLCOSERYL®		
protein-free haemodialysate of calves' blood	2.07 mg/g ointment, 20g ointment 4.15 mg/g gel, 20 g gel 42.5 mg/ml solution for injection ampoules of 2 ml and 5 ml 25 ampoules	D03BA, treatment of wounds and ulcers C04AX, other peripheral vasodilators
Manufactured under the licence of Meda Pharmaceuticals Switzerland GmbH, Switzerland		
SOLCOSERYL®		
protein-free haemodialysate of calves' blood polidocanol	2.125mg/10mg/g oromucosal paste, 5 g paste	A01AD, local oral treatment
Manufactured under the licence of Meda Pharmaceuticals Switzerland GmbH, Switzerland		
SUMETRIN®		
sumatriptan	50 mg film-coated tablets 6 and 3 tablets	N02CC01, antimigraine preparation
SYNETRA®		
clopidogrel	75 mg film-coated tablets, 30 tablets	B01AC04, antithrombotic agent
TAMLOS®		
tamsulosin	0.4 mg modified release capsules, hard 30 capsules	G04CA02, drug used in benign prostatic hypertrophy
TIMOLOL ALKALOID®		
timolol	5mg/ml eye drops, 5 ml solution	S01ED01, antiglaucoma preparation
TORVEX®		
atorvastatin	10 mg, 20 mg, 40 mg and 80 mg film-coated tablets, 30 tablets	C10AA05, hypolipaeic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
TRAMADOL ALKALOID®		
tramadol	50 mg capsules, hard, 20 capsules 50 mg/1ml solution for injection 5 and 50 ampoules 100 mg/2ml solution for injection 5 and 50 ampoules	N02AX02, opioid analgesic
TRICEF®		
cefepodoxime	100 mg film-coated tablets 10 and 20 tablets 200 mg film-coated tablets 10 and 20 tablets 40 mg/5ml powder for oral suspension 100 ml suspension	J01DD13, third-generation cephalosporins
TRIGLID®		
fenofibrate	145 mg tablets, 30 tablets	C10AB05 lipid modifying agent, plain
ULCODIN®		
ranitidine	75 mg and 150 mg film-coated tablets, 20 tablets 50mg/2ml solution for injection 5 ampoules	A02BA02, antiulcer drug
VASOFLEX®		
prazosin	1 mg tablets, 30 tablets 2 mg and 5 mg tablets 60 tablets	C02CA01, selective α_1 -adrenergic blocker
Manufactured under the license of Pfizer Corporation		
VERAPAMIL ALKALOID® retard		
verapamil	240 mg prolonged release, tablets 20 film - coated tablets	C08DA01, calcium channel blocker
VERAPAMIL ALKALOID®		
verapamil	40 mg and 80 mg coated tablets, 30 tablets 5 mg/2 ml solution for injection 10 and 50 ampoules	C08DA01, calcium channel blocker

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
VITAMIN B₁ ALKALOID®		
thiamine	100 mg/1 ml solution for injection 50 ampoules	A11DA01, vitamin
VITAMIN B₁₂ ALKALOID®		
cyanocobalamin	500 mcg/1 ml solution for injection 50 ampoules	B03BA01, antianaemic
VITAMIN B₆ ALKALOID®		
pyridoxine	20 mg tablets, 20 tablets 50 mg/2 ml solution for injection 50 ampoules	A11HA02, vitamin
VITAMIN C ALKALOID®		
ascorbic acid	500 mg tablets, 250 tablets	A11GA01, vitamin
WALZERA®		
valsartan	40 mg, 80 mg and 160 mg film-coated tablets 30 tablets	C09CA03 angiotensin II antagonists, plain
YMANA®		
memantine	5 mg, 10 mg, 15 mg and 20 mg film coated tablets 30 tablets	N06DX01 anti-dementia drug
ZANFEXA®		
venlafaxine	37.5 mg, 50 mg and 75mg tablets 30 tablets	N06AX16, antidepressants
ZANFEXA® XR		
venlafaxine	37,5 mg, 75 mg and 150 mg prolonged release capsules, hard 30 capsules	N06AX16, antidepressants
ZEPIRA®		
escitalopram	5 mg, 10 mg, 15 mg and 20 mg film-coated tablets 30 tablets	N06AB10 selective serotonin reuptake inhibitors
ZYTRON®		
ondansetron	4 mg and 8 mg film-coated tablets, 10 tablets 4 mg/2ml and 8mg/4ml solution for injection, 5 ampoules	A04AA01, antiemetic and antinauseant

Latest releases

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
GASTROGUARD®		
calcium carbonate; magnesium carbonate	680 mg/80 mg chewable tablets 8, 16, 24 and 32 tablets	A02AD01, antacids, combinations and complexes of aluminium, calcium and magnesium compounds
INDAPAMID ALKALOID® SR		
indapamide	1.5 mg prolonged release tablets 30 film-coated tablets	C03BA11, diuretics
RISPERIDON ALKALOID®		
risperidone	1 mg/1ml oral solution 60 ml solution	N05AX08, antipsychotic

Medical devices

Registered name	Presentation
PROCULIN TEARS	
	sodium hyalouronate 0.2%, moisturizing ophthalmic solution 10 ml solution
PROCULIN LENS	
	multipurpose lens care solution with hyaluronic acid 400 ml solution

Food Supplements

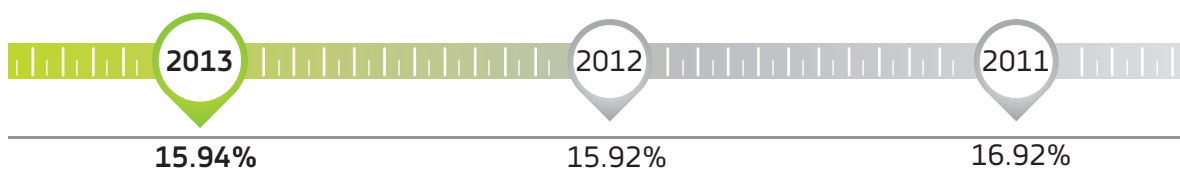
Registered name	Presentation (strength, pharmaceutical form, pack size)
ALKAKAPS Shark Oil	500 mg shark liver oil (min. 20% alkylglycerols), soft capsules 60 soft capsules
ALKAKAPS Coenzyme Q₁₀	10 mg coenzyme Q ₁₀ (ubidecarenone), soft capsules 60 soft capsules
ALKAKAPS Beta Carotene	6.67 mg betacarotene 30% (equivalent to 2 mg betacarotene, or 333 mcg vitamin A), soft capsules 90 soft capsules
ALKAKAPS Omega 3	500 mg fish oil (including 165 mg EPA and 110 mg DHA) and 5 mg vitamin E, soft capsules 60 soft capsules
BioKrill Active	500 mg krill oil, soft capsules 60 soft capsules
DIASTOP	35 mg Bacillus subtilis IP 5832, capsules 16 capsules
Vitamin A+D₃ Alkaloid	2500 IU vitamin A (in a form of retinol palmitate) and 400 IU vitamin D ₃ (cholecalciferol), soft capsules 50 soft capsules
Vitamin A+D₃ Alkaloid	1667 IU vitamin A (in a form of retinol palmitate) and 400 IU vitamin D ₃ (cholecalciferol), soft capsules 50 soft capsules



MARKETING AND SALES

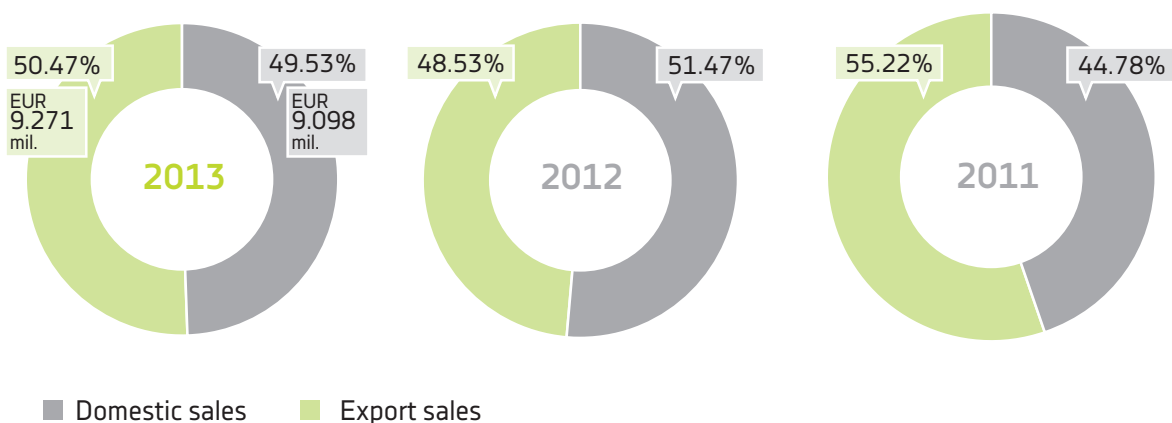
In 2013, PC Chemistry Cosmetics Botanicals had 210 employees working in the headquarters in Skopje. The total net sales of this Profit Centre amounted to 1.131 billion MK denars (EUR 18.368 million), which is a share of 15.94% in the total sales of Alkaloid Group. In 2013, the products of the PC Chemistry Cosmetics Botanicals were available on the markets in 14 countries.

PC Chemistry Cosmetics Botanicals as a part of Alkaloid Group

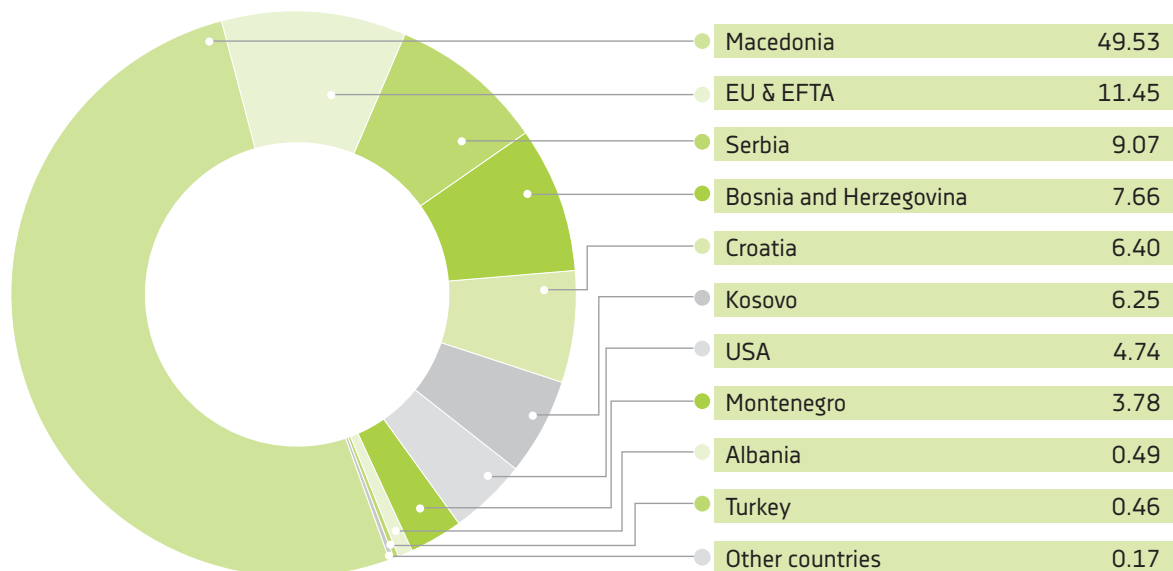


In 2013 the sales level demonstrated an increase of 4.69% compared to the last year, i.e. a decrease of 0.05% in the Chemistry segment, an increase of 7.34% in the Cosmetics and an increase of 1.30% in the Botanicals segment.

Sales per markets



Sales per countries in 2013

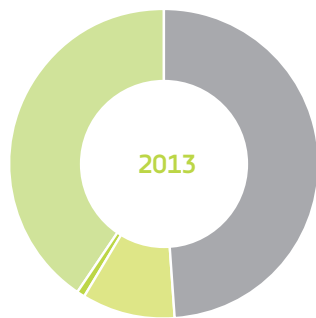


The participation of the three segments in the total sales of PC Chemistry Cosmetics Botanicals in 2013 was as follows:

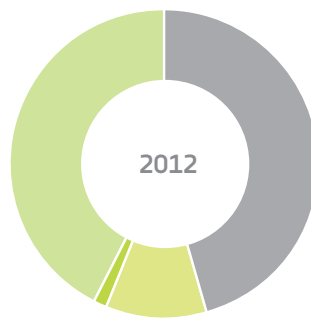
Segment of CCB	% participation		
	2013	2012	2011
CHEMISTRY	20.24	21.20	26.96
Domestic market	8.61	9.41	7.20
Export market	11.63	11.79	19.76
COSMETICS	62.39	60.85	55.75
Domestic market	30.12	30.60	27.26
Export market	32.27	30.25	28.49
BOTANICALS	17.37	17.95	17.29
Domestic market	10.80	11.46	10.32
Export market	6.57	6.49	6.97

The sales structure per segments is presented below:

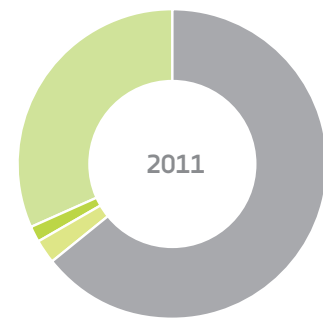
SALES STRUCTURE - CHEMISTRY



■ ARGENTUM SALTS	49.09
■ LIQUID MINERAL FERTILISERS	9.66
■ ACIDUM ACETICUM	0.71
■ OTHERS	40.54

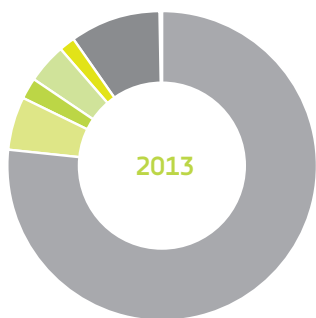


■ ARGENTUM SALTS	45.69
■ LIQUID MINERAL FERTILISERS	10.68
■ ACIDUM ACETICUM	1.24
■ OTHERS	42.39

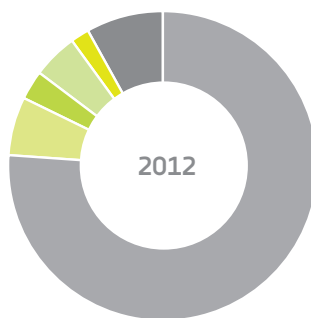


■ ARGENTUM SALTS	64.21
■ LIQUID MINERAL FERTILISERS	2.54
■ ACIDUM ACETICUM	1.71
■ OTHERS	31.54

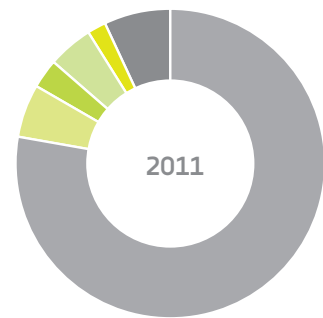
SALES STRUCTURE - COSMETICS



■ BECUTAN (Baby cosmetics)	76.90
■ SHAMPOOS	5.42
■ PERFUMES	2.31
■ GLOSS (Household cleaning products)	4.14
■ SOAPS	1.60
■ OTHERS	9.64

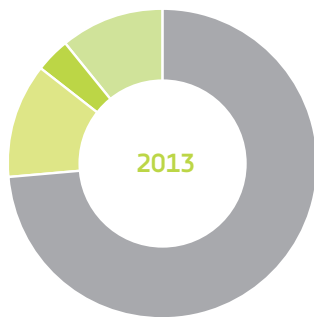


■ BECUTAN (Baby cosmetics)	76.33
■ SHAMPOOS	6.17
■ PERFUMES	2.79
■ GLOSS (Household cleaning products)	4.78
■ SOAPS	2.01
■ OTHERS	7.92

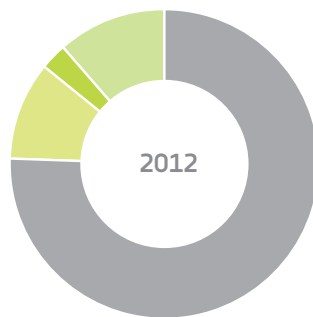


■ BECUTAN (Baby cosmetics)	77.80
■ SHAMPOOS	5.73
■ PERFUMES	3.09
■ GLOSS (Household cleaning products)	4.52
■ SOAPS	1.96
■ OTHERS	6.90

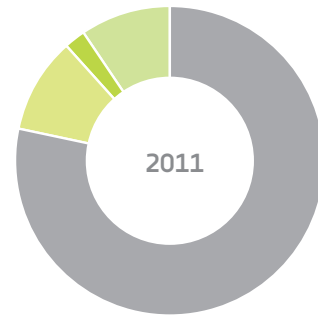
SALES STRUCTURE - BOTANICALS



■ TEAS	73.78
■ ZACHINAL (Food seasoning)	11.78
■ MEDICAL HERBS	3.71
■ OTHERS	10.73



■ TEAS	75.78
■ ZACHINAL (Food seasoning)	10.09
■ MEDICAL HERBS	2.81
■ OTHERS	11.32



■ TEAS	78.49
■ ZACHINAL (Food seasoning)	9.93
■ MEDICAL HERBS	2.41
■ OTHERS	9.17



BECUTAN – ONE OF THE BRANDS THAT OUTLIVED FORMER YUGOSLAVIA

The international news channel with over sixty bureaus around the world that span six different continents. “Al Jazeera” carried out a regional market research for their Balkans branch TV magazine “Made in Communism” indicating a list of brands that outlived the communism and successfully passed the transition period towards the capitalist system. According to the results of the research, BECUTAN was emphasized as one of the brands which managed to survive the system change, keep its good image and distinctive quality due to which it is still present in the market.

„The famous baby cream of the pharmaceutical company ‘Alkaloid’ whose formulation is kept as strictly confidential business secret, has grown to be one of the leading regional brands. BECUTAN exists for more than 36 years and it is estimated that 45 millions units of this cream were sold since its launch to present day. Regardless that the competition on the baby cream market is fierce, the consumers remain loyal to this brand” – “Al Jazeera” research emphasized.

BECUTAN BLISS BOOK AWARDED WITH FIRST PRIZE ON THE 15TH REGIONAL MEDIA EVENT "SEMPLE"

Amidst competition of 30 finalists on the 15th international media event "SEMPLE" held in Portorozh, Slovenia "Becutan Radosnica" (Bliss Book, author's note) was granted the "Golden SEMPLE Award" in the category of best campaign implemented through social media by the international jury. This is the first international award for social media campaign in the Republic of Macedonia.

This project of Alkaloid is a modern digitally adapted version of the traditional baby bliss book. The project was implemented on 6 markets simultaneously and since its launch, over 10.000 baby bliss books were created.

"SEMPLE" is an international media event that presents new trends and analysis of the best media practices. For the past 15 years since its establishment, this event gathers in one place hundreds of marketing and media experts from around the world. "SEMPLE" is very well known mostly by its quality program, quality of projects and numerous networking opportunities.



BOTANICAL PHARMACY – COMPLETELY REDECORATED AND REBRANDED

Alkaloid's Botanical Pharmacy, one of the landmarks of the city of Skopje that exists for four decades, was completely redecorated and rebranded.

It now offers complete assortment of teas as well as extensive expert information on their administration and use by Alkaloid's medical and pharmaceutical professionals. In order to best serve its patients and consumers, the Botanical Pharmacy introduced an educational area within its premises where two days during the week, the consumers can enjoy the teas and the expert presentations on various up-to-date topics from the sphere of herbal medicine.

The central place in the Botanical Pharmacy belongs to the herbal products of the "Good Nature" brand, but also other complimentary products from Alkaloid's portfolio, such as "Good Morning Good Nature" muesli, the range of products "Good Nature Energy", but also products from Alkaloid's over-the-counter pharmaceuticals program and part of the cosmetics assortment.



YOUNG DERM HIGH SCHOOL EDUCATIONAL TOUR

The expert cosmetic team of Alkaloid in cooperation with leading dermatologists from the country, initiated a project encompassing educational presentations for skincare and protection of youth skin in several high schools in the city of Skopje in order to educate the young population on the causes of skin changes at that age.

The educational tour included 9 high schools on the territory of the city of Skopje where the students were provided with expert information from leading dermatologists on the causes and effects that induce skin deteriorations during the teenage period. In consultation with reliable professionals, the students were offered advises on how to handle those problems. The students were also offered expert brochures containing useful and practical information on the subject matter as well as information on the usage benefits of the skincare collection Young Derm.







FINANCES & SHAREHOLDING



FINANCES

We have come through the turbulent period, which has changed people's mindset and the business environment dramatically. The old ways of forecasting have changed, making day-to-day business more difficult to plan, and the uncertainty level is much higher than any other period we can remember in the past 10 years.

During 2013 Alkaloid made strong progress despite a challenging environment, delivering increases in both revenue and operating income. Our product diversification and ongoing commitment to operational improvement continued to show results. Just as importantly, we continued to execute on our long term strategic plan, building a stronger Alkaloid well positioned to take advantage of growth opportunities in our four segments, Pharmaceuticals, Chemistry, Cosmetics and Botanicals, and able to weather the inevitable challenges that lie ahead.

Alkaloid reported 2013 net earnings from continuing operations of 9.75 million EUR, or 6.86 EUR per share, compared to 9.49 million EUR, or 6.67 EUR per share, in 2012, an increase of about 3%. Net sales for 2013 increased around 5% to 115.3 million EUR, compared to 110.3 million EUR in 2012.

Free cash flow was 6.65 million EUR, a noteworthy accomplishment in light of our robust investment program. Our program is focused on increasing manufacturing capacity as well as information technology and ERP systems.

Taking into consideration all uncertainties and Alkaloid's long term strategy focused on investing in new products, new technologies, entering even more new markets and maintaining the financial stability, all measures and precautions we undertook provided for positive financial and business results in the course of 2013. The stable financial profile of the company provides security, flexibility and ability to give a timely response when dealing with new challenges. The trend of financial strengthening of the company continues leaving a solid base for the following year.

FINANCES & SHAREHOLDING

All financial reports, standalone and consolidated reports representing the business activities of Alkaloid AD Skopje and its subsidiaries abroad are compiled in accordance with the Law on Trade Companies, the Accounting Guidelines, the International Accounting Standards and the International Financial Reporting Standards.

Finally, thank you, our loyal shareholders, customers, our employees, our stakeholders for your continuous confidence, and the communities in which we live and work for their support. We look forward to updating you on the progress we are making toward our strategic goals in the months and years ahead.



Viktor Stojchevski
Chief Financial Officer /
Member of the Management Board

A stylized, handwritten signature in blue ink, appearing to be 'V. Stojchevski'.

SHAREHOLDING

The capital of Alkaloid AD Skopje amounts to 1,431,353 shares with a par value of EUR 25.56 per share, or a total sum of EUR 36,585,382.68. All shares are freely transferable. All individuals registered in the Shareholders Registry, which is kept with the Central Depository for Securities in compliance with the valid legal regulations, are considered shareholders. The shareholders enjoy an equal status and have the right to vote at the Company's Assembly with one vote for each ordinary share, and they also have the right to a dividend.

99.77% (1,428,125) of the shares are ordinary shares of which 59 are reserved for former proprietors, while 0.23% (3,228) are preference shares also reserved for former proprietors and proprietors who need to prove their ownership right for estate now belonging to ALKALOID AD Skopje.

STRUCTURE OF THE SHAREHOLDERS IN ALKALOID AD SKOPJE

Legal entities and private individuals / Ordinary shares	1,428,125	99.77%
Former proprietors / Preference shares	3,228	0.23%

According to the records of the Macedonian Stock Exchange, the shares of Alkaloid in the course of 2013 were some of the most traded and most liquid ones. There were 1,687 transactions made, 52,131 shares were traded (which is 3.64% of the total share capital of Alkaloid AD Skopje), worth a total of EUR 3,685,686.

ALKALOID AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with 19.06% of the total turnover recorded on the first official market of the Stock Exchange. The share price of Alkaloid AD Skopje ranged from MKD 4,120 to MKD 4,650, with an average of MKD 4,334.14.

As at 31st December 2013, Alkaloid had 5,240 shareholders holding ordinary shares. The substantial number of shareholders is a sufficient indicator of the interest in the Company and its successful operations.

DIVIDEND

Since 1995, when the company was restructured, Alkaloid AD Skopje has regularly paid dividends to its shareholders on an annual basis. The net dividend per share for the year 2013 amounted to MKD 180.00

Net dividend per share (In MK Denars)

2013	2012	2011
180.00	165.00	160.00



Gjorgji Jovanov,
Director / MB Member

A handwritten signature in blue ink, appearing to read 'G. Jovanov'.



ALKALOID WAS GRANTED THE “CRYSTAL BELL” AWARD 2013

Alkaloid AD Skopje was granted the Crystal Bell award for being the most transparently quoted company on the Macedonian Stock Exchange for 2013.

The transparency in the operations, the quality of communication and timely disclosure of price sensitive information via the electronic reporting system of the Macedonian Stock Exchange, the quality of the annual report of the company, the quality of the web page of the company, the quality of the communication of the company with other regulatory bodies in the country, relations with the financial intermediaries and other investors, level and quality of corporate governance and corporate social responsibility were the main criteria in the selection process.

The award was granted during the “Annual conference of the Macedonian securities market 2014”, hosted by the Macedonian Stock Exchange, Securities and Exchange Commission of the Republic of Macedonia and the Central Securities Depository AD Skopje.

The award Crystal Bell granted by the Macedonian Stock Exchange is the fourth award of this type granted to Alkaloid AD Skopje following the ones in year 2008, 2011 and 2012.



Mr. Viktor Stojchevski, CFO and MB Member of Alkaloid AD Skopje, received the Crystal Bell 2013





**CONSOLIDATED
FINANCIAL
REPORT**

INDEPENDENT AUDITORS' REPORT

Deloitte.

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TO THE MANAGEMENT BOARD AND THE SHAREHOLDERS OF ALKALOID AD SKOPJE

We have audited the accompanying consolidated financial statements (page 2 to 39) of Alkaloid AD Skopje and its subsidiaries (hereinafter referred to as the "the Group"), which comprise the statement of consolidated financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of Alkaloid AD Skopje and its subsidiaries as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

7 March 2014

Deloitte DOO
Skopje, Macedonia



Central Register of RM, Registry No. 4881427, VAT No. 4030994253680
Account No. 300-000000910-22, Komercijalna banka AD, Kej Dimitar Vlahov br. 4, Skopje.

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Member of Deloitte Touche Tohmatsu Limited

CONSOLIDATED FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Denar)

		As at 31 December	
	Note	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,840,953	3,851,987
Intangible assets	7	760,008	647,260
Deferred tax assets	18	17,547	15,728
Available-for-sale financial assets	9	3,191	4,784
Other non-current assets	12	20,998	30,618
		4,642,697	4,550,377
Current assets			
Inventories	10	2,035,041	1,791,379
Trade receivables	11	2,196,438	2,508,304
Other current assets	12	198,764	243,506
Cash and cash equivalents	13	408,928	185,589
		4,839,171	4,728,778
TOTAL ASSETS		9,481,868	9,279,155
EQUITY			
Capital and reserves			
Share capital	14	2,205,348	2,205,348
Share premiums	14	-	(1,127)
Legal reserves		609,405	604,746
Other reserves	15	1,515,595	1,524,599
Retained earnings		3,216,316	2,907,337
Minority interests		1,179	1,205
		7,547,843	7,242,108
LIABILITIES			
Non-current liabilities			
Non-current borrowings	16	55,204	208,342
Retirement benefit obligations	17	19,379	20,670
Deferred tax liabilities	18	7,213	7,831
		81,796	236,843
Current liabilities			
Trade and other payables	19	1,264,349	1,222,977
Income tax		23,642	18,682
Current borrowings	16	564,238	558,545
		1,852,229	1,800,204
Total liabilities		1,934,025	2,037,047
TOTAL EQUITY AND LIABILITIES		9,481,868	9,279,155

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements have been approved by the Managing Board on 14 February 2014.

Approved by:

Zhivko Mukaetov

General Manager



Viktor Stojcevski

Finance Manager



CONSOLIDATED INCOME STATEMENT

(In thousands of Denar)

	Note	Year ended 31 December	
		2013	2012
Sales	5	7,097,599	6,788,633
Cost of sales		(3,673,013)	(3,497,210)
Gross profit		3,424,586	3,291,423
Research and development expenses		(46,765)	(38,687)
Selling and marketing expenses		(2,262,544)	(2,272,187)
Administrative expenses		(267,821)	(269,326)
Provision for other liabilities and charges	20	-	(3,530)
Other income	21	174,980	313,091
Other expenses	22	(306,926)	(332,308)
Operating profit		715,510	688,476
Finance expenses	26	(44,227)	(48,435)
Profit before income tax		671,283	640,041
Income tax	27	(70,857)	(56,311)
Profit for the year		600,426	583,730
Attributable to the:			
Shareholders of the Parent Company		600,452	583,763
Minority interests		(26)	(33)
Profit for the year		600,426	583,730
Earnings per share (In Denar)			
- Basic	28	422.26	410.52

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Denar)

	Note	Year ended 31 December	
		2013	2012
Profit for the year		600,426	583,730
Other comprehensive income:			
Fair value of investments	15	(548)	651
Translation differences	15	(2,575)	(9,761)
Other comprehensive income, net of tax		(3,123)	(9,110)
Total comprehensive income for the year		597,303	574,620

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In thousands of Denar)

	Attributable to the Parent						Total Equity
	Share capital	Share premiums	Legal reserves	Other reserves	Retained earnings	Minority interests	
As at 1 January 2012	2,206,391	493	599,909	1,538,559	2,608,105	1,239	6,954,696
Purchase of treasury shares	(1,043)	(1,620)	-	-	-	-	(2,663)
Fair value of investments (Note 9)	-	-	-	651	-	-	651
Transfer of reserves	-	-	4,850	(4,850)	-	-	-
Dividends and tax of paid dividend	-	-	-	-	(281,501)	-	(281,501)
Profit for the year	-	-	-	-	583,763	(33)	583,730
Translation differences	-	-	(13)	(9,761)	(3,030)	(1)	(12,805)
As at 31 December 2012	2,205,348	(1,127)	604,746	1,524,599	2,907,337	1,205	7,242,108
Fair value of investments (Note 9)	-	-	-	(548)	-	-	(548)
Transfer of reserves (Note 15)	-	1,127	4,754	(5,881)	-	-	-
Dividends and tax of paid dividend (Note 29)	-	-	-	-	(289,105)	-	(289,105)
Profit for the year	-	-	-	-	600,452	(26)	600,426
Translation differences	-	-	(95)	(2,575)	(2,368)	-	(5,038)
As at 31 December 2013	2,205,348	-	609,405	1,515,595	3,216,316	1,179	7,547,843

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL REPORT

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Denar)

	Year ended 31 December	
	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	6,824,979	6,638,311
Cash paid to suppliers and employees	(5,701,505)	(5,984,484)
Cash generated from operations	1,123,474	653,827
Interest received	10,542	(6,500)
Income tax paid	(10,954)	(15,040)
Net cash generated from operating activities	1,123,062	632,287
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(381,505)	(386,921)
Proceeds from investments in securities	1,475	-
Dividends received	20	40
Other payments to employees	(59,406)	(51,041)
Net cash used in investing activities	(439,416)	(437,922)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,098,190	1,496,291
Repayments of borrowings	(2,247,208)	(1,366,489)
Interest paid	(45,687)	(45,040)
Purchase of treasury shares	-	(2,663)
Interest from investment in bonds	308	326
Compensation to shareholders and tax of paid dividend and other allocation of profit	(260,031)	(275,323)
Net cash provided by financing activities	(454,428)	(192,898)
NET INCREASE IN CASH AND CASH EQUIVALENTS	229,218	1,467
Cash and cash equivalents at beginning of year	185,589	188,824
Translation differences	(5,879)	(4,702)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	408,928	185,589

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Alkaloid AD Skopje (the Parent Company) and its subsidiaries produce and sell wide range of pharmaceutical, chemical and cosmetic products, as well as goods from herbal origin. The Parent Company (hereinafter referred to as “the Group”) has fourteen subsidiaries and one Foundation in the Republic of Macedonia and other countries. For the list of the subsidiaries refer to Note 2.4.

Production facilities of the Group are located in Skopje and Belgrade.

Alkaloid AD Skopje, the Parent Company is a joint stock company, established and with head office in the Republic of Macedonia. The registered address of the Parent Company is: *Aleksandar Makedonski 12*
1000 Skopje, Republic of Macedonia

The shares of Alkaloid AD Skopje have been listed on the Macedonian Stock Exchange since 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the year presented.

2.1 Basis of preparation

The consolidated financial statements of Alkaloid AD Skopje have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and available-for-sale financial assets.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- **IFRS 10 “Consolidated Financial Statements”** (effective for annual periods beginning on or after 1 January 2013),
- **IFRS 11 “Joint Arrangements”** (effective for annual periods beginning on or after 1 January 2013),
- **IFRS 12 “Disclosures of Interests in Other Entities”** (effective for annual periods beginning on or after 1 January 2013),
- **IFRS 13 “Fair Value Measurement”** (effective for annual periods beginning on or after 1 January 2013),
- **IAS 27 (revised in 2011) “Separate Financial Statements”** (effective for annual periods beginning on or after 1 January 2013),
- **IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures”** (effective for annual periods beginning on or after 1 January 2013),

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Standards and Interpretations effective in the current period (Continued)

- **Amendments to IFRS 1 “First-time Adoption of IFRS”** – Government Loans (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 7 “Financial Instruments: Disclosures”** – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities”** – Transition Guidance (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 1 “Presentation of financial statements”** – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012),
- **Amendments to IAS 19 “Employee Benefits”** – Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to various standards “Improvements to IFRSs (cycle 2009-2011)”** resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2013),
- **IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”** (effective for annual periods beginning on or after 1 January 2013).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Company's accounting policies.

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

- **IFRS 9 “Financial Instruments”** and subsequent amendments (effective date was not yet determined),
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements”** – Investment Entities (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 19 “Employee Benefits”** – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- **Amendments to IAS 32 “Financial instruments: presentation”** – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 36 “Impairment of assets”** – Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014),

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Standards and Interpretations in issue not yet adopted (Continued)

- **Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”** – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- **Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- **IFRIC 21 “Levies”** (effective for annual periods beginning on or after 1 January 2014).

The Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Company anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the consolidated financial statements of the Company in the period of initial application.

2.4 Subsidiaries

Subsidiaries are all legal entities over which the Parent Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another Company. The cost of acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are de-consolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Subsidiaries (Continued)

The accompanying consolidated financial statements include the financial statements of the Parent Company Alkaloid AD Skopje and the following subsidiaries:

	2013	2012
	% of ownership	% of ownership
Alkaloid DOO Zagreb, Croatia	100%	100%
Alkaloid DOO Beograd, Serbia	100%	100%
Alkaloid INT DOO Ljubljana, Slovenia	100%	100%
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	100%	100%
Alkaloidpharm SA Fribourg, Switzerland	100%	100%
Alkaloid EOOD Sofia, Bulgaria	100%	100%
ALK&KOS Shpk Prishtina, Kosovo	100%	100%
Alkaloid Kons DOOEL Skopje, Macedonia	100%	100%
Alkaloid USA LLC Columbus, Ohio USA	49%	49%
Fund "Trajce Mukaetov" Skopje, Macedonia	100%	100%
Alkaloid DOO Podgorica, Montenegro	100%	100%
OOO Alkaloid RUS Moscow, Russia	100%	100%
Alkaloid FARM DOO Ljubljana, Slovenia	100%	100%
Alkaloid Veleđrogerija DOO Beograd, Serbia	100%	100%
Alkaloid ILAC TLS Istanbul, Turkey	100%	-

The investment in Alkaloid USA LLC Columbus, Ohio USA is the equity share of 49%, but the Parent Company exercises control. During 2010 Alkaloid AD, Skopje established a new subsidiary in Slovenia, Alkaloid Farm DOO Ljubljana. The existing subsidiary in Slovenia is rebranded into Alkaloid INT DOO Ljubljana. During 2011 Alkaloid AD Skopje established a new subsidiary in Serbia, Alkaloid Veleđrogerija DOO Beograd. During 2013 Alkaloid AD Skopje established a new subsidiary in Turkey, Alkaloid ILAC TLS Istanbul.

Alkaloid's representative offices in Russia, Ukraine, Bosnia and Herzegovina and Albania are included in the consolidated financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting

Operating segments are reported in a manner with the internal reporting provided to the Managing Board. Managing Board is responsible for strategic decisions for each segment.

As at 31 December 2013, the Company is organized on a worldwide basis into four reportable segments:

- Pharmaceuticals** - Production of medicines for human use;
- Chemicals** - Production of chemicals products;
- Cosmetics** - Production of cosmetics;
- Botanicals** - Production of botanicals products.

The pharmaceutical overall production program of the products of Alkaloid Pharmaceuticals is consisted of the following pharmaceutical forms:

- Oral hard dosage forms: Tablets - conventional and modified release, film-tablets, coated tablets, sub-lingual tablets, capsules, dry powder for oral suspension.
- Liquid dosage forms for oral administration: Solutions for oral administration, syrups, suspensions.
- Topical preparations: Ointments, creams, solutions, gels, sprays, vaginal pessaries, suppositories.
- Sterile dosage forms: Parenteral small-volume, eye drops, ointments for eyes.

Besides the capacities for manufacturing finished pharmaceutical products, Alkaloid-Pharmaceuticals has also facilities for extraction of opioids which include production of morphine and its derivatives as pharmaceutical raw materials.

Alkaloid Chemical products today are developed programme for the production of chemicals and organic and non-organic reagents, with pa, puriss, purum and with pharmacopeial qualities. They are suitable for laboratories within institutions, faculties, clinics, the pharmaceutical and cosmetic industry, as well as in the production processes of other industries.

Alkaloid's Cosmetics Unit develops and produces skincare products, children's skincare, soaps, hair care products, dental care products, men's perfume collection, women's perfume collection, as well as household cleaners. The ingredients that are used in the products are purchased from suppliers that satisfy our high-quality standards and are in accordance with the requirements of the European directive for quality cosmetic products.

The activities in Botanical unit consists of processing blending and packing herbal materials like roots, leaves, fruits, seeds etc.

Segment revenue is revenue reported in the company's income statement that is directly attributable to a segment and the relevant portion of the company income that can be allocated on a reasonable basis to a segment.

Segment expense is an expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis.

Net operating assets consist primarily of property, plant and equipment, intangible assets, inventories and receivables less operating liabilities. Company assets and liabilities principally consist of net liquidity (cash, cash equivalents and other current financial assets less financial debts) and deferred and current taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting (Continued)

The accounting policies of the reportable segments are the same as the Company's accounting policies. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

2.6 Leasing

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

2.7 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in thousands of Macedonian Denar (Denar or MKD), which is the Group's functional currency and the presentation currency for the consolidated financial statements.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement. Translation differences of non-monetary assets denominated in foreign currency are recognized in equity.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities are translated at the closing rate at the date of the statement of financial position;

Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

All resulting differences are recognized as a separate component of equity.

2.8 Property, plant and equipment

Property plant and equipment were initially recorded at cost. Land, buildings and part of equipment are stated at fair value, based on appraisal performed by external independent appraiser, less subsequent depreciation. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. Other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement. The revaluation surplus is transferred to retained earnings upon ultimate disposal of revaluated asset.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	20 - 40	Years
Machinery	10 - 20	Years
Vehicles	4	Years
Furniture, fittings and equipment	4 - 10	Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The carrying amount of disposed PP&E is eliminated from the consolidated statement of financial position together with the carrying amount of accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statement.

2.9 Intangible assets

Trademarks, licenses and software

Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Amortization is calculated using the straight-line method to allocate the cost of trademarks, licenses and software over their estimated useful lives (5 - 10 years).

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the consolidated statement of financial position (Note 2.13).

Available-for-sale financial assets

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within 12 months of the consolidated statement of financial position date.

Regular purchases and sales of investments are recognized on trade date, the date on which the Group commits to purchase or sell the asset. The purchase value of investments includes transaction costs. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets are stated at cost. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the available-for-sale financial assets are presented in the equity and the consolidated statement of comprehensive income, except for impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement. Dividends on available-for-sale equity instruments are recognized in the consolidated income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on last traded prices. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized at cost, less impairment.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the consolidated income statement. Method for evaluation of impairment of trade receivables is explained in Note 2.13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the actual cost method. The cost of finished goods and work in progress comprises direct production costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the consolidated income statement within "selling and marketing costs".

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in bank and in hand.

2.15 Share capital

Ordinary shares are classified as equity. Purchases of the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and are included in equity attributable to the Parent Company's equity holders.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date.

2.17 Income tax

Current income tax is calculated and paid in accordance with the Income tax Law. The estimated tax is paid in advance on a monthly basis. The final tax is payable in the Republic of Macedonia at the rate of 10% calculated on the expenses not deductible for tax purposes, adjusted for certain items as defined by the local tax legislation. In respect of the Group's subsidiaries the current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Income tax (Continued)

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries excepts where timing of the reversal of temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Employee benefits

Pension liabilities

The Group has both defined benefit and defined contribution plans.

- Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
- A defined contribution plan is a pension plan under which the Group pays contributions into publicly and privately administered pension plans on a mandatory basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits (Continued)

Termination benefits

Termination benefits are payable when employees are terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a decision of a Managing Board. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, discounts and rebates. Revenue is recognized as follows:

Sales of goods

Sales of goods are recognized when a group Company has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

Sales of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue recognition (Continued)

Dividend income

Dividend income is recognized when the right to receive payment is established.

2.21 Dividends

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The financial risk management is performed by the Group's financial department, based on Decisions from Managing Board.

Market risk

a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

To manage the foreign exchange risk the Group provides enough cash in foreign currencies held in banks in order to maintain its future commercial transactions.

b) Price risks

The Group is exposed to equity securities price risk because of available-for-sale investments held by the Group. The Group is not exposed to commodity price risk.

Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that wholesales of products are made to customers with an appropriate credit history. Trade receivables consist of large number of balances. The Group has policies that limit the amount of credit exposure.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Interest risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flow are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. The Group has no specific policy, but in direct negotiation with lenders attempts to reduce interest rate risk. Interest rates of long-term borrowings are significantly lower than short term. Interest rates on short term borrowings are decreased in respect of previous year.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the last traded price.

The fair value of financial instruments that are not traded in an active market is determined by assumptions that are based on public information for recent arm's length transactions or reference to other instruments that are substantially the same.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimize the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of property, plant and equipment

The Group tests annually whether fair value of land and buildings has suffered material changes compared with their fair value as assessed in the last appraisal. The Group estimation is that the difference between their fair value recorded into the books and the current market value is not material, and do not affect the result.

Fair value of financial assets

The available-for-sale financial assets that are not traded in an active market are stated at their cost. The Group estimation is that the difference between their fair value and cost is not material, and do not affect the result. This financial assets are insignificant both in the books in the Group and as a percentage of participation in the issuer capital.

Trade receivables

The Group assessed annually the fair value of trade receivables.

Estimates for accounting for employee benefits

IAS19, Employee Benefits, requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations. These mainly actuarial assumptions such as expected inflation rates, long-term increase in health care costs, employee turnover and discount rates. Substantial changes in the assumed development of any one of these variables may change the Company's retirement benefit obligation.

5. SEGMENT REPORTING

Reportable segments - Products

Segment information reported to the Management Board is based on products and category of customers. The segment information by product is more relevant to the Group.

Principal categories of goods are pharmaceutical and non-pharmaceutical products (chemicals cosmetics and botanicals). Customers for the goods of the Group are wholesalers.

Segments revenues and results

(In thousands of Denar)

	Segment revenues		Segment operating profit	
	2013	2012	2013	2012
Pharmaceutical products	5,966,410	5,708,116	656,432	634,733
Chemical products	228,969	229,094	13,888	15,413
Cosmetic products	705,758	657,491	39,593	34,705
Botanical products	196,462	193,932	5,597	3,625
Total	7,097,599	6,788,633	715,510	688,476
Finance expenses			(44,227)	(48,435)
Profit before tax			671,283	640,041
Income tax			(70,857)	(56,311)
Profit for the year			600,426	583,730

Revenue reported above represents revenue generated from external customers.

5. SEGMENT REPORTING (Continued)

Segment assets and liabilities

(In thousands of Denar)

Segment assets		
	2013	2012
Pharmaceutical products	7,986,666	7,921,382
Chemical products	323,265	352,583
Cosmetic products	819,938	655,302
Botanical products	351,999	349,888
Total assets	9,481,868	9,279,155
Segment liabilities		
	2013	2012
Pharmaceutical products	1,665,587	1,800,562
Chemical products	59,218	51,332
Cosmetic products	174,807	150,190
Botanical products	34,413	34,963
Total liabilities	1,934,025	2,037,047

Other segment information

(In thousands of Denar)

	Depreciation and amortization		Addition to non-current assets	
	2013	2012	2013	2012
Pharmaceutical products	313,895	308,484	374,441	421,450
Chemical products	6,943	6,320	18,021	16,584
Cosmetic products	11,672	11,349	58,679	21,560
Botanical products	9,750	9,329	10,469	9,304
Total liabilities	342,260	335,482	461,610	468,898

CONSOLIDATED FINANCIAL REPORT

5. SEGMENT REPORTING (Continued)

Geographical information

The Group operates in many geographical areas (countries). The Republic of Macedonia is the domicile country of the Group.

(In thousands of Denar)

	Revenue from external customers		Non-current assets	
	2013	2012	2013	2012
Macedonia	3,122,867	2,877,739	4,508,081	4,403,145
Serbia	1,083,600	1,057,984	55,346	51,773
Croatia	711,398	709,123	18,010	21,488
Bosnia and Herzegovina	646,005	580,304	1,569	2,840
Other countries	1,533,729	1,563,483	17,955	20,001
Total	7,097,599	6,788,633	4,600,961	4,499,247

Geographical information about sales revenue is based on the customers' origin.

Non-current assets are consisted of PP&E and Intangible assets.

Information about major customers

The sales of Pharmaceutical products are spread over many countries and customers. No major customer participates in the direct sales of Pharmaceutical products.

In the sales of Cosmetics products, there is one major customer with participation of 14.4% (2012: 14.0%) in direct sales.

In the sales of Chemicals products, there is one major customer with participation of 43.2% (2012: 45.2%) in direct sales.

In the sales of Botanicals products, there is one major customer with participation of 27.0% (2012: 24.3%) in direct sales.

(In thousands of Denar)

Sales by category	2013	2012
Sales of goods	5,600,249	5,587,643
Sales of commodities	1,438,668	1,147,798
Revenue from services	5	13
Other revenue	58,677	53,179
Total	7,097,599	6,788,633

6. PROPERTY, PLANT AND EQUIPMENT

(In thousands of Denar)

	Land	Buildings	Equipment	Construction in progress	Total
Cost or valuation					
At 1 January 2012	940,353	2,040,938	2,197,528	14,295	5,193,114
Additions	-	339	18,124	223,850	242,313
Transfer from construction in progress	5,990	30,655	177,925	(214,570)	-
Disposals	-	-	(6,167)	-	(6,167)
Translation differences	-	(575)	(2,596)	-	(3,171)
As at 31 December 2012	946,343	2,071,357	2,384,814	23,575	5,426,089
Accumulated depreciation					
At 1 January 2012	-	136,203	1,209,187	-	1,345,390
Depreciation charge in 2012	-	53,262	181,657	-	234,919
Disposals	-	-	(5,554)	-	(5,554)
Translation differences	-	(119)	(534)	-	(653)
As at 31 December 2012	-	189,346	1,384,756	-	1,574,102
Net book value					
As at 31 December 2012	946,343	1,882,011	1,000,058	23,575	3,851,987

CONSOLIDATED FINANCIAL REPORT

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(In thousands of Denar)

	Land	Buildings	Equipment	Construction in progress	Total
Cost or valuation					
At 1 January 2013	946,343	2,071,357	2,384,814	23,575	5,426,089
Additions	-	758	13,486	224,875	239,119
Transfer from construction in progress	117	52,755	157,234	(210,106)	-
Disposals	(14,526)	(277)	(30,404)	-	(45,207)
Translation differences	-	(367)	(1,676)	-	(2,043)
As at 31 December 2013	931,934	2,124,226	2,523,454	38,344	5,617,958
Accumulated depreciation					
At 1 January 2013	-	189,346	1,384,756	-	1,574,102
Depreciation charge in 2013	-	54,366	179,815	-	234,181
Disposals	-	(277)	(29,818)	-	(30,095)
Translation differences	-	(173)	(1,010)	-	(1,183)
As at 31 December 2013	-	243,262	1,533,743	-	1,777,005
Net book value					
As at 31 December 2013	931,934	1,880,964	989,711	38,344	3,840,953

The land with surface of 341,781m², in accordance with the latest title deeds issued by AKN is property of Alkaloid AD Skopje.

According to Decisions U.no.26-359/2, issued by the Ministry of Finance - Property and Legal Affairs Office, in accordance with the Law on Privatization and Lease of State-Owned Construction Land (Official Gazette of RM 4/2005, 13/2007, 165/2008 and 146/2009) the land with surface of 13,133m² KO Kisela Voda 2, noted in title deed No.48872 by AKN is now property of Alkaloid AD Skopje. The amount of Denar 5,990 thousand was fully paid.

Land and buildings were revaluated as at 31 December 2009 by independent appraiser. The revaluation surplus/deficit was credited to other reserves in shareholders' equity (Note 15). The revaluation methods used are: market value, cost method and discounted cash flow.

7. INTANGIBLE ASSETS

(In thousands of Denar)

	Trademarks and licenses	Software and Internally generated intangibles	Other assets	Construction in progress	Total
Cost or valuation					
At 1 January 2012	242,036	283,825	24,551	166,371	716,783
Additions	-	858	46	225,681	226,585
Transfer from construction in progress	81,808	145,896	11,852	(239,556)	-
Disposals	-	-	-	(24)	(24)
Translation differences	-	73	(71)	(18)	(16)
As at 31 December 2012	323,844	430,652	36,378	152,454	943,328
Accumulated amortization					
At 1 January 2012	92,673	96,638	6,187	-	195,498
Charge for the year	57,269	38,249	5,045	-	100,563
Disposals	-	-	-	-	-
Translation differences	(473)	356	124	-	7
As at 31 December 2012	149,469	135,243	11,356	-	296,068
Net book value as at 31 December 2012	174,375	295,409	25,022	152,454	647,260
Cost or valuation					
At 1 January 2013	323,844	430,652	36,378	152,454	943,328
Additions	551	760	8	221,172	222,491
Transfer from construction in progress	24,198	188,661	14,191	(227,050)	-
Disposals	-	(683)	-	(19)	(702)
Translation differences	(183)	(989)	152	(386)	(1,406)
As at 31 December 2013	348,410	618,401	50,729	146,171	1,163,711
Accumulated amortization					
At 1 January 2013	149,469	135,243	11,356	-	296,068
Charge for the year	60,231	41,557	6,291	-	108,079
Disposals	-	-	-	-	-
Translation differences	-	(276)	(168)	-	(444)
As at 31 December 2013	209,700	176,524	17,479	-	403,703
Net book value as at 31 December 2013	138,710	441,877	33,250	146,171	760,008

8. FINANCIAL INSTRUMENTS

Capital risk management

In order to be able to continue as going concern, the Group uses loans from banks and intends to maximize the return to the stakeholders through the optimization of the debt and equity balance.

The management of the Group reviews the capital structure on a regular basis.

(In thousands of Denar)

	2013	2012
Debt	619,442	766,887
Cash and cash equivalents	(408,928)	(185,589)
Net debt	210,514	581,298
Equity	7,547,843	7,242,108
Net debt to equity ratio	2.79%	8.03%

Categories of financial instruments and risk management objectives

The Group's principal financial instruments are cash and cash equivalents and trade receivables, as well as, borrowings and trade payables. In the normal course of operations, the Group is exposed to the following risks:

8. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency in respect of sales of goods and services, purchase of raw materials, services and equipment and obtaining borrowings. The Group does not use any special financial instruments to hedge against this risk since no such instruments are in common use in the Republic of Macedonia.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

(In thousands of Denar)

	Liabilities		Assets	
	2013	2012	2013	2012
EUR	819,422	837,396	2,471,444	2,247,056
USD	87,421	151,398	54,212	50,463
CHF	35,090	26,338	3,656	8,034
Other currencies	76,950	91,475	890,634	748,388

The Group is mainly exposed to Euro currency.

The following table details the Group's sensitivity analysis to a 10% increase and decrease in the Macedonian Denar against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated

monetary items and adjusts their translation at the period end. A positive number below indicates an increase in profit and equity, and negative number below indicates a decrease.

(In thousands of Denar)

	Increase of 10%		Decrease of 10%	
	2013	2012	2013	2012
EUR	(165,202)	(140,966)	165,202	140,966
USD	3,321	10,093	(3,321)	(10,093)
CHF	3,143	1,830	(3,143)	(1,830)
Other currencies	(81,368)	(65,691)	81,368	65,691
Profit and loss and equity	(240,106)	(194,734)	240,106	194,734

The Group's sensitivity to foreign currency has increased during the current period mainly due to combine effect of

increase of foreign trade receivables and foreign trade payables and increase of borrowings.

8. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Group is exposed to interest risk arising from variable interest rate on borrowings, which depends on the changes of the financial market.

The sensitivity analysis below has been determined based on the exposure to interest rates as a result of a 10% increase or decrease for foreign borrowings at the balance sheet date. A positive number below indicates a decrease in profit and equity, and negative number below indicates an increase.

(In thousands of Denar)

	Increase of 10%		Decrease of 10%	
	2013	2012	2013	2012
Borrowings	4,226	4,989	(4,226)	(4,989)
Profit and loss and equity	(4,226)	(4,989)	4,226	4,989

If interest rates had been 10% higher the Group's profit for the year ended 31 December 2013 and retained earnings would decrease by Denar 4,226 thousands and opposite if

interest rates had been 10% lower the Group's profit for the year ended 31 December 2013 and retained earnings would increase by Denar 4,226 thousands.

8. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

The management of the Group has responsibility for maintenance adequate liquidity. In certain cases the Group uses short and long-term funding for liquidity purposes. The Group manages liquidity risk by maintaining adequate cash

reserves, by continuously monitoring forecast and actual cash flows. At any time, the Group can draw additional borrowings from banks with relatively low interest rates, which reduce further liquidity risk.

The following tables detail the Group's remaining contractual maturity for its financial liabilities:

(In thousands of Denar)

	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
2013					
Trade payables	618,235	298,356	145,279	4	1,061,874
Borrowings	207	-	564,031	55,204	619,442
	618,442	298,356	709,310	55,208	1,681,316
	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
2012					
Trade payables	616,449	327,738	106,529	1,431	1,052,147
Borrowings	116,862	1,474	440,209	208,342	766,887
	733,311	329,212	546,738	209,773	1,819,034

8. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

The following tables detail the Group's remaining contractual maturity for its financial assets:

(In thousands of Denar)

	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
2013					
Trade receivables	1,317,809	633,151	245,478	-	2,196,438
Available-for-sale financial assets	-	-	-	3,191	3,191
Cash and cash equivalents	408,928	-	-	-	408,928
	1,726,737	633,151	245,478	3,191	2,608,557
	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
2012					
Trade receivables	1,556,075	524,343	427,886	-	2,508,304
Available-for-sale financial assets	-	-	-	4,784	4,784
Cash and cash equivalents	185,589	-	-	-	185,589
	1,741,664	524,343	427,886	4,784	2,698,677

Taxation risks

Macedonian tax legislation is subject to varying interpretations and changes that occur frequently. As a result, transactions may be challenged by tax authorities and the Group may be assessed additional taxes, penalties and interest, which can be significant. The period that remains opened for review by the tax and customs authorities with respect to tax liabilities is five years.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In thousands of Denar)

	2013	2012
At 1 January	4,784	4,442
Additions	3,646	1,115
Disposals	(5,787)	(122)
Fair value adjustment	548	(651)
As at 31 December	3,191	4,784
Available-for-sale financial assets consist of:		
	2013	2012
Available-for-sale financial assets in non-quoted companies	1,951	1,951
Available-for-sale financial assets in quoted companies	932	2,218
Available-for-sale financial assets in bonds	308	615
Available-for-sale financial assets in non-related parties	3,191	4,784

Investments in securities available-for-sale consist of shares in companies and banks. Participation in their shares is below 10% of the registered equity.

Investments in bonds relates to state bonds for denationalization - third emission with 2% interest rate p.a. and maturity in 2014.

Available-for-sale financial assets, of quoted shares and bonds are presented by market values of identical assets. The unlisted shares that are not traded in an active market are stated at cost. The Group considers that cost approximates their fair value.

10. INVENTORIES

(In thousands of Denar)

	2013	2012
Raw materials	584,138	607,325
Spare parts	2,580	1,422
Tools and consumable stores	1,692	1,631
Work in progress	242,602	168,882
Finished goods	947,108	736,694
Trading goods	256,921	275,425
	2,035,041	1,791,379

11. TRADE RECEIVABLES

(In thousands of Denar)

	2013	2012
Trade receivables	2,414,087	2,677,553
Less: Provision for impairment of receivables	(217,649)	(169,249)
Trade receivables - net	2,196,438	2,508,304
Changes in the provision are as follows:		
	2013	2012
At 1 January	169,249	122,041
Provision for the year	63,997	50,576
Direct write off	(5,129)	-
Collected bad and doubtful debts	(10,468)	(3,368)
As at 31 December	217,649	169,249
Ageing of impaired trade receivables are as follows		
	2013	2012
Up to 1 year	-	11,972
Over 1 year	217,649	157,277
As at 31 December	217,649	169,249

12. OTHER CURRENT ASSETS

(In thousands of Denar)

	2013	2012
Prepayments	46,455	61,291
Receivables from employees	16,278	15,057
Prepaid VAT	91,552	87,389
Other receivables	65,477	110,387
Less: non-current portion	(20,998)	(30,618)
	198,764	243,506

Non-current receivables relate to loans to employees and prepayments for property, plant and equipment that are due within 3 years.

The fair value of non-current other assets are as follows:

(In thousands of Denar)

	2013	2012
Other assets	20,998	30,618

The effective interest rate on non-current receivables was as follows:

	2013	2012
	5.85%	5.49%

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

Prepayments for VAT are refunded from the Tax authorities on regular basis.

13. CASH AND CASH EQUIVALENTS

(In thousands of Denar)

	2013	2012
Cash at banks	407,676	184,122
Cash in hands	1,086	1,298
Other	166	169
	408,928	185,589

14. SHARE CAPITAL

(In thousands of Denar)

	Number of shares	Ordinary shares	Treasury shares	Total	Share premiums
At 1 January 2012	1,422,596	2,220,127	(13,736)	2,206,391	493
Treasury shares purchased	(663)	-	(1,043)	(1,043)	(1,620)
As at 31 December 2012	1,421,933	2,220,127	(14,779)	2,205,348	(1,127)
Transfer of reserves	-	-	-	-	1,127
As at 31 December 2013	1,421,933	2,220,127	(14,779)	2,205,348	-

The total authorized number of ordinary shares is 1,431,353 with a par value of EUR 25.56 per share. All issued shares are fully paid.

During 2012 the Company acquired 663 of its own shares through Macedonian stock exchange and held as treasury shares. The total number of treasury shares is 9,420. The number of 3,287 shares is reserved for former proprietors of which 3,228 are priority shares and 59 are ordinary shares.

15. OTHER RESERVES

(In thousands of Denar)

	Transfer of reserves	Property, plant and equipment	Available for-sale investments	Fund for shares	Total
At 1 January 2012	-	1,294,999	(2,078)	245,638	1,538,559
Decrease	-	-	651	-	651
Transfer of reserves	(4,850)	-	-	-	(4,850)
Translation differences	-	(9,761)	-	-	(9,761)
As at 31 December 2012	(4,850)	1,285,238	(1,427)	245,638	1,524,599
Decrease	-	-	(548)	-	(548)
Transfer of reserves	(4,754)	-	-	(1,127)	(5,881)
Translation differences	-	(2,575)	-	-	(2,575)
As at 31 December 2013	(9,604)	1,282,663	(1,975)	244,511	1,515,595

The nature and rights of distribution of each class of other reserves are:

- Revaluation reserves for property, plant and equipment are created based on valuation of PP&E. These reserves are not distributable to shareholders.
- The reserves for available-for sales investments are created based on valuation of investments. These reserves are not distributable to shareholders.
- Funds for shares are created from retained earnings based on decision from Shareholders assembly and are distributable to shareholders if not utilized.

16. BORROWINGS

(In thousands of Denar)

	2013	2012
Non-current borrowings	55,204	208,342
Current borrowings	564,238	558,545
	619,442	766,887

Bank borrowings in amount of Denar 269,149 thousands are secured by the Property plant and equipment in net book value of Denar 248,213 thousands.

The maturity of the borrowings is as follows:

(In thousands of Denar)

	2013	2012
Up to 1 year	564,238	558,545
Between 1 to 3 years	55,204	208,342
	619,442	766,887

The borrowings are denominated in following currencies:

(In thousands of Denar)

	2013	2012
EUR	204,357	231,698
USD	-	-
MKD	412,652	517,421
Other	2,433	17,768
	619,442	766,887

The effective interest rates at the balance sheet date were as follows:

(In %)

	31 December 2013		31 December 2012	
	EUR	MKD	EUR	MKD
Interest rates	6 month EURIBOR +3.75 - 4%	5.5 - 6.2%	6 month EURIBOR +3.75 - 4%	5.5 - 6.6%

17. RETIREMENT BENEFIT OBLIGATIONS

(In thousands of Denar)

	2013	2012
Retirement benefits	19,379	20,670

The retirement benefits are calculated based on legal obligation for payment of two monthly net salaries on the retirement date.

The amounts recognized in the Income statement are as follows:

(In thousands of Denar)

	2013	2012
Beginning of the year	20,670	16,560
Increase in calculation	-	4,110
Decrease in calculation	(1,291)	-
As at 31 December	19,379	20,670

The principal actuarial assumptions used were as follows:

(In %)

	2013	2012
Discount rate	5.56%	4.44%

18. DEFERRED TAX

(In thousands of Denar)

	2013	2012
Deferred tax assets	(17,547)	(15,728)
Deferred tax liabilities	7,213	7,831
	(10,334)	(7,897)

Deferred income tax is determined using tax rate of 10%.

(In thousands of Denar)

	2013	2012
At 1 January	(7,897)	(6,413)
Net deferred tax in income statement	5,294	6,384
Realized deferred tax liabilities	(7,731)	(7,868)
As at 31 December	(10,344)	(7,897)

The movement in deferred tax assets and liabilities is as follows:

(In thousands of Denar)

	Accruals	Fair value	Total
At 1 January 2012	(6,413)	-	(6,413)
Charged to Income statement	6,384	-	6,384
Realized deferred tax liabilities	(7,868)	-	(7,868)
As at 31 December 2012	(7,897)	-	(7,897)
Charged to Income statement	5,294	-	5,294
Realized deferred tax liabilities	(7,731)	-	(7,731)
As at 31 December 2013	(10,334)	-	(10,334)

18. DEFERRED TAX (Continued)

The deferred income tax charged to Income statement during the year is as follows:

(In thousands of Denar)

	2013	2012
Impairment of trade receivables	(1,820)	(6,900)
Accrued expenses	7,114	13,284
	5,294	6,384

19. TRADE AND OTHER PAYABLES

(In thousands of Denar)

	2013	2012
Trade payables	1,061,874	1,052,147
Customer's prepayments	1,673	5,420
Payables to employees	60,904	66,840
Dividends	7,105	6,573
Other payables and accrued expenses	132,793	91,997
	1,264,349	1,222,977

20. PROVISION FOR OTHER LIABILITIES AND CHARGES

(In thousands of Denar)

	2013	2012
Provision for retirement benefits	-	3,530
	-	3,530

21. OTHER INCOME

(In thousands of Denar)

	2013	2012
Collected written-off receivables	10,468	2,408
Interest income	9,673	499
Foreign exchange transaction gains	92,406	189,835
Other income	62,433	120,349
	174,980	313,091

22. OTHER EXPENSES

(In thousands of Denar)

	2013	2012
Interest expenses	2,016	2,020
Foreign exchange transaction loss	163,865	173,929
Other expenses	141,045	156,359
	306,926	332,308

23. EXPENSES BY NATURE

(In thousands of Denar)

	2013	2012
Raw materials	1,860,217	1,748,431
Employee benefit expense	1,362,660	1,318,416
Depreciation and amortization	342,260	335,482
Energy	185,980	199,146
Impairment of trade receivables	63,997	50,576
Transportation	142,037	134,303
Changes in the inventories	(168,138)	(65,572)
Cost of trading goods	1,107,909	1,001,989
Other expenses	1,353,221	1,354,639
	6,250,143	6,077,410

24. EMPLOYEE BENEFIT EXPENSE

(In thousands of Denar)

	2013	2012
Gross salaries	1,195,942	1,156,892
Other employees benefits	166,718	161,524
	1,362,660	1,318,416
Number of employees as at 31 December	1,488	1,413

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25. OPERATING LEASING

Operating leasing relates to rent of premises and vehicles. The lease term is between 3-5 years. The Group does not have option to re-purchase premises and vehicles.

(In thousands of Denar)

Minimum operating leasing	2013	2012
	49,549	56,636
	49,549	56,636
Future non-cancellable obligations	2013	2012
Up to 1 year	36,172	55,664
Between 2 to 5 years	57,216	48,169
	93,388	103,833

26. FINANCE EXPENSES

(In thousands of Denar)

	2013	2012
Net foreign exchange transaction gains/(losses) on borrowings	(1,968)	1,458
Interest expense on borrowings	(42,259)	(49,893)
	(44,227)	(48,435)

27. INCOME TAX

(In thousands of Denar)

	2013	2012
Current income tax	65,563	56,420
Net deferred income tax (Note 18)	5,294	(109)
	70,857	56,311

27. INCOME TAX (Continued)

The income tax differs from the theoretical amount that would arise using the tax rate applicable to profit as follows:

(In thousands of Denar)

	2013	2012
Profit before tax	671,283	640,041
Expenses not deductible for tax purposes	66,166	56,633
Tax allowances	(603)	(213)
Net deferred income tax	5,294	(109)
Income tax	70,857	56,311

As a result of the anti-crisis measures, Income tax law in the Republic of Macedonia was amended in 2009, whereas the profit for the year ended 2009 is not taxable and the rate of 10% is applied only on the expenses not deductible for tax purposes.

28. EARNINGS PER SHARE

(In Denar)

	2013	2012
Basic earnings per share		
Profit attributable to shareholders (In Denar)	600,426,217	583,730,219
Average number of shares	1,421,933	1,421,933
Basic earnings per share (in Denar)	422.26	410.52

29. DIVIDENDS

The Group does not recognize the dividend payable before it is approved on the Annual General Meeting.

The dividends approved by shareholders on 8 April 2013 were Denar 262,410 thousands. Tax of paid dividend was amounting Denar 26,695 thousands. Approved dividends are paid and retained earnings are appropriately decreased.

30. COMMITMENTS

Capital expenditures contracted for acquisition of property, plant and equipment at balance sheet date but not yet incurred are in amount of Denar 6,108 thousands (2012: Denar 4,946 thousands).

31. CONTINGENCIES

The Group has contingent liabilities with respect to issued guaranties to third parties in the amount of Denar 39,245 thousands (2012: Denar 26,526 thousands).

32. RELATED PARTY TRANSACTIONS

The Group has no ultimate controlling party, the shares are widely held.

Key management compensations

No compensations were paid to the Management Board members. In 2013, the amount of Denar 4,206 thousands was paid to the Supervision Board members (2012: Denar 4,203 thousands). Total key management compensations amounting Denar 180,549 thousands (2012: Denar 189,648 thousands).

33. EXCHANGE RATES OF PRINCIPAL CURRENCIES

Closing rates:

	31.12.2013	31.12.2012
EUR	61.51	61.50
USD	44.63	46.65
CHF	50.18	50.91





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