

**2012**


**ANNUAL  
REPORT**



**ALKALOID  
SKOPJE**







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## KEY FINANCIAL INDICATORS

	(In 000 MKD)		
	Amount	Amount	Index
	2012	2011	12/11
Total Revenues	7.109.229	7.048.740	100,86
Sales	6.788.633	6.738.068	100,75
Gross Profit	3.291.423	3.289.554	100,06
Operating Profit	688.476	716.647	96,07
Profit Before Tax	640.041	662.195	96,65
Net Profit	583.730	616.253	94,72
Total Assets	9.279.155	8.788.445	105,58
Equity	7.242.108	6.954.696	104,13
Net Cash Flow	[3.235]	39.138	-
Investments in Assets (PPE&IA)	468.898	578.948	80,99
Average Number of Employees	1.384	1.338	103,44
Sales per Employee	4.905	5.036	97,40
Current Ratio	2,63	2,49	105,62
Long-term Debt	2,9%	0,9%	328,94
ROE Return on Equity	8,06	8,86	90,97
EPS Basic Earnings per Share (In MKD)	410,52	433,20	94,76
DPS Dividend per Share (In MKD)	165,00	160,00	103,13
Total Number of Shares	1.431.353	1.431.353	100,00
1 EUR/1 MKD (Average)	61,5304	61,5289	100,00

## FINANCIAL HIGHLIGHTS

	(In 000 EUR)		
	Amount	Amount	Index
	2012	2011	12/11
Total Revenues	115.540	114.560	100,86
Sales	110.330	109.511	100,75
EBIT Earning Before Interest and Taxes	11.189	11.647	96,07
Net Profit	9.487	10.016	94,72
EPS Earnings per Share	6,67	7,04	94,76

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

Alkaloid's leading brand Caffetin® marked 55 years of existence

"Trajche Mukaetov" Foundation granted 40 new scholarships to undergraduate students of the Faculty of Medicine and the Faculty of Pharmacy at "Sts. Cyril and Methodius" University

CEO/MB President of Alkaloid, Mr. Zhivko Mukaetov received the award "Person of the year for 2012" by the Macedonian daily "Nova Makedonija"

Alkaloid was granted the 2012 award "Golden Ladybug of Popularity" for being socially responsible company

PC Pharmaceuticals obtained marketing authorization in Germany, France and Austria for Alycef® (Cefadroxil)

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

# HIGHLIGHTS 2012

Alkaloid received two awards from the "Center for Institutional Development" for its approach to the employees and approach to environmental issues

The Macedonian Chamber of Commerce awarded Alkaloid with two plaques: one for investment activities abroad and one for investments in new manufacturing facilities in Macedonia

Upon initiative of the Macedonian Ministry of Labour and Social Policy, Alkaloid participated in the project "Free vacation for children from families at social risk and children beneficiaries of a special allowance"

Alkaloid introduced "CRM Sales Vision Pharma Anywhere"

Alkaloid donated 9 hemodialysis machines to 5 healthcare institutes in Macedonia

Alkaloid's research team discovered the crystal structure of the compound Pholcodine monohydrate



**SHAREHOLDERS ASSEMBLY**

**SUPERVISORY BOARD**

**INTERNAL AUDIT  
DEPARTMENT**

**MANAGEMENT BOARD**

**CHIEF EXECUTIVE OFFICER**

**CORPORATE SERVICES**

Finances

Shareholding,  
Property Issues

Legal and  
Personnel Affairs  
Human Resources

Business Planing  
Controlling and  
Reporting

**LOGISTICS  
& SALES OPERATIONS**

**DOMESTIC DAUGHTER COMPANIES  
AND SUBSIDIARIES ABROAD**

**PC PHARMACEUTICALS**

Production of  
Pharmaceuticals

Sales

OTC Division & Healthcare  
Products

MKD (Pharmaceuticals & CONS),  
KOS, ALB

SRB, ME,  
B&H, CRO

RUS, CIS, EU,  
BUSINESS DEVELOPMENT

**PC CHEMISTRY, COSMETICS, BOTANICALS**

Production Division Chemistry  
Cosmetics, Botanicals

Commercial Department  
Chemistry, Cosmetics, Botanicals

# ORGANIZATIONAL CHART ALKALOID GROUP

## CORPORATE SERVICES

Quality Assurance

Information Technology and Telecommunications

Marketing Communications

General Affairs

## PC PHARMACEUTICALS

Rx Division

Global Regulatory and Medical Affairs, Drug Safety, Intellectual Property

Research and Development

Pharmaceutical Quality Control

## 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 2012, 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 Dzonov**

**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.



## **Bojanco 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.

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 2012, as well as those for the period 1 January to 31 March 2012; 1 January to 30 June 2012; 1 January to 30 September 2012 in all structures: Balance sheet of the Company, Income statement, Cash flow and Statement of changes in equity.

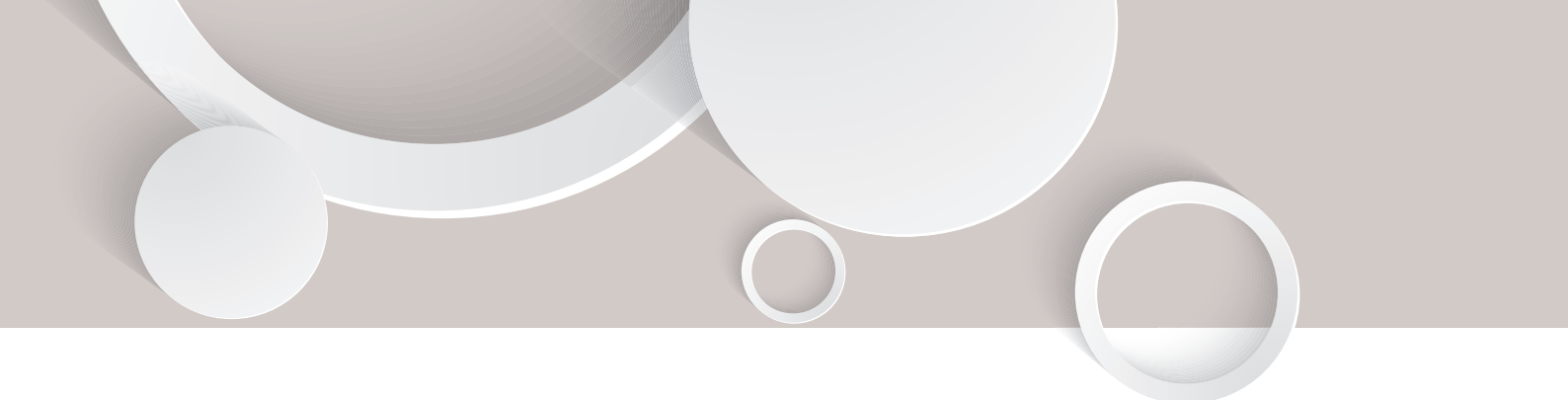
On the formal sessions, upon invitation sent by the Supervisory Board, the Chief Executive Officer and President of the Management Board attended, along with other competent management representatives in order to elaborate all positions from the submitted unaudited standalone financial statements and unaudited consolidated financial statements thus enabling the Supervisory board to take its proper decisions. Thereafter, upon the rendered assessment and elaborations given by the CEO and MB President of Alkaloid AD Skopje and the management representatives from the competent expert services, the Supervisory Board asserted to approve the unaudited standalone financial statements and unaudited consolidated financial statements of the Company for year 2012.

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 2012. The Supervisory Board thus assessed that the operations of the Company and its management were carried out successfully, as indicated in the presented positive financial results of the Company in the course of the fiscal year 2012. 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 2012.

Pursuant to Article 374 of the Law on Trade Companies, upon resignation submitted by the Member of the Management Board Cvetanka Simonovska, the Supervisory Board passed a decision for deletion from the trade registry of this member and appointing a new Member of the Management Board, Viktor Stojchevski whose mandate shall begin as of 1 January 2013.

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

The Supervisory Board reviewed the Business Plan of Alkaloid AD Skopje pertaining to year 2013, thus assessed that the same is thoroughly elaborated, sustainable and clearly defines the objectives in all management levels thus providing integration of all efforts in the process of achievement of the mutually defined goals of the Company.



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 2012. The Supervisory Board adopted the semi-annual report for year 2012 thus assessing that the same is adequate, efficiently compiled and elaborated in accordance with the Law on Trade Companies. Pursuant to the annual plan for internal audit for year 2012, the Supervisory Board reviewed and adopted the Quarterly report for the period January-March, January-June, January-September and October-December 2012.

In accordance with Article 415-b 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 2012 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, 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 2012 and the Independent Auditors' Report along with the opinions issued by the independent auditor Deloitte doo 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 2012 are prepared in all material aspects, in accordance with the valid accounting regulations in the Republic of Macedonia.

Along with the Financial Reports, the Supervisory Board also reviewed the Annual Statement of Accounts of the Company for year 2012, Annual Performance Report for the period January – December 2012 and Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for 2012.

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 2012 and the Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for 2012, 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 2012;
- Annual Statement of Accounts of the Company for year 2012;
- Annual Performance Report for the period January – December 2012;
- Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for year 2012.

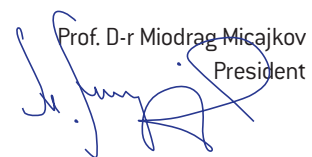
The Supervisory Board also reviewed other proposals submitted by the Management Board of the Company such as: Decision-proposal for determining dates for payment of the dividend for year 2012 (dividend calendar); Decision-proposal for acquisition of proper shares with buyout and Decision-proposal for 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 2012 were in the frame of the competences set forth in the Law of Trade Companies and the Statute of Alkaloid AD Skopje.

Supervisory Board

Prof. D-r Miodrag Micajkov  
President



Prof. D-r Ilija Dzhonov,  
Member



Bojancho Krlevski,  
Member



# 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 19 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 29 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 11 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 24 years of professional  
experience and is responsible for the operations in the  
shareholding and property segment.



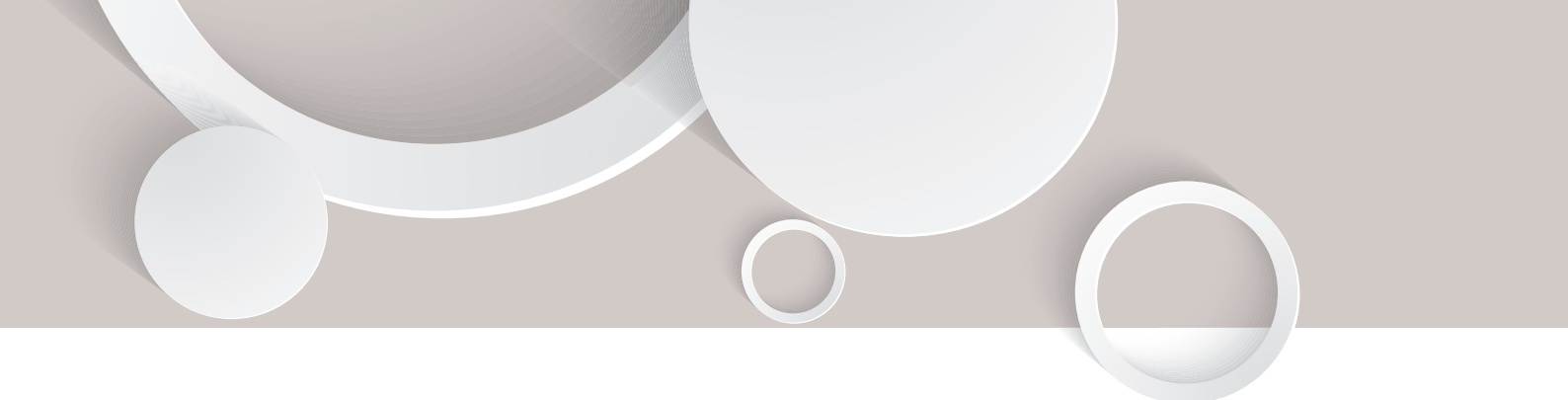
## Kire Icev

**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 12 years of professional 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 2012.

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; it passed decisions concerning the business policy and managed the overall operations of the Company.

The Management Board held its sessions on a regular basis and in the course of 2012; 35 sessions were held on which 156 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, thereafter adopting the compiled report on inventory listings of Alkaloid AD Skopje and Alkaloid Cons Ltd. Skopje for the year 2012. The Management Board compiled the Annual Statement of Accounts and the Annual Report on the operations of the Company thus passing a decision approving the annual statement of accounts of the companies founded by Alkaloid AD Skopje all referring to year 2012.

The Management Board of the Company in the course of its regular monthly sessions reviewed the Income Statement of Alkaloid AD Skopje by cost centers and the report on the current operations of Alkaloid Cons Ltd. Skopje.

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 and unaudited consolidated Financial Reports for year 2012, as well as those pertaining to the period 1 January to 31 March 2012; 1 January to 30 June 2012, 1 January to 30 September 2012 thus assessing 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 as well as decision for approval of the work in the course of the year 2012 of the Internal Audit Department of Alkaloid AD Skopje as an independent organizational unit in the company.

In reference with the operations connected with the subsidiaries abroad, founded by Alkaloid AD Skopje, in the course of year 2012, the Management Board passed several important decisions those being:

- Decision for increasing the principal capital of Alkaloid Ltd. Trade and Services Belgrade;
- Decision for increasing the principal capital of Alkaloid Wholesale Ltd. Belgrade;
- Decision for appointment of new directors at Alkaloid RUS Moscow, the representative office of Alkaloid in Moscow 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 INT Ltd. Ljubljana, EOOD Alkaloid Sofia, Alkaloid Pharm Fribourg and Alk&Kos Pharmaceuticals Ltd. Prishtina.

The Management Board approved the concept for the Business Plan of the Company for year 2013 and specified guidelines for its implementation.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies (Official Gazette of the Republic of Macedonia No. 48/2010) the Management Board reviewed the semi-annual report of the Internal Audit Department containing the activities of this department in the course of the period January-June 2012 thereafter passing a decision for approving of the same.

The Management Board passed Decisions for approval of the financial report of the Foundation "Trajche Mukaetov" - Skopje for year 2012 and approved the work program of this Foundation for the year 2013.

The work of the Management Board in the course of the year 2012 was within the frame of the competences determined by the Law on Trade Companies and the Statute of the Company.

**Zhivko Mukaetov**  
CEO/MB President of  
Alkaloid AD Skopje





The image features a minimalist design on a light beige background. It consists of several overlapping white circles and rings. A large circle on the left is partially overlapped by a smaller ring. To its right, another large circle overlaps the first ring. A third, even smaller ring is positioned above the first circle. The text 'CORPORATE INFORMATION' is centered within the rightmost large circle.

CORPORATE  
INFORMATION

# ADDRESS OF THE CEO/MB PRESIDENT

The business results of Alkaloid as well as the economic climate in our country cannot be perceived separately from the global trends and the events in the region, above all. 2012 was marked by the recession in the Eurozone, and the effects were very evident in the markets of South Eastern Europe, our first region of priority. We faced difficult challenges, such as the constant falls in the industrial production and the declines in the prices of the pharmaceutical products in several countries, being among the most evident.

As a consequence of finding the ideal balance between our growth and liquidity, in 2012 Alkaloid generated somewhat more modest financial growth. Although there are announcements that this situation may affect the calendar graphs of the year to come, we remain optimists and what is most important: dedicated to achievement of positive financial results and socially responsible corporate activities.

## RESULTS

Besides all these challenges, we invested strong efforts and managed to generate modest yet positive financial growth such as the minor increase of 1% in the total consolidated sales, by which we surpassed the figure of EUR 110 million therein.

58% of our production was intended for the export markets. 84% of the total consolidated sales belonged to the Pharmaceuticals segment, 10% for Cosmetics, 3% Botanicals and 3% for the Chemistry segment. Our consolidated net profit amounted to MKD 583,730,219.

Divided by markets, we marked the highest growth of 12% in Serbia, 11% in Bulgaria and we had notable placements in the markets of Ukraine and Armenia. We also realized the first major placements of our pharmaceutical products in the Czech Republic, Slovakia and the liquid mineral fertilizers in the Republic of Turkey.

## STOCK EXCHANGE OPERATIONS

According to the information of the Macedonian Stock Exchange, the shares of Alkaloid AD Skopje in 2012 were once again among the most traded and most liquid ones. 1,993 transactions were made, with traded 62,568 shares, with total value of EUR 4.115 mil. According to the information of this institution, Alkaloid AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock operations participated with nearly 17.13% in the total recorded turnover on the first official market. The price of Alkaloid shares ranged from MKD 3,821 to MKD 4,430, with average of MKD 4,027.38.

For the third time since 2008, in 2012 Alkaloid was once again 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 2012, the overall investments of Alkaloid AD Skopje amounted to MKD 468.898 millions. Among our more significant investments in production facilities, I would mention the installation of a new integrated line for wet granulation by Aeromatic Fielder in pharmaceuticals production segment and dry mixer produced by Lodige. In the segment of liquid pharmaceutical forms, we installed OLSA duplicators of 800 and 2000 litres. In the part of cephalosporin antibiotics, we installed new machine for production of capsules, thus significantly increasing the production capacities.

In the Republic of Serbia, our first export market, we realized two investment ventures. We completed the equipping of a control laboratory for our production capacities and commissioned a new subsidiary, Alkaloid Wholesales Ltd. Belgrade thus significantly improved our planning, logistics and flexibility in the distribution of Alkaloid's products in the Serbian market.

For our investment ventures, the oldest economic institution in the country, the Macedonian Chamber of Commerce, on the occasion of celebration of its 91st anniversary, awarded Alkaloid with two plaques: investment activities abroad and investment activities in the country in times of crisis.

## PRODUCTS

Various certificates obtained upon thorough inspections of our production and distribution sites effectuated on behalf of domestic and international regulation authorities as well as renown multinationals are yet another confirmation of the quality, safety and efficiency our pharmaceutical, chemical, cosmetic and botanical products.

In the pharmaceuticals segment, in 2012 we obtained 212 new marketing authorizations in 28 markets and we submitted 137 new applications for marketing authorizations, out of which 105 are intended for the EU countries. We initiated 60 procedures for new registrations of drugs in Azerbaijan, Armenia, Georgia, Turkmenistan, Kazakhstan, Turkey...The new pipeline of Alkaloid includes 38 new products with 75 pharmaceutical forms.

The redesigned baby care cosmetic collection Becutan was successfully launched on the markets abroad and we completed the redesign of our teenage skincare brand Young Derm.

Our botanicals segment got another healthy member in its portfolio: the muesli Good Morning Good Nature. A completely new product portfolio that we are challenged to develop in cooperation with leading nutritionists and connoisseurs of healthy foods.

The Botanicals segment was granted the HALAL certificate of quality and conformity. The Fair Wild certificate as well as the certificate for organic production were renewed.

## CORPORATE SOCIAL RESPONSIBILITY

In 2012, our Foundation "Trajche Mukaetov" marked 5 years of its establishment during which period it granted 222 scholarships to 103 students of medicine and 119 students of pharmacy at the state university "Sts. Cyril and Methodius" from Skopje. 16 of the students who received scholarships from the Foundation, begun their careers at Alkaloid's pharmaceuticals segment.

This year, through the Foundation "Trajche Mukaetov", the family of Alkaloid has demonstrated once again its humanity. On the second humanitarian picnic the employees of the company donated a sum of MKD 572,300 used for equipping and refurbishing the immunology ward of the Paediatric Clinic at the Clinical Centre "Mother Theresa" in Skopje.

In cooperation with the NGO "Borka", we successfully completed the project entitled "Be my friend" donating MKD 1.1 millions allocated from the sales of our Becutan products for purchase of equipment and other necessities of the Oncology Ward of the Paediatric Clinic.

In order to facilitate the treatment of patients on haemodialysis, Alkaloid donated 9 haemodialysis machines to 5 healthcare institutions in Macedonia. 2 machines were donated to the general hospitals in Prilep, Strumica and Gevgelija as well as the healthcare institution in Delchevo and the clinical hospital in Shtip.

We also aided the project initiated by the Macedonian Ministry of Labour and Social Policy through which 3000 children from families with social risks and children beneficiaries of special bonuses were sent on summer vacation free of charge.

## FUTURE FOCUS

Our continual business success and sustainable development is direct result of the contribution of Alkaloid's management team, striving towards constant improvement and promotion of the core values of the company, its credibility, integrity and professionalism.

In the past 4 crisis years, Alkaloid has managed to maintain the balance between its goal, the demands of the consumers, the community in which we function and all our stakeholders.

Our everyday activities are directed towards increased level of investments, application of new technologies and procedures, introduction of new products and services... all for the purpose of increasing our values.

Our firm commitment for superior quality and perfection in each segment dictates our directions and goals in this time of dynamic and rapid changes. In future, we will remain dedicated to this course. We must confirm the perception of Alkaloid as a company which is proudly prepared to face every challenge.

**Zhivko Mukaetov**  
CEO/MB President





## 40 NEW SCHOLARSHIP HOLDERS OF THE “TRAJCHE MUKAETOV” FOUNDATION

In October 2012, forty new scholarships in the amount of MKD 6,500 for a period of 12 months have been granted to 20 students from the Faculty of Pharmacy and 20 students from the Faculty of Medicine at the University “Sts. Cyril and Methodius” from Skopje.

The scholarships in the amount of MKD 6,500 were granted for a period of 12 months. In compliance with the public announcement, the selection of the scholarship holders for the academic year 2012/2013 has been adopted by the Managing Board of the Foundation, following a preliminary list proposed by the committees. The Management Board of the Foundation is composed of members of the Foundation, representatives of the Faculty of Medicine and the Faculty of Pharmacy at the University Sts. Cyril and Methodius from Skopje, as well as representatives from the student bodies.

The Deans of these two faculties extended their gratitude for the cooperation and the commitment of Alkaloid AD Skopje emphasizing the fact that this company by now has been the greatest benefactor of the Macedonian healthcare sector, underlining the fact that it has set an outstanding example.

“This cooperation between Alkaloid and the faculties is an example that should be followed by other companies’ emphasized Prof. d-r Aleksandar Dimovski, the Dean of the Faculty of Pharmacy at the University “Sts. Cyril and Methodius” from Skopje.

Prof. d-r Nikola Jankulovski, the Dean of the Faculty of Medicine at the University Sts. Cyril and Methodius from Skopje, also extended his contentment for maintaining this tradition: ‘We can conclude that Alkaloid is the greatest benefactor of the Macedonian health sector’, said Professor Jankulovski.

Mr. Zhivko Mukaetov, the CEO of Alkaloid and Chairman of the Foundation “Trajche Mukaetov” said that the company will maintain this tradition and continue to foster its commitment to contributing the improvement of the Macedonian pharmacy and healthcare sector.

‘Starting from the academic year 2007/2008, the Foundation has granted a total of 222 scholarships to students of pharmacy and medicine, including the latest 40 ones for the academic year 2012/2013. Out of the total number of scholarship holders, 71 students of pharmacy and 29 students of medicine have already graduated’ said Mr. Mukaetov.

In the light of its relentless commitment and program policies for supporting young and ambitious professionals who have dedicated their careers to the Macedonian healthcare and pharmacy, the Foundation Trajche Mukaetov, starting from the academic year 2009/2010 has been granting a one-off premiums in the amount of EUR 1,000 to the valedictorians of the generation of both faculties (Faculty of Medicine and Faculty of Pharmacy at the University “Sts. Cyril and Methodius” from Skopje). For the academic 2011/12 year, the award for the best student of the generation at the Faculty of Pharmacy has been shared between Ms. Natasha Georgievska and Mr. Stefan Petrovski, both having the average grade of 9.74, whereas at the Faculty of Medicine, the premium was awarded to Mr. Mihajlo Georgievski, the student with the highest average grade of 9.85.

“Trajche Mukaetov” Foundation was established by a Decision taken by the Managing Board of ‘Alkaloid AD Skopje’. The Foundation’s aim is granting scholarships, donations and sponsorships to talented students of medicine and pharmacy, as well as funding projects in these fields.

# CORPORATE INFORMATION



*Management Board of the Foundation "Trajche Mukaevo"*



*2011/12 Valedictorians of the Faculty of Pharmacy and the Faculty of Medicine at the University "Sts. Cyril and Methodius" - Skopje*

## SECOND HUMANITARIAN PICNIC - ALKALOID TURNS HUMANITY INTO TRADITION!

Keeping in mind the ideas of humanity and tradition, in September 2012 Alkaloid organized the second humanitarian picnic for its employees and members of their families and/or friends. The colors of humanity, packed in a unique creation designed by Rosica Mrshikj, united virtually more than 2,500 members of the large family of Alkaloid. With a symbolic donation of 200 denars per T-shirt, 572,300 denars were collected that were donated to the Pediatric Clinic at the Clinical Center "Mother Theresa" in Skopje.

The CEO of Alkaloid, Mr. Zhivko Mukaetov, emphasized that it is the employees that are the driving force of the company, and that their humanity sets an example for future generations.

"Social responsibility is part of our tradition, and humanity is a virtue of each employee of Alkaloid. Driven by our positive experiences, today we have demonstrated, for the second time, our great humanity in practice. This humanitarian picnic will become a tradition for the company," Mukaetov added.

The director of the Pediatric Clinic, Prof. Dr. Aspazija Sofijanova, did not hide her admiration for this gesture by Alkaloid:

"A huge thank you to the management and the employees of the company. Such projects can help the Clinic raise its current level and be one of the best of this type in the Balkans", stressed Prof. Dr. Sofijanova.

The Ambassador of the United States of America, H.E. Mr. Paul Wohlers, was also part of Alkaloid's humanitarian picnic, together with his wife Mary Jo and his daughter Julia. The Wohlers family made a symbolic contribution to Alkaloid's humanitarian action, as well.

In addition to being a pleasurable social event, this gathering was enriched with many sport activities and entertainment for children.



## MUKAETOV MODERATED PANEL 5 AT THE MACEDONIA GLOBAL INVESTMENT SUMMIT 2012

Panel 5 of the Macedonia Global Investment Summit 2012 entitled “Globally Competitive Macedonian Products and Services: Successful Business Cooperation Models” moderated by Zhivko Mukaetov, CEO/MB President of “Alkaloid” and Board Member of “Macedonia 2025”, was attended by prominent local and internationally renowned business executives.

At the Panel, held on October 20, 2012 the participants debated the possibilities for an intensified cooperation and exchange of experience with companies from the diaspora, as well as parameters relevant for increased presence of Macedonian products on foreign markets. In the direction of strengthening local economy and promoting Macedonian businesses abroad, the Panel was unanimous – Macedonia has numerous unexploited business potentials, high-quality products that could be competitive on foreign markets and number of successful business stories to be followed as an example.

Mrs. Vera Stavroff, CEO of “Herbal Science” and Alkaloid USA pointed out Alkaloid AD Skopje as a successful example of an entry on the US market. “The high quality and management skills of the qualified personnel were crucial for the successful launch of the Aveda teas, said Stavroff, adding that she could not have wished for a better partner than Alkaloid.

The Panel was also attended by other high representatives from local and foreign companies including: Founder of “EMSA Solar” and Board member of “Macedonia 2025”, Mr. Emil Hristov and the founder of “JMG” Canada and cofounder of “Cosmic Development” Mr. Chris Pavlovski. Both related their life and business stories originating from the continent of Americas as proof that a sustainable ideas are the most valuable capital and crucial success factor.

Macedonian business executives Mr. Christian Danailovski, CEO of “FX3X”, Mr. Gligor Cvetanov, Director of “Mak-Progress” Vinica as well as Mr. Miki Velickovski, Director of “Carnicom” and his business partner from the Canadian “Export Packers” Company, Mr. Boris Laic, participated in the Panel discussion as well.

“Macedonia 2025” is a non-governmental organization with headquarters in Indiana, USA and a branch office in Skopje. Mike Zafirovski, an internationally renowned businessman of Macedonian origin is Chairman of the Board of Directors, whereas prominent representatives of the Macedonian business diaspora and business elite are Board members. Macedonia 2025 is dedicated to helping create a prosperous economic climate in Macedonia that will establish opportunity and innovation for its citizens and foreign investors.

# CORPORATE INFORMATION



*From left to right: Chris Pavlovski, founder of "JMG Canada" and co-founder of "Cosmic Development", Vera Stavroff, CEO of "Herbal Science Inc." and "Alkaloid USA", Zhivko Mukaetov, CEO/MB President of Alkaloid AD Skopje, Emil Hristov, founder of the US "CMSA Solar", Christian Danailovski, CEO of the Macedonian "FX3X"*



*CEO/MB President of Alkaloid and Board member of Macedonia 2025 moderated the panel entitled "Globally Competitive Macedonian products and services: Successful Business Cooperation Models"*

## CEO OF ALKALOID RECEIVED PERSON OF THE YEAR AWARD

At the solemn ceremony held at Macedonia Arch in December 2012, the "Person of the Year Awards for 2012" were awarded by the daily newspaper "Nova Makedonija". The ten persons that were nominated by the editorial board and the management of the newspaper for their exceptional contribution to the affirmation of the Republic of Macedonia, received public recognition for their efforts .

The CEO and President of the Management Board of Alkaloid, Zhivko Mukaetov, received a statuette and a certificate. Among Mukaetov's outstanding achievements, the Macedonian daily indicated the following:

„He is the leader of one of the most recognizable Macedonian companies, which managed, even in the period of crisis, to successfully represent Macedonia abroad, by conquering new markets and opening new facilities. Alkaloid has been donating for years in the field of health-care and education, which is exactly what it did in the year 2012, too. In 2012, Mukaetov as a member of Macedonia 2025 was one of the main 'culprits' for the Global Investment Summit for Macedonia held in Ohrid.

In the Person of the Year for 2012 survey on the website of the "Nova Makedonija" ten persons were nominated and nearly 6,000 readers voted for them.

Based on their exceptional achievements, the nominees for the 'Person of the Year Award' included: Ana Durlovski, a soprano singer; Nikola Ljushev, manager of VIP Operator, Dragi Argirovski, President of the Union of Pensioners', Olivera Nakovska-Bikova, a participant and gold medal winner at the paraolympic games, Labina Mitevaska, manager of the Manaki Brothers Film Festival, Garabet Tavitjan, a musician, Father Partenij and the Macedonian national handball team players: Kiril Lazarov and Naum Mojsoski.



*"Person of the Year  
Award 2012"  
nominees*



*CEO/MB President of Alkaloid AD Skopje, Mr. Zhivko Mukaetov with the editor-in-chief of the Macedonian daily "Nova Makedonija", Mr. Zoran Dimitrovski*



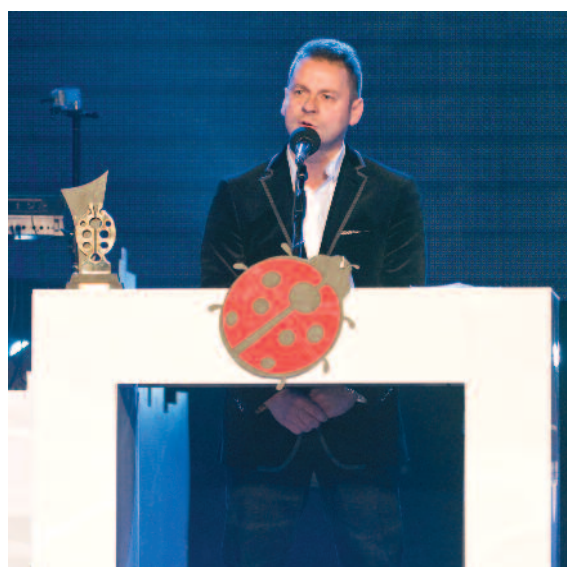
## ALKALOID WON THE 2012 “GOLDEN LADYBUG” FOR SOCIALLY RESPONSIBLE COMPANY

In February 2012, at the renowned and traditional event entitled “Golden Ladybug of Popularity” (in Macedonian: „Zlatna Bubamara na popularnosta”), Alkaloid was awarded a statuette for being a socially responsible company.

This year, the distinguished Prof. Dr. Todor Chepreganov had the honor to present this prestigious award to Alkaloid. Not sparing epithets and words of praise the leadership of Alkaloid and the activities of the company, Dr. Chepreganov said that he was truly honored to deliver the award to one of the most successful Macedonian companies.

The CEO of Alkaloid, Mr. Zhivko Mukaetov dedicated the award to the employees of the company.

“This award does not belong only to Alkaloid’s current generation of management and all the 1,400 employees, but also to the generations that were part of it in the past 76 years. We are a company that cares about the community, constantly striving for an ever increasing number of happy people. In future, we will continue with efforts of this type, even stronger” said Mr. Mukaetov in his address at the formal ceremony.



*The statuette granted by “Golden Ladybug of Popularity” to Alkaloid*

## ALKALOID RECEIVED TWO AWARDS FROM THE “CENTER FOR INSTITUTIONAL DEVELOPMENT”

Marking the fifth anniversary of delivering the awards for philanthropy and social responsibility, the “Center for Institutional Development” (CID), declared Alkaloid the winner of two awards in the categories Approach to employees and Approach to environmental issues.

The award in the category Approach to employees covers the aspect of investment in training and development of employees and stimulating their skills. The award in the category Approach to environmental issues focuses on the process of enhancing the positive impact of companies on nature, savings, the efficient use of natural resources and the protection of biodiversity.

Both projects actually refer to activities conducted by the company throughout the year as part of its policy for social responsibility, which is one of the essential values of the company.





## MACEDONIAN CHAMBER OF COMMERCE GRANTED TWO PLAQUES TO ALKALOID

As part of the celebration of 91<sup>st</sup> anniversary of the establishment of the Macedonian Chamber of Commerce, special attention was paid to companies and managers who were brave enough to invest in the period of crisis from 2008 to date. Therefore, Alkaloid received a plaque in recognition of its investment activities abroad and a plaque in acknowledgement of its activities for investment in new manufacturing facilities in Macedonia in a period of crisis.

Upon Alkaloid's reception of this plaque, some of the Macedonian media wrote:

"Despite the crisis that the world economy had to face in the past four years, Alkaloid continued to invest in its business operations in the country and abroad. From 2008 onwards, Alkaloid's investments in Macedonia amounted to nearly 19 million euros, and were primarily intended for the modernization of the technical and technological processes and facilities, for the construction and equipment of a new institute for development and quality control, and substantial resources have been invested in the IT infrastructure of the company. Besides domestic investments, Alkaloid invested over 2 million euros in the opening of the first production capacity outside Macedonia, in the Republic of Serbia, and in business operations in Serbia, Slovenia, Ukraine and Russia."

At the ceremony for the official celebration of the 91<sup>st</sup> anniversary of the establishment of the Chamber of Commerce of Macedonia, where these plaques were awarded to Alkaloid AD - Skopje, the CEO and President of the Management Board of the Company, Mr. Zhivko Mukaetov announced the potential opening of offices of the company in the Republic of Turkey, the Czech Republic and in Slovakia .



*At the ceremony of the official celebration of the 91st anniversary of the establishment of the Macedonian Chamber of Commerce, two plaques were awarded to Alkaloid*



## ALKALOID DONATES TO CHILDREN SENT ON FREE VACATION

Upon initiative of the Ministry of Labour and Social Policy, Alkaloid participated in the project "Free vacation and recreation for children from families at social risk and children beneficiaries of a special allowance".

Within the framework of this project, around 3,000 children from Macedonia went on summer or winter vacation free of charge. Alkaloid donated sun protection products and preventive medical care products.

The Minister of Labour and Social Policy, Mr. Spiro Ristovski, extended his gratitude to the CEO of Alkaloid, Mr. Zhivko Mukaetov, for his unreserved support.

"I would like to express my personal gratitude to the entire team who worked on the accomplishment of this project. I would also like to thank the company Alkaloid AD Skopje for their donation", the Minister stated.

# CORPORATE INFORMATION



*From left to right: Mr. Zhivko Mukaetov, CEO/MB President of Alkaloid, Mr. Spiro Ristovski, Minister of Labour and Social Policy, Ms. Suzana Tuneva Paunovska, Secretary General of the Red Cross Skopje and Mr. Igor Gievski, Member of the MB of EVN Macedonia AD Skopje*



*A gratitude for Alkaloid for the participation in the project "Free vacation and recreation for children from families at social risk and children beneficiaries of a special allowance"*



## SUMMIT 100 BUSINESS LEADERS: “A NEW DEAL FOR A NEW AGE”

The second Summit of 100 business leaders of Southeastern Europe was held for the second time in Montenegro. The goal of the Summit 100 was to demonstrate readiness and willingness of the business elite from Serbia, Croatia, Slovenia, Bosnia and Herzegovina, Macedonia and Montenegro, as well as of the highest political officials from the region, to take their share of responsibility for creating a vision for strengthening the competitiveness of the national economies, but also of the overall competitiveness potential of Southeast Europe.

The CEO of Alkaloid AD Skopje, Mr. Zhivko Mukaetov took part on the first working day of the Summit, at the panel entitled “Human capital – innovations and creativity as region’s potential”.

The summit hosted more than 100 influential business leaders and eminent governmental representatives, such as the President of the Government of Montenegro Mr. Milo Gjukanovich, the Primeminister of Serbia, Mr. Ivica Dachich, the Minister of economic development and technology of Slovenia, Mr. Slavko Stepshinik and others.

Summit 100 business leaders of Southeastern Europe is an initiative that started in 2011. It was designed to be the first annual high-level regional business-government dialogue, to forge a strong, cohesive voice of future economic and business cooperation in the region.

# CORPORATE INFORMATION



*From left to right:  
Mr. Milan Petrovich, CEO of Centro Shtampa Holding and Board President of Summit 100,  
Mr. Davor Majetich, General Director of Croatian Association of Employers,  
Ms. Cvetka Selshek, President of the Board of SKB Bank,  
Mr. Dushko Knezhevich, CEO of Atlas Group, President and member of the Board of Summit 100,  
Mr. Zhivko Mukaetov, CEO/MB President of Alkaloid, member of the Board of Summit 100,  
Mr. Jugoslav Pirich, General Manager of Microsoft Serbia*





## ALKALOID INTRODUCED INNOVATION IN THE FIELD COMMUNICATION

In line with our efforts for implementation of new communication tools that would improve and promote our operations and functioning, Alkaloid AD Skopje introduced and put into operation the innovative “CRM Sales Vision Pharma Anywhere” application, which is in fact an upgrade of the current Customer Relationship Management (CRM System).

The application, which works on mobile tablet devices (Apple, iPad4), ensures constant, timely and efficient communication among the employees of the company: those on field, working in the head offices and those in the subsidiaries abroad. The functionalities of this solution are connected with data analysis, daily planning, marketing activities, projects, researches, etc.

“This project’s successful completion in the area of Information Technology and Telecommunications of Alkaloid AD Skopje paved the way for the next stage planned: field work using tablet devices in other subsidiaries outside Macedonia as well, and their synchronization with the base of the Company in Skopje” – said Mr. Nikola Dimovski, Director of the Information Technology and Telecommunications (IT&T) Department of Alkaloid AD Skopje.

Mr. Damir Shafaric, CEO of “Media Soft” (Alkaloid’s partner in this project) speaking on behalf of his company from the base in London, expressed their immense pleasure about cooperating with Alkaloid thus stating: “Alkaloid is a very ambitious company with powerful portfolio, committed to innovations, and we are absolutely compatible concerning such endeavors. It is always good to see that clients require and demand more sophisticated systems.

# CORPORATE INFORMATION





## “BE MY FRIEND” PROJECT SUCCESSFULLY COMPLETED

In the humanitarian event entitled “Be My Friend” conducted in cooperation with the NGO “Borka”, Alkaloid donated medical equipment and devices in the value of 1.1 million denars, with the purpose of equipping the Department of Pediatric Oncology at the Pediatric Clinic at the Clinical Centre in Skopje.

As of 15 February 2012, in the course of 9 months, with each bought product from the Becutan collection, funds were allocated to this purpose.

Alkaloid donated a microscope for cytomorphological imaging, infusion pumps, quilts, duvets, bed linen with motives suitable for children, pillows, chairs, accessories and products from the Becutan collection to meet the needs of the children hospitalized in this department.

Alkaloid equipped the children’s rooms, as well as the room for preparation of therapies and the reception area, so as to facilitate the stay and treatment of the patients hospitalized and treated at the department of pediatric oncology, and to provide support for their families as well.

## ALKALOID TOOK PART IN THE “PINK WALK 2012”

The Pink Walk event, aimed at raising the awareness of breast cancer as a potentially curable disease, has traditionally been held for five years, and the year 2012 was no exception. By means of the symbolic three-kilometers' march, a message was sent about the importance of the early detection of this disease, as a basic prerequisite for successfully conquering it. This year the event was again supported by Alkaloid, which thereby confirmed its determination to be a socially responsible company.

On Macedonia Square in Skopje, where the central activities of the event were held, Alkaloid promoted the concept of a healthy diet in front of the interested audience, with its already well-established range of products from the “Good Morning Good Nature” and “Good Nature Energy” food products.



*Images of the Pink Walk  
Source: NGO Borka*



*Alkaloid's exhibition stand  
Source: Alkaloid archive*



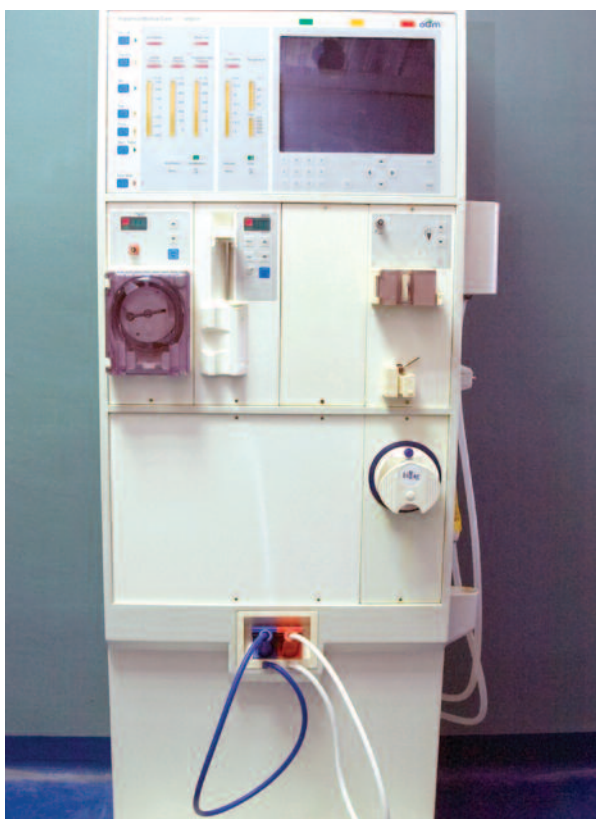
## ALKALOID DONATED 9 HEMODIALYSIS MACHINES TO 5 HEALTHCARE INSTITUTES

Alkaloid donated a total of nine hemodialysis machines to five healthcare institutes in Macedonia. Two hemodialysis machines were allocated to each of the following healthcare providers: the general hospitals in Prilep and Strumica, as well as the Healthcare Institute in Delchevo and the Clinical Hospital in Shtip, while one hemodialysis machine was allocated to the General Hospital in Gevgelija.

The purpose of this donation was to facilitate the hemodialysis treatment for patients, to improve the quality of their treatment and to facilitate the patients' access to their therapy.

The hemodialysis machines were procured from Fresenius, at rather reasonable prices, thanks to the longstanding cooperation of Alkaloid with this reputable company. The type of these hemodialysis machines is 4008H, while the regular price of such a machine ranges up to EUR 12,000.

# CORPORATE INFORMATION



*One of the hemodialysis machines donated by Alkaloid to the Clinical Hospital in Shtip*

## 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.

In cooperation with the Directorate on Environment at the Macedonian Ministry of Environment and Physical Planning, Alkaloid AD - PC Pharmaceuticals obtained A-IPPC License for Operational Plan Adjustment.

The trend of utilization of natural resources as energy drives is a practice at our company. We tend to demonstrate active efforts to help reduce the environmental impact, whenever possible.

The utilization of natural gas as source of energy has proven a positive impact on the environment conditions in the production site of Avtokomanda.

Our activities for saving natural energy sources are evident via permanent monitoring of the situation and rational use of water by exploiting underground water sources for technological needs.

Alkaloid increased the energy efficiency of its buildings by using renewable energy sources through:

- Usage of energy efficient light bulbs;
- Installation of heating and cooling pumps in the storage areas;
- Installation of solar thermal collectors for obtaining sanitary hot water.

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.

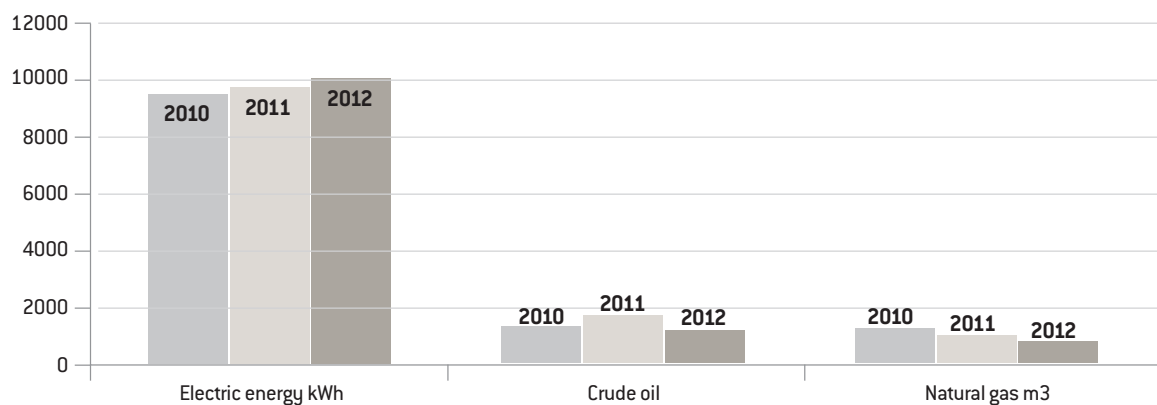


Figure 1 Use of electricity, oil and natural gas in the past three years

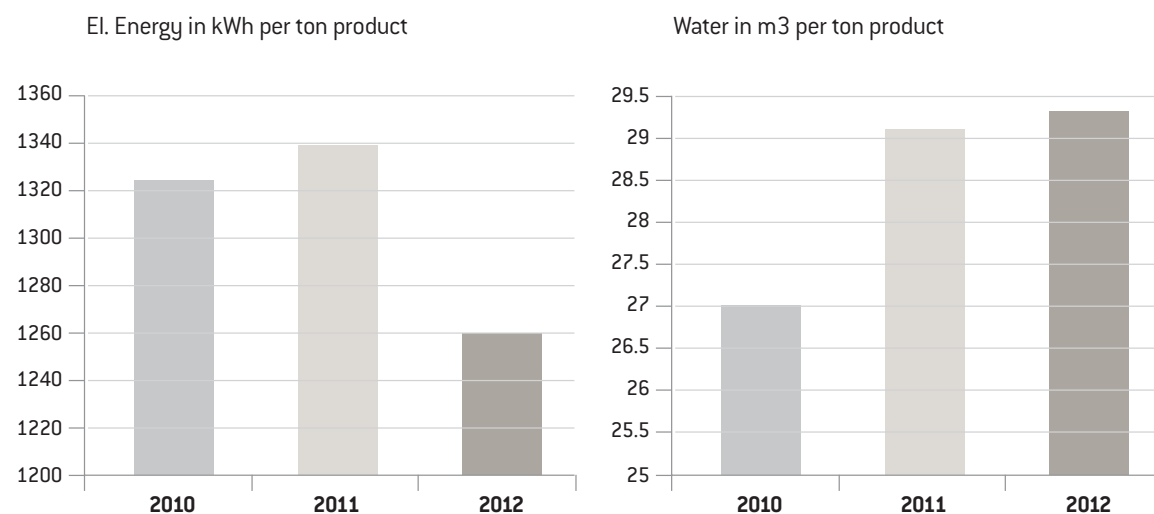


Figure 2 and 3. Electricity used in kWh and water in m<sup>3</sup> per ton finished product in the 2010-2012 period.



## HUMAN RESOURCES

Guided by the principle that employees are one of the key factors towards achievement of corporate growth and development as a strategic objective, our mission primarily focuses on promotion and enhancement of overall communication across the company as well as strengthening of organizational culture and sense of belonging among the employees.

In light of the above, we introduced the corporate newsletter "HEALTH ABOVE ALL" - a modern bulletin connecting all the members of the Alkaloid family.

Every year, the company employs an increasing number of highly specialized professionals who constantly keep themselves abreast of latest trends and developments in their respective field of work. Last year, the company welcomed 79 new members.

The latest structural changes and projects, implementation of procedures and processes as well as rationalization of functioning aim to achieve standardization of operations across the company. We completed the Occupational classification of job descriptions, which serves as foundation for structured approach to planning employee career paths and provides necessary qualifications required for each job position for purposes of new personnel recruitments. This way, the already standardized process of personnel selection and recruitment is supplemented with the qualifications required for the respective job post, thus increasing the efficiency and efficacy of the process.

In the spirit of care and continuation of company's corporate social responsibility practices, we place special emphasis on the annual humanitarian picnic as a traditional corporate event, with active participation of all employees in the promotion of corporate social responsibility and humanness.



*In 2012 Alkaloid introduced the corporate magazine "Health Above All"*

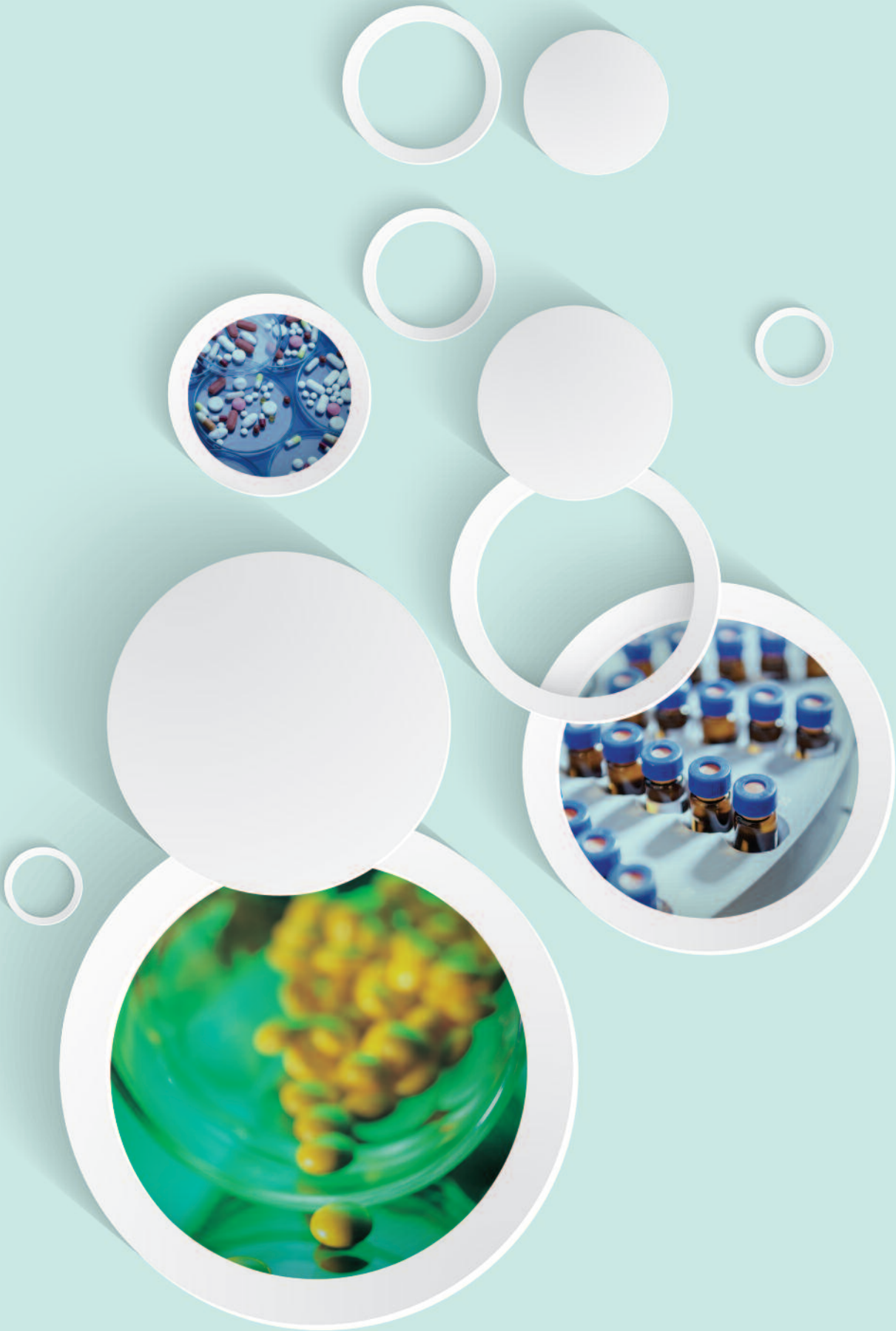
## Personnel and education

	Number of employees
Profit Centre / Organizational Unit	
Pharmaceuticals	608
Chemistry	56
Cosmetics	92
Botanicals	47
Corporate Services	302
<b>TOTAL in Alkaloid AD Skopje</b>	<b>1105</b>

	Number of employees
Alkaloid CONS Ltd. – Skopje	29
Herbal Pharmacy - Skopje	4
Subsidiaries and companies abroad	275

## Qualification structure of Alkaloid AD Skopje in 2012

Degree	Number of employees
PhD	1
Master Degree	14
University degree	399
Junior college degree	18
High school degree	534
Qualified workers	114
Non-qualified workers	25
<b>Total:</b>	<b>1105</b>



The image features a light teal background with several white geometric shapes. There are two large white circles, one on the left and one on the right, both casting soft shadows to the right. A smaller white circle is positioned in the upper left. Two white rings are also present: one in the upper left and one in the upper right, overlapping the larger circles. The text 'PC PHARMACEUTICALS' is centered within the right-hand large circle.

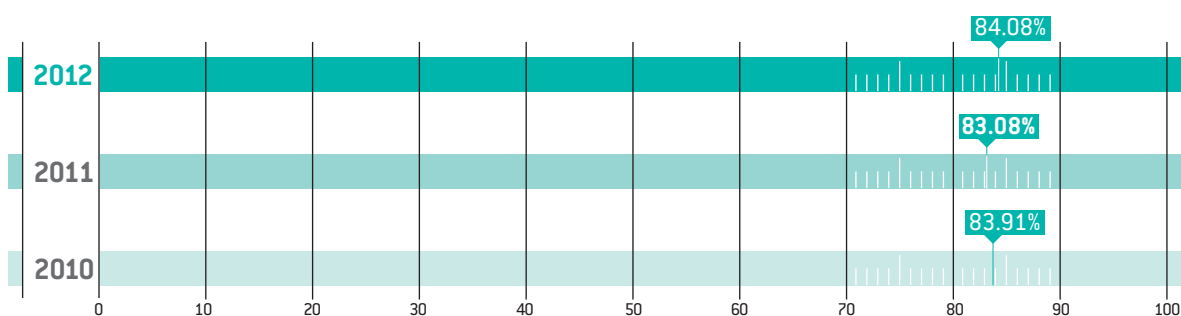
PC  
PHARMACEUTICALS

## MARKETING AND SALES

In 2012, 608 employees were working in the Pharmaceuticals segment in its headquarters in Skopje and 308 employees in its subsidiaries. The total net sales of PC Pharmaceuticals amounted to 5.708 billion MK denars, (EUR 92.769 million) which is a share of 84.08% in the total sales of Alkaloid Group.

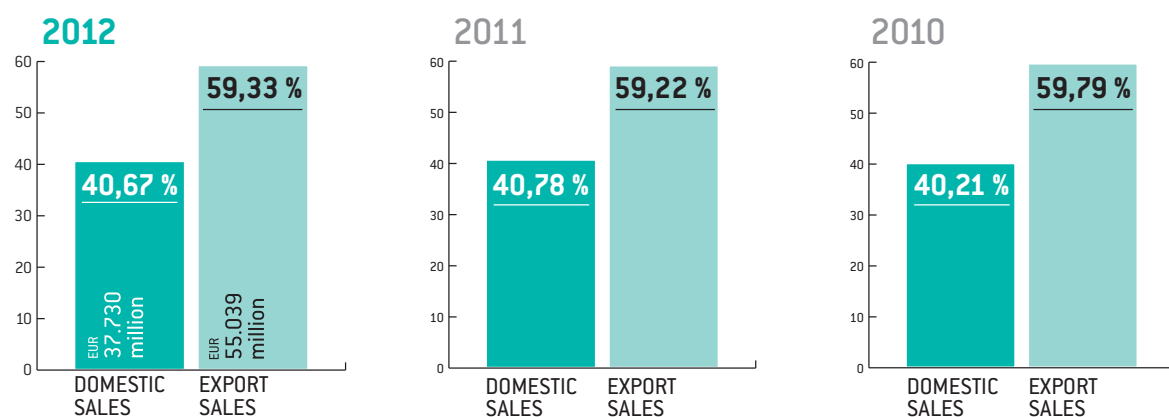
In 2012, the products of the PC Pharmaceuticals were available on the markets in 16 countries.

### PC Pharmaceuticals as a part of Alkaloid Group

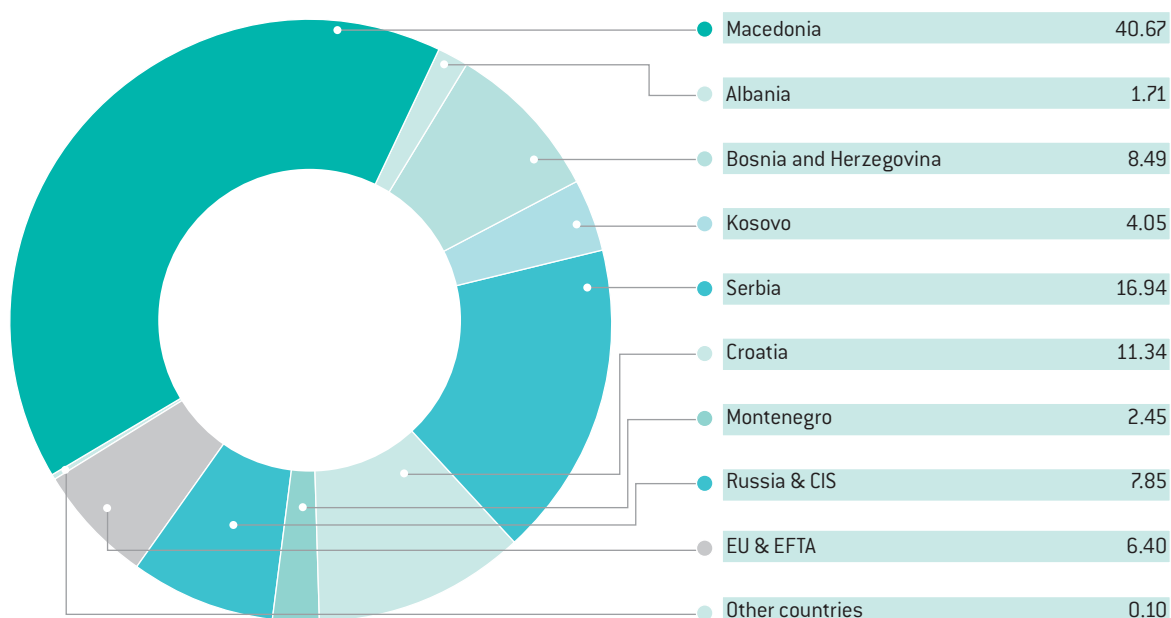


In 2012 we managed to increase the sales level by 1.97% compared to last year. This was primarily due to the increase in the domestic sales by 1.70%, and the increase in the export sales by 2.16% compared to 2011.

### SALES PER MARKETS



## SALES PER COUNTRIES 2012 in %



## TOP 5 PRODUCTS OF PC PHARMACEUTICALS

Sales of top 5 products for the year 2012 (% participation in the total sales of PC Pharmaceuticals):

	% participation		
	2012	2011	2010
CAFFETIN	10.54	13.02	14.21
PANCEF (Cefixime)	8.25	7.98	10.83
ANALGIN (Metamizole)	4.97	5.13	5.27
SKOPRYL (Lisinopril)	4.66	4.14	3.48
SKOPRYL PLUS (Lisinopril, Hydrochlorothiazide)	3.32	2.69	1.66



## ALKALOID'S RESEARCH TEAM DISCOVERED THE UNKNOWN STRUCTURE OF PHOLCODINE MONOHYDRATE

The research and development team of Alkaloid's pharmaceuticals center in cooperation with two scientific research laboratories discovered the crystal structure of pholcodine monohydrate, which as a compound has been available for over half a century in form of capsules and syrup for patients suffering from intense dry cough.

The crystal structure and polymorphism (a possibility of one chemical compound to exist in more various crystalline forms) of each pharmaceutically-active compound is of particular importance for detailed definition of its physical and chemical properties and physiological activity. Although pholcodine monohydrate in form of capsules and syrup has been actively used in the world medicine to relieve intense dry cough ever since the mid 20-th century, its crystal structure was unknown. Some aspects concerning the physiological activity of this compound have remained unclear thus far, most probably as a result of its undefined structure. This discovery could pave the way for broader and modified medical application.

The results of this significant discovery were published in the renowned science magazine "Journal of Crystal Growth" in form of original research paper, entitled: "Pholcodine Monohydrate: Crystal Structure and Polymorphism".

The research was carried out upon initiative of Gjorgji Petrushevski, MSc., employed at the Institute for Research and Quality Control of Alkaloid AD Skopje, as part of his PhD thesis, ongoing under the mentorship of Prof. dr Petre Makreski from the Institute of Chemistry at the Faculty of Mathematics and Natural Sciences, in cooperation with colleagues from the Faculty of Natural Sciences and Mathematics in Zagreb, R. Croatia and Institute of Chemistry at the Faculty of Mathematics and Natural Sciences in Skopje, R. Macedonia.

This scientific achievement is an enormous success for the Macedonian science in general, as it is a pioneer research managed by Macedonian scientists under the patronage of Alkaloid AD Skopje, inciting further cooperation between this company and scientific institutions in the Republic of Macedonia and the region.



*From left to right:  
Ms. Sonja Ugarkovich, Director of The Institute for Research and Quality Control,  
Mr. Gjorgji Petrushevski, member of the research team, author of the project*





## 55 YEARS CAFFETIN®

The synonym struggle against pain, our leading brand, Caffetin®, has marked 55 years of its existence in 2012.

According to many criteria ranked as the most famous Macedonian export brand, Caffetin® is present on the markets in 15 countries around the world, and the migrants working abroad, whenever they come to the Balkans, stock their supplies of this product besides the variety of painkillers available on the global pharmaceutical market. Alkaloid AD Skopje, produces Caffetin® in accordance with the most strict standards of Good Manufacturing Practice in the pharmaceutical industry.

High consumer awareness of this brand, continuous investments in this product, as well as the statistics indicating its leading position in many markets – were some of the reasons why Alkaloid decided to develop brand extensions in new indication areas. First in line was Caffetin COLD, followed by Caffetin MENSTRUAL, Caffetin COLD PLUS and the latest non-tablet form: Caffetin COLD MAX.

Based on public opinion polls conducted, Caffetin® has been awarded the status golden Super-brand for its exceptional achievements in 2006 in Republic of Serbia, in 2008 in Bosnia and Herzegovina and in 2009 in the Republic of Macedonia.



## ALYCEF® ON THE MARKETS OF GERMANY, FRANCE AND AUSTRIA FOR THE FIRST TIME

Alkaloid obtained its first marketing authorization for the markets in Germany, France and Austria. This is the first individual registration of a pharmaceutical product on the markets in these countries in the history of the company.

The authorization refers to Cefadroxil, a cephalosporin antibiotic, which is known in the Republic of Macedonia under the name of Alycef, and which is indicated for the treatment of respiratory infections, infections of the skin and soft tissues, as well as urinary infections.

The entire project, from the development of the medication to the completion of the procedure for its authorization, took about 5 years, starting from the market research, the careful monitoring of national regulatory specifications in these countries, the harmonization of the product with the latest European regulations for pharmaceutical products, as well as the extensive analysis performed by the drug agencies therein. The assessment of the quality, safety and efficiency of this antibiotic was the subject of analysis by over 40 experts from all drug agencies in the countries involved in the procedure, while the final positive decision was brought on the basis of consensus among all countries. This antibiotic will be available on the markets in Germany, France and Austria as of September 2013.

On the markets of the member-countries of the European Union, Alkaloid has hitherto obtained more than 200 authorizations for placement of pharmaceutical products, issued by relevant institutions. More than half of these have been obtained in accordance with the most strictly regulated EU procedures (Mutual Recognition Procedure and Decentralized Procedure).

Alkaloid AD Skopje initiated the process of harmonization with the EU legislation more than 10 years ago. In this respect, the company is fully prepared for the adaptation of the already accepted legal norms and regulations of operation, which are practices in the markets in Bulgaria, Romania, Slovenia, the Czech Republic, Poland, Slovakia, as well as the Croatian market.



## 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 2012, 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 companies :

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

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.

An abstract graphic design on a teal background. It features two large, overlapping white circles. The larger circle is on the right and contains the text 'LATEST RELEASES'. A smaller white circle is on the left. Two white rings are positioned above the circles: one small ring is above the left circle, and one larger ring is above the right circle. All elements cast soft shadows to the right.

LATEST  
RELEASES

# A DIFFERENT FORM OF OMEGA 3



OMEGA 3 KRILL FATTY ACIDS,  
EUPHAUSIA SUPERBA

## Healthy way of regulating fats in blood

- \* Helps the regulation of cholesterol level in blood
- \* Healthy lifestyle
- \* Complete source of essential fatty acids
- \* Contains natural antioxidant
- \* Clinically proven efficiency



Health above all  
[www.alkaloid.com.mk](http://www.alkaloid.com.mk)

## BioKrill Active

[www.krill.mk](http://www.krill.mk)

[www.fb.com/biokrillactive](https://www.facebook.com/biokrillactive)



## YMANA®

memantine  
5 mg, 10 mg, 15 mg and  
20 mg film-coated tablets,  
30 tablets  
N06DX01,  
anti-dementia drug



## GLUCOSE ALKALOID®



glucose  
5% solution for infusion,  
500 ml solution  
B05BA03,  
solution for parenteral nutrition

## GLUCOSE ALKALOID®



glucose  
10% solution for infusion,  
500 ml solution  
B05BA03,  
solution for parenteral nutrition

## 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

## BRONLES DIRECT®

carbocisteine  
750 mg/10ml oral solution,  
15 sachets  
R05CB03,  
mycolytic



## 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 tablets  
J01CR02, combinations  
of penicillins,  
incl.  $\beta$ -lactamase inhibitors



## NATRII CLORIDI INFUNDIBILE CUM GLUCOSO 5% ALKALOID®



sodium chloride; glucose  
(9g+50g) / 1000ml  
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

## RINGER ALKALOID®



sodium chloride; potassium  
chloride;  
calcium chloride dihydrate  
(8,60g+0,30g+0,33g) / 1000 ml  
solution for infusion,  
500 ml solution  
B05BB01 plasma substitutes  
and infusion  
solutions/electrolytes



# 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
<b>ACEROLA ALKALOID®</b>		
ascorbic acid	contains natural vitamin C 500 mg and 180 mg chewable tablets, 30 tablets	A11GA01, vitamin
<b>ACEROLA ALKALOID® for children</b>		
ascorbic acid	contains 100% natural vitamin C 50 mg chewable tablets, 30 tablets	A11GA01, vitamin
<b>ACIKLOVIR ALKALOID®</b>		
aciclovir	50 mg/g cream, 5 g cream	D06BB03, topical antiviral
<b>ACIKLOVIR ALKALOID®</b>		
aciclovir	30 mg/g eye ointment, 5 g ointment	S01AD03, ophtalmological antiviral
<b>ACIKLOVIR ALKALOID®</b>		
aciclovir	200 mg tablets, 30 tablets	J05AB01, antiviral for systemic use
<b>ALBENDAZOL ALKALOID®</b>		
albendazole	200 mg film-coated tablets, 6 and 60 tablets	P02CA03, antihelmintic
<b>ALDIZEM®</b>		
diltiazem	60 mg and 90 mg prolonged release tablets, 30 tablets	C08DB01, calcium channel blocker
<b>ALKADIL®</b>		
captopril	25 mg and 50 mg tablets, 40 tablets	C09AA01, ACE inhibitor
<b>ALKALAX-TAB®</b>		
bisacodyl	5 mg gastro-resistant tablets, 20 tablets	A06AB02 contact laxatives
<b>ALKAVIT® vitamin C for children</b>		
ascorbic acid	50 mg tablets, 30 tablets	A11GA01, vitamin
<b>ALKAVIT® vitamin E</b>		
tocopherol, $\alpha$	100 mg chewable tablets, 30 tablets	A11HA03, vitamin

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>ALKAVIT® FOLIC ACID</b>		
folic acid	0,4 mg film-coated tablets, 30 tablets 5 mg film-coated tablets, 20 tablets	B03BB01, antianemic preparations
<b>ALMACIN®</b>		
amoxicillin	500 mg capsules, hard 16 and 100 capsules 250 mg/5 ml powder for oral suspension, 100 ml suspension	J01CA04, broad spectrum penicillin
Manufactured in cooperation with Bilim Pharmaceuticals A.S. - Turkey		
<b>ALMETEX®</b>		
carbazochrome	25 mg tablets, 20 tablets 10 mg/2ml solution for injection, 30 ampoules	B02BX02, haemostatic
<b>ALVEN®</b>		
heparin, dexpanthenol, allantoin	30.000 IU/100 g, cream and gel, 40 g 50.000 IU/100 g, cream and gel, 40 g	C05BA53, combined heparin for topical use
<b>ALYCEF®</b>		
cefadroxil	500 mg capsules, hard, 16 capsules 250 mg/5 ml granules for oral suspension, 100 ml suspension	J01DB05, first-generation cephalosporins
<b>AMINOFILIN ALKALOID®</b>		
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
<b>AMLODIPIN ALKALOID®</b>		
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
<b>AMPICILIN ALKALOID®</b>		
ampicillin	500 mg capsules, hard 16 and 100 capsules 250 mg/5ml powder for oral suspension, 100 ml suspension	J01CA01, broad spectrum penicillin
Manufactured in cooperation with Bilim Pharmaceuticals A.S. - Turkey		
<b>ANALGIN®</b>		
metamizole	500 mg tablets, 10 and 500 tablets 1g/2ml and 2.5g/5ml solution for injection, 50 ampoules	N02BB02, analgesic and antipyretic
<b>AQUA AD INIJECTABILIA ALKALOID®</b>		
water for injections	2 ml, 5 ml and 10 ml solvent for parenteral use 50 ampoules	V07AB, solvent and diluting agent
<b>ATENOLOL ALKALOID®</b>		
atenolol	50 mg film-coated tablets, 15 tablets 100 mg film-coated tablets, 15 and 30 tablets	C07AB03, selective $\beta$ -blocker
<b>BETADINE®</b>		
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		
<b>BETADINE®</b>		
povidone - iodine	200 mg vaginal pessaries, 14 pessaries	G01AX11, gynecological antiseptic
Manufactured under the license of Mundipharma AG Basel, Switzerland		
<b>BETADINE®</b>		
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
<b>BIPRESSO®</b>		
bisoprolol	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	C07AB07, selective $\beta$ -blocker
<b>BlokMax®</b>		
ibuprofen	200 mg film-coated tablets, 10 tablets	M01AE01, NSAID
<b>BlokMax® forte</b>		
ibuprofen	400 mg film-coated tablets, 10 tablets	M01AE01, NSAID
<b>BlokMax® for kids</b>		
ibuprofen	100mg/5 ml, oral suspension, 100 ml suspension	M01AE01, NSAID
<b>BRONLES®</b>		
carbocisteine	375 mg capsules, hard 30 capsules 250 mg/5ml oral solution, 150 ml solution	R05CB03, mucolytic
<b>BRONLES® for children</b>		
carbocisteine	125 mg/5ml oral solution, 150 ml solution	R05CB03, mucolytic
<b>BUPRENORFIN ALKALOID®</b>		
buprenorphine	0,4 mg, 2 mg and 8 mg sublingual tablets, 7 and 28 tablets	N07BC01, drugs used in opioid dependance
<b>CAFFETIN sc®</b>		
paracetamol, propyphenazone, caffeine	(250 mg+210 mg+50 mg) tablets, 10 and 500 tablets	N02BE51, combined analgesic
<b>CAFFETIN trio®</b>		
paracetamol, caffeine, codeine	(500 mg+50 mg+10 mg) tablets, 10 and 500 tablets	N02BE51, combined analgesic
<b>CAFFETIN®</b>		
paracetamol, propyphenazone, caffeine, codeine	(250 mg+210 mg+50 mg+10 mg) tablets, 6, 10, 12 and 500 tablets	N02BE51, combined analgesic

<b>Registered name, INN (generic)</b>	<b>Presentation</b> (strength, pharmaceutical form, pack size)	<b>ATC-code,</b> pharmaco-therapeutic group
<b>CAFFETIN COLD®</b>		
paracetamol, ascorbic acid, dextromethorphan, pseudoephedrine	(500 mg+60 mg+15 mg+30 mg) film-coated tablets, 10 tablets	N02BE51, cough & cold medication
<b>CAFFETIN COLD® PLUS</b>		
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
<b>CAFFETIN COLD max®</b>		
paracetamol, phenylephrine	(1000 mg +12,2 mg) powder for oral solution 10 sachets with 5,15 g powder	N02BE51 paracetamol, combinations excl. psycholeptics
<b>CAFFETIN® menstrual</b>		
ibuprofen (in a form of lysinate)	200 mg film-coated tablets, 10 tablets	M01AE01, NSAID
<b>CARDIOPIRIN®</b>		
acetylsalicylic acid	100 mg gastro-resistant tablets, 30 tablets	B01AC06, platelet aggregation inhibitors
<b>CEFACTOR ALKALOID®</b>		
cefactor	500 mg capsules, hard 16 capsules 125 mg/5ml and 250mg/5ml granules for oral suspension, 60 ml suspension	J01DC04, second-generation cephalosporins
<b>CEFALEXIN ALKALOID®</b>		
cefalexin	500 mg capsules, hard 16 and 100 capsules 250 mg/5ml powder for oral suspension, 100 ml suspension	J01DB01, first-generation cephalosporins
<b>CEFAZ®</b>		
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
<b>CHLORAMPHENICOL ALKALOID®</b>		
chloramphenicol	50 mg/g ointment, 5 g ointment	D06AX02, antibiotic for topical use
<b>CHLORAMPHENICOL ALKALOID®</b>		
chloramphenicol	10 mg/g eye ointment, 5 g ointment	S01AA01, ophthalmological antibiotic
<b>CINEDIL®</b>		
cinnarizine	75 mg tablets, 45 and 50 tablets	N07CA02, calcium channel blocker, antivertigo preparation
<b>CIKLOSPORIN ALKALOID®</b>		
ciclosporin	25 mg, 50 mg and 100 mg capsules, soft 50 capsules 100 mg/ml oral solution, 50 ml solution	L04AD01, immunosuppressant
<b>CITERAL®</b>		
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
<b>CITERAL®</b>		
ciprofloxacin	3 mg/ml eye and ear drops, solution 5 ml solution	S03AA07, antimicrobial quinolone, agent
<b>CODEINI PHOSPHATIS ALKALOID®</b>		
codeine	30 mg tablets, 10 tablets	R05DA04, antitussive
<b>DECOTAL®</b>		
diflucortolone	1 mg/g cream, 20 g cream, 1 mg/g ointment, 20 g ointment	D07AC06, potent corticosteroid dermatotherapeutic
<b>DIABINESE®</b>		
chlorpropamide	250 mg tablets, 30 tablets	A10BB02, oral antidiabetic
Manufactured under the license of Pfizer Corporation		

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>DIAZEPAM ALKALOID®</b>		
diazepam	2 mg and 5 mg coated tablets, 30 tablets 10 mg/2ml solution for injection, 10 ampoules	N05BA01, anxiolytic
<b>DIPROL®</b>		
paracetamol	120 mg/5ml oral suspension, 100ml suspension	N02BE01, analgesic and antipyretic
<b>DOXYCYCLIN ALKALOID®</b>		
doxycycline	100 mg capsules, hard 5 and 100 capsules	J01AA02, tetracycline antibiotic
<b>DicloJet®</b>		
diclofenac	75 mg gastro-resistant capsules, hard, 20 capsules  Manufactured in cooperation with Temmler Werke GmbH, Munchen, Germany	M01AB05, NSAID
<b>Diclo Duo®</b>		
diclofenac	75 mg modified, dual release capsules, hard, 20 capsules  Manufactured in cooperation with Temmler Werke GmbH, Munchen, Germany	M01AB05, NSAID
<b>EGLONYL® forte</b>		
sulpiride	200 mg tablets, 12 tablets  Manufactured in cooperation with Sanofi Aventis, France	N05AL01, antipsychotic
<b>EGLONYL®</b>		
sulpiride	50 mg capsules, hard 30 capsules 25 mg/5 ml oral solution, 120 ml solution 100 mg/2 ml solution for injection, 30 ampoules  Manufactured in cooperation with Sanofi Aventis, France	N05AL01, antipsychotic
<b>EPIAL®</b>		
carbamazepine	200 mg tablets, 50 tablets	N03AF01, antiepileptic
<b>ETOLAC</b>		
etodolac	200 mg film-coated tablets, 20 tablets	M01AB08, NSAID

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>FAMOSAN®</b>		
famotidine	10 mg and 20 mg film-coated tablets, 20 tablets 40 mg film-coated tablets, 10 tablets	A02BA03, antiulcer drug
<b>FLAGYL®</b>		
metronidazole	500 mg vaginal pessaries, 10 pessaries	G01AF01, gynecological antiinfective and antiseptic
Manufactured in cooperation with Sanofi Aventis, France		
<b>FLAGYL®</b>		
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		
<b>FLUFENAZIN ALKALOID®</b>		
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
<b>FLUOXETIN ALKALOID®</b>		
fluoxetine	20 mg capsules, hard 30 capsules	N06AB03, antidepressant
<b>FUROSEMID ALKALOID®</b>		
furosemide	40 mg tablets, 10 tablets 20 mg/2ml solution for injection, 50 ampoules	C03CA01, diuretic
<b>FURAL®</b>		
nifuroxazide	100 mg capsules, hard, 30 capsules 200 mg capsules, hard, 20 capsules	A07AX03 intestinal antiinfective agent
<b>FURAL®</b>		
nifuroxazide	200mg/5 ml oral suspension, 90ml suspension	A07AX 03 intestinal antiinfective agent



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>FUREXA®</b>		
cefuroxime	250 mg and 750 mg powder for injection 5 vials	J01DC02, second-generation cephalosporins
<b>FUREXA®</b>		
cefuroxime	1,5 g powder for solution for injection or infusion, 5 vials	J01DC02, second-generation cephalosporins
<b>GENTAMICIN ALKALOID®</b>		
gentamicin	20 mg/2 ml, 40 mg/2ml, 80 mg/2 ml and 120 mg/2ml solution for injection, 10 ampoules	J01GB03, aminoglycoside antibiotic
<b>GLIBEDAL®</b>		
glibenclamide	5 mg tablets, 30 tablets	A10BB01, oral antidiabetic
<b>GYNIPRAL®</b>		
hexoprenaline	0.5 mg tablets, 20 tablets 0.01 mg/2ml solution for injection, 5 ampoules	G02CA, tocolytic
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
<b>HEFEROL®</b>		
ferrous fumarate	350 mg capsules, hard 30 capsules	B03AA02, antianaemic
<b>HIDROHLOROTIAZID ALKALOID®</b>		
hydrochlorothiazide	25 mg tablets, 20 tablets	C03AA03, diuretic
<b>HOLLESTA®</b>		
simvastatin	10 mg, 20 mg and 40 mg film-coated tablets, 30 tablets	C10AA01, hypolipaemic
<b>INSTENON®</b>		
etofylline, etamivan, hexobendine	(60 mg+50 mg+20 mg) coated tablets, 30 tablets	C04AX, peripheral vasodilator
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
<b>INSTENON®</b>		
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		

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>KALCIUM KARBONAT ALKALOID®</b>		
calcium carbonate	1000 mg tablets, 50 tablets	A12AA04, antiphosphataemic, mineral supplement
<b>KLINDAMICIN ALKALOID®</b>		
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
<b>KOMPENSAN®</b>		
dihydroxy aluminium sodium carbonate Manufactured under the license of Pfizer Corporation	300 mg tablets, 20 tablets	A02AB04, antacid
<b>LAMAL®</b>		
lamotrigine	25 mg, 50mg, 100 mg and 200 mg tablets, 30 tablets	N03AX09, antiepileptic
<b>LEGOFER®</b>		
ferric proteinsuccinylate Manufactured in cooperation with Italfarmaco S.p.A. Milan, Italy	40 mg/15 ml oral solution, 150 ml solution	B03AB09, antianaemic
<b>LEXILIUM®</b>		
bromazepam Manufactured in cooperation with F. Hoffman - La Roche Ltd. Basel, Switzerland	1.5 mg, 3 mg and 6 mg tablets, 30 tablets	N05BA08, anxiolytic
<b>LIDAPRIM®</b>		
sulfametrole, trimethoprim Manufactured in cooperation with Nycomed Austria GmbH, Austria	(400 mg+80mg) tablets, 20 tablets	J01EE03, combined sulphonamide & trimethoprim
<b>LIDAPRIM® for children</b>		
sulfametrole, trimethoprim Manufactured in cooperation with Nycomed Austria GmbH, Austria	(100 mg+20mg) tablets, 20 tablets (200 mg+40mg) / 5 ml oral suspension, 100 ml suspension	J01EE03, combined sulphonamide & trimethoprim

<b>Registered name, INN (generic)</b>	<b>Presentation</b> (strength, pharmaceutical form, pack size)	<b>ATC-code,</b> pharmaco-therapeutic group
<b>LIDOKAIN HIDROHLORID ALKALOID®</b>		
lidocaine	40 mg/2ml solution for injection, 100 ampoules	N01BB02, C01BB01 local anaesthetic, antiarrhythmic
<b>LIDOCAIN-ADRENALIN ALKALOID®</b>		
lidocaine, epinephrine	[40mg+0.025 mg]/2 ml solution for injection, 100 ampoules	N01BB52, local anaesthetic
<b>LORATADIN ALKALOID®</b>		
loratadine	10 mg tablets, 10 tablets 1 mg/1ml oral solution, 120 ml solution	R06AX13, antihistaminic
<b>LOSARTAN ALKALOID®</b>		
losartan	50 mg and 100 mg film-coated tablets, 30 tablets	C09CA01, angiotensin II antagonist
<b>LUNATA®</b>		
zolpidem	5 mg and 10mg film-coated tablets 10 tablets	N05CF02, hypnotics and sedatives
<b>LYVAM®</b>		
levetiracetam	250 mg, 500 mg, 750 mg and 1000 mg film-coated tablets 60 tablets	N03AX 14 other antiepileptics
<b>MENDILEX®</b>		
biperiden	2 mg tablets, 50 tablets	N04AA02, antiparkinsonic
<b>METADON ALKALOID®</b>		
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 dependance
<b>METFORMIN ALKALOID®</b>		
metformin	500 mg, 850 mg and 1000 mg film-coated tablets, 30 tablets	A10BA02, oral antidiabetic
<b>MORFIN HIDROHLORID ALKALOID®</b>		
morphine	20 mg/ml and 4 mg/ml solution for injection, 10 ampoules	N02AA01, opioid analgesic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>NIFADIL® retard</b>		
nifedipine	20 mg prolonged release, tablets 30 film-coated tablets	C08CA05, calcium channel blocker
<b>NIFLAM® retard</b>		
ketoprofen	200 mg film-coated tablets, 20 tablets	M01AE03, NSAID
<b>NIFLAM®</b>		
ketoprofen	50 mg capsules, hard, 20 capsules 100 mg/2ml solution for injection and infusion 10 ampoules 100 mg suppositories, 12 suppositories	M01AE03, NSAID
<b>NOVAMORF®</b>		
morphine	10 mg and 20 mg sublingual tablets, 20 and 60 tablets 30 mg sublingual tablets, 20 tablets	N02AA01, opioid analgesic
<b>NOZINAN®</b>		
levomepromazine	25 mg and 100 mg film-coated tablets, 20 and 100 tablets	N05AA02, antipsychotic
Manufactured in cooperation with Sanofi Aventis, France		
<b>NYPERO®</b>		
ropinirole	0,25 mg, 0,5 mg, 1 mg, 2 mg and 5 mg film-coated tablets, 21 tablets	N04BC04, dopamine agonists
<b>NYMER®</b>		
nimesulide	100 mg tablets, 15 tablets	M01AX17 other antiinflammatory and antirheumatic agents, non-steroids
<b>OMEZOL®</b>		
omeprazole	20 mg gastro-resistant capsules, hard 14 capsules	A02BC01, antiulcer drug

<b>Registered name, INN (generic)</b>	<b>Presentation</b> (strength, pharmaceutical form, pack size)	<b>ATC-code,</b> pharmaco-therapeutic group
<b>PANCEF®</b>		
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
<b>PARACETAMOL ALKALOID®</b>		
paracetamol	500 mg tablets, 10 and 500 tablets 120 mg/5ml oral solution, 100 ml solution	N02BE01, analgesic, antipyretic
<b>PARSEDIL®</b>		
dipyridamole	75 mg coated tablets, 15 tablets	B01AC07, platelet aggregation inhibitor
<b>PENTOKSIFILIN ALKALOID®</b>		
pentoxifylline	400 mg prolonged release, tablets 20 film-coated tablets, 100 mg/5 ml solution for injection, 5 ampoules	C04AD03, peripheral vasodilator, rheolytic
<b>PHENOBARBITAL ALKALOID®</b>		
phenobarbital	15 mg and 100 mg tablets, 30 tablets	N03AA02, antiepileptic
<b>PHOLCODIN ALKALOID®</b>		
pholcodine	10 mg capsules, hard, 20 capsules 15 mg/15ml oral solution, 150 ml solution	R05DA08, antitussic
<b>PHOLCODIN ALKALOID® for children</b>		
pholcodine	4 mg/5ml oral solution, 60 ml solution	R05DA08, antitussic
<b>PIMEF®</b>		
cefepime	1 g and 2 g powder for solution for injection or infusion 5 vials	J01DE01, forth-generation cephalosporins
<b>PROCULIN®</b>		
naphazoline	0.3mg/ml eye drops, 10 ml solution	S01GA01, ophthalmic decongestant

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>PROPAFENON ALKALOID®</b>		
propafenone	150 mg film-coated tablets, 40 tablets 35 mg/10 ml solution for injection, 10 ampoules	C01BC03, antiarrhythmic
<b>PROPILTIOURACIL ALKALOID®</b>		
propylthiouracil	50 mg tablets, 20 tablets 100 mg tablets, 45 tablets	H03BA02, thyrostatic
<b>REGLAN®</b>		
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		
<b>RELIKA®</b>		
perindopril tert-butylamine	2 mg, 4 mg and 8 mg tablets 30 tablets	C09AA04 ACE inhibitors, plain
<b>REMOXICAM®</b>		
piroxicam	20 mg capsules, hard 20 capsules	M01AC01, NSAID
<b>RISPERIDON ALKALOID®</b>		
risperidone	1 mg, 2 mg, 3 mg and 4 mg film-coated tablets, 20 tablets	N05AX08, antipsychotic
<b>SALBUTAMOL ALKALOID®</b>		
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
<b>SINEQUAN®</b>		
doxepin	10 mg and 25 mg capsules, hard 30 capsules	N06AA12, antidepressant
Manufactured under the license of Pfizer Corporation		

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>SIZAP®</b>		
olanzapine	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	N05AH03, antipsychotics
<b>SKOPRYL®</b>		
lisinopril	5 mg, 10 mg and 20 mg tablets, 20 tablets	C09AA03, ACE inhibitor
<b>SKOPRYL plus®</b>		
lisinopril, hydrochlorothiazide	(20 mg + 12.5mg) tablets, 20 tablets (20 mg + 25 mg) tablets, 20 tablets	C09BA03, combined antihypertensive
<b>SOLCOSERYL®</b>		
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		
<b>SOLCOSERYL®</b>		
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		
<b>SOLCOSERYL®</b>		
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		
<b>SUMETRIN®</b>		
sumatriptan	50 mg film-coated tablets, 6 and 3 tablets	N02CC01, antimigraine preparation
<b>SYNETRA®</b>		
clopidogrel	75 mg film-coated tablets, 30 tablets	B01AC04, antithrombotic agent

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>TAMLOS®</b>		
tamsulosin	0.4 mg modified release capsules, hard 30 capsules	G04CA02, drug used in benign prostatic hypertrophy
<b>TIMOLOL ALKALOID®</b>		
timolol	5mg/ml eye drops, 5 ml solution	S01ED01, antiglaucoma preparation
<b>TRAMADOL ALKALOID®</b>		
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
<b>TORVEX®</b>		
atorvastatin	10 mg, 20 mg, 40 mg and 80 mg film-coated tablets, 30 tablets	C10AA05, hypolipaeamic
<b>TRICEF®</b>		
cefpodoxime	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
<b>TRIGLID®</b>		
fenofibrate	145 mg tablets, 30 tablets	C10AB05 lipid modifying agent, plain
<b>ULCODIN®</b>		
ranitidine	75 mg, 150 mg and 300 mg film-coated tablets, 20 tablets 50mg/2ml solution for injection, 5 ampoules	A02BA02, antiulcer drug



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>VASOFLEX®</b>		
prazosin	1 mg tablets, 30 tablets 2 mg and 5 mg tablets, 60 tablets	C02CA01, selective $\alpha_1$ -adrenergic blocker
Manufactured under the license of Pfizer Corporation		
<b>VERAPAMIL ALKALOID® retard</b>		
verapamil	240 mg prolonged release, tablets 20 film - coated tablets	C08DA01, calcium channel blocker
<b>VERAPAMIL ALKALOID®</b>		
verapamil	40 mg coated tablets, 30 tablets 80 mg coated tablets, 30 tablets 5 mg/2 ml solution for injection, 10 and 50 ampoules	C08DA01, calcium channel blocker
<b>VITAMIN B<sub>1</sub> ALKALOID®</b>		
thiamine	100 mg/1 ml solution for injection, 50 ampoules	A11DA01, vitamin
<b>VITAMIN B<sub>12</sub> ALKALOID®</b>		
cyanocobalamin	500 mcg/1 ml solution for injection, 50 ampoules	B03BA01, antianaemic
<b>VITAMIN B<sub>6</sub> ALKALOID®</b>		
pyridoxine	20 mg tablets, 20 tablets 50 mg/2 ml solution for injection, 50 ampoules	A11HA02, vitamin
<b>VITAMIN C ALKALOID®</b>		
ascorbic acid	500 mg tablets, 250 tablets	A11GA01, vitamin
<b>WALZERA®</b>		
valsartan	40 mg, 80 mg and 160 mg film-coated tablets 30 tablets	C09CA03 angiotensin II antagonists, plain
<b>ZANFEXA®</b>		
venlafaxine	37.5 mg, 50 mg and 75mg tablets, 30 tablets	N06AX16, antidepressants

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>ZANFEXA® XR</b>		
venlafaxine	37,5 mg, 75 mg and 150 mg prolonged release capsules, hard 30 capsules	N06AX16, antidepressants
<b>ZEPIRA®</b>		
escitalopram	5 mg; 10 mg; 15 mg and 20 mg film-coated tablets 30 tablets	N06AB10 selective serotonin reuptake inhibitors
<b>ZYTRON®</b>		
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
<b>BRONLES DIRECT®</b>		
carbocisteine	750 mg/10ml oral solution, 15 sachets	R05CB03, mycolytic
<b>CO-ALMACIN®</b>		
amoxicillin; clavulanic acid	(400 mg+57 mg)/5 ml powder for oral suspension, 70 ml suspension (875 mg+125 mg) film-coated tablets, 10 tablets	J01CR02, combinations of penicillins, incl. $\beta$ -lactamase inhibitors
<b>GLUCOSE ALKALOID®</b>		
glucose	5% and 10% solution for infusion, 500 ml solution	B05BA03, solution for parenteral nutrition
<b>HARTMAN ALKALOID®</b>		
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
<b>NATRIUM HLORID ALKALOID®</b>		
sodium chloride	0,9 % solution for infusion, 500 ml solution	B05XA03 plasma substitutes and infusion solutions/electrolytes
<b>NATRII CLORIDI INFUNDIBILE CUM GLUCOSO 5% ALKALOID®</b>		
sodium chloride; glucose	(9g+50g) / 1000ml solution for infusion, 500 ml solution	B05BB02 blood substitutes and perfusion solutions

### Latest releases

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>RINGER ALKALOID®</b>		
sodium chloride; potassium chloride; calcium chloride dihydrate	(8,60g+0,30g+0,33g) / 1000 ml solution for infusion, 500 ml solution	B05BB01 plasma substitutes and infusion solutions/electrolytes
<b>YMANA®</b>		
memantine	5 mg, 10 mg, 15 mg and 20 mg film-coated tablets, 30 tablets	N06DX01, anti-dementia drug

## Food Supplements

Registered name	Presentation (strength, pharmaceutical form, pack size)
<b>ALKAKAPS Shark Oil</b>	500 mg shark liver oil (min. 20% alkylglycerols), soft capsules 60 soft capsules
<b>ALKAKAPS Menopaus Relieve</b>	75 mg vegetable isoflavones complex, 40% (equivalent to 30 mg of pure isoflavones), soft capsules 30 soft capsules
<b>ALKAKAPS Coenzyme Q<sub>10</sub></b>	10 mg coenzyme Q <sub>10</sub> (ubidecarenone), soft capsules 60 soft capsules
<b>ALKAKAPS Beta Carotene</b>	6.67 mg betacarotene 30% (equivalent to 2 mg betacarotene, or 333 mcg vitamin A), soft capsules 90 soft capsules
<b>ALKAKAPS Omega 3</b>	500 mg fish oil (including 165 mg EPA and 110 mg DHA) and 5 mg vitamin E, soft capsules 60 soft capsules
<b>BioKrill Active</b>	500 mg krill oil, soft capsules 60 soft capsules
<b>DIASTOP</b>	35 mg Bacillus subtilis IP 5832, capsules 16 capsules
<b>Vitamin A+D<sub>3</sub> Alkaloid</b>	2500 IU vitamin A (in a form of retinol palmitate) and 400 IU vitamin D <sub>3</sub> (cholecalciferol), soft capsules 50 soft capsules

### Medical devices

Registered name	Presentation
<b>PROCULIN TEARS</b>	sodium hyaluronate 0,2%, moisturizing ophthalmic solution 10 ml solution
<b>PROCULIN LENS</b>	multipurpose lens care solution with hyaluronic acid 400 ml solution



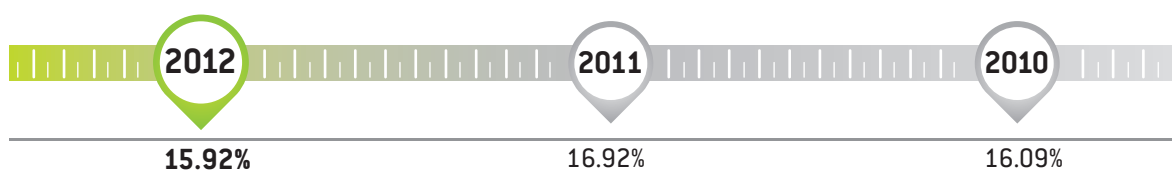
CHEMISTRY,  
COSMETICS &  
BOTANICALS



## MARKETING AND SALES

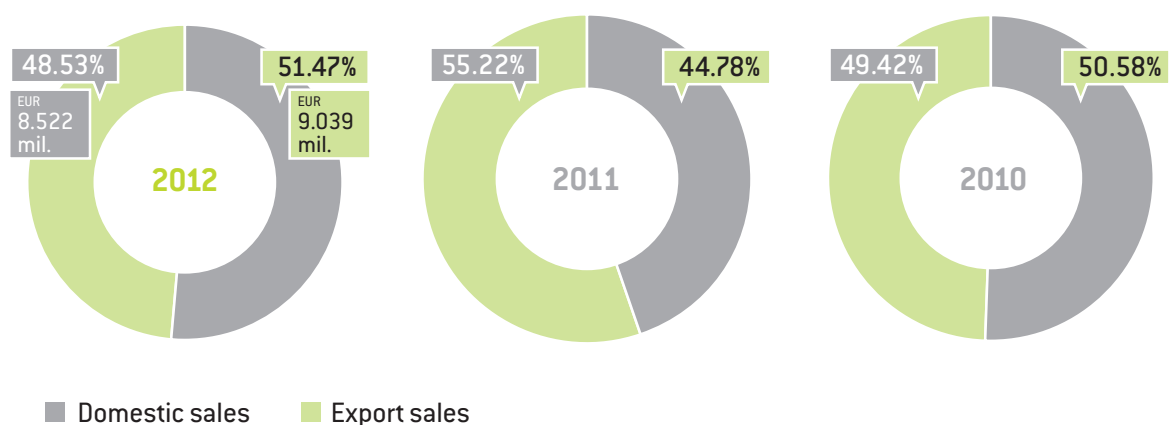
In 2012, PC Chemistry Cosmetics Botanicals had 195 employees working in the headquarters in Skopje. The total net sales of this Profit Centre amounted to 1.081 billion MK denars, (EUR 17.561 million), which is a share of 15.92% in the total sales of Alkaloid Group. In 2012, the products of the PC Chemistry Cosmetics Botanicals were available on the markets in 16 countries.

### PC Chemistry Cosmetics Botanicals as a part of Alkaloid Group



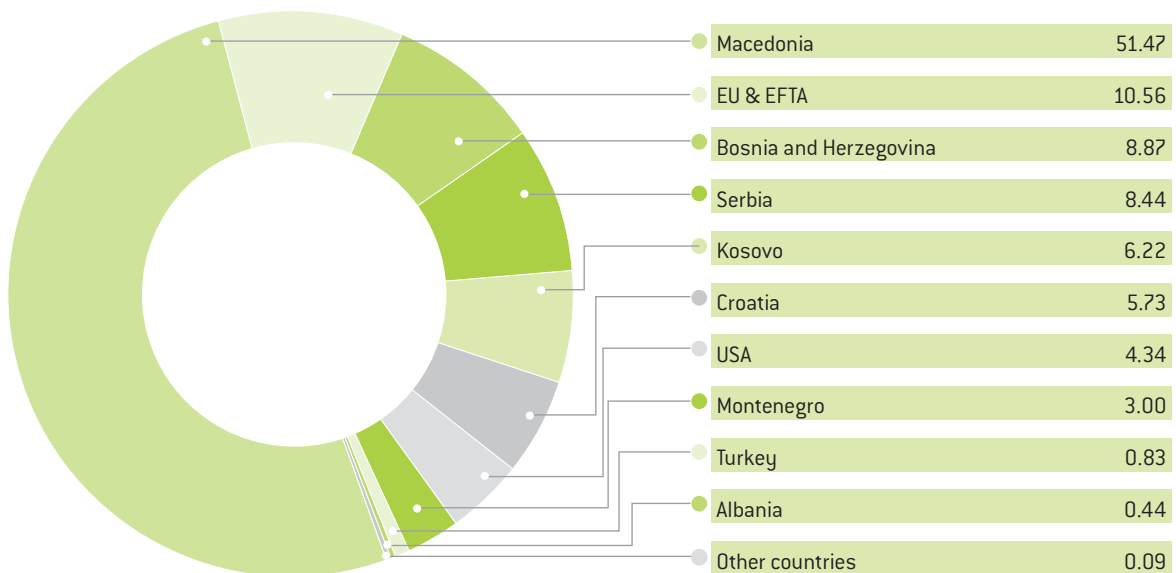
In 2012 the sales level demonstrated a decrease of 5.25% compared to the last year, i.e. a decrease of 25.48% in the Chemistry segment, an increase of 3.42% in the Cosmetics and a decrease of 1.65% in the Botanicals segment.

### Sales per markets



# CHEMISTRY, COSMETICS & BOTANICALS

Sales per countries in 2012

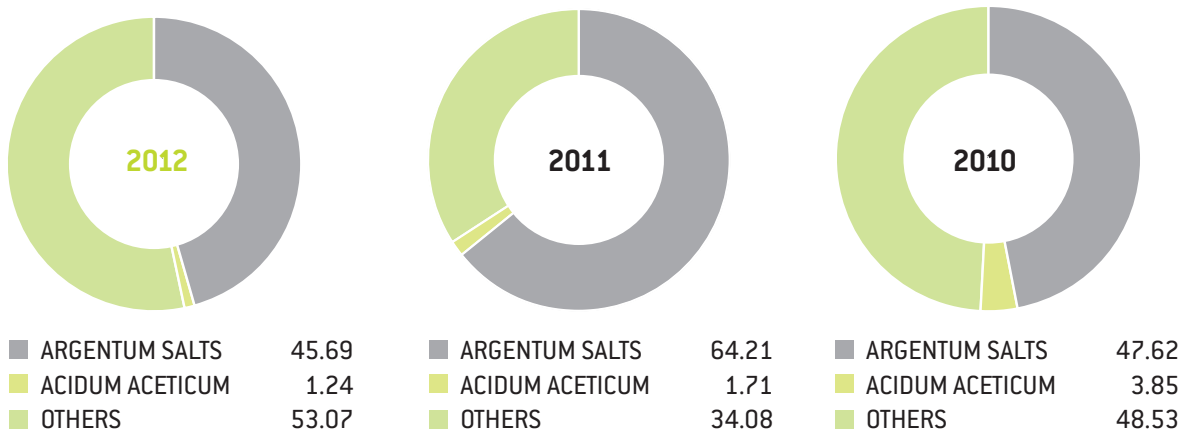


The participation of the three segments in the total sales of PC Chemistry Cosmetics Botanicals in 2012 was as follows:

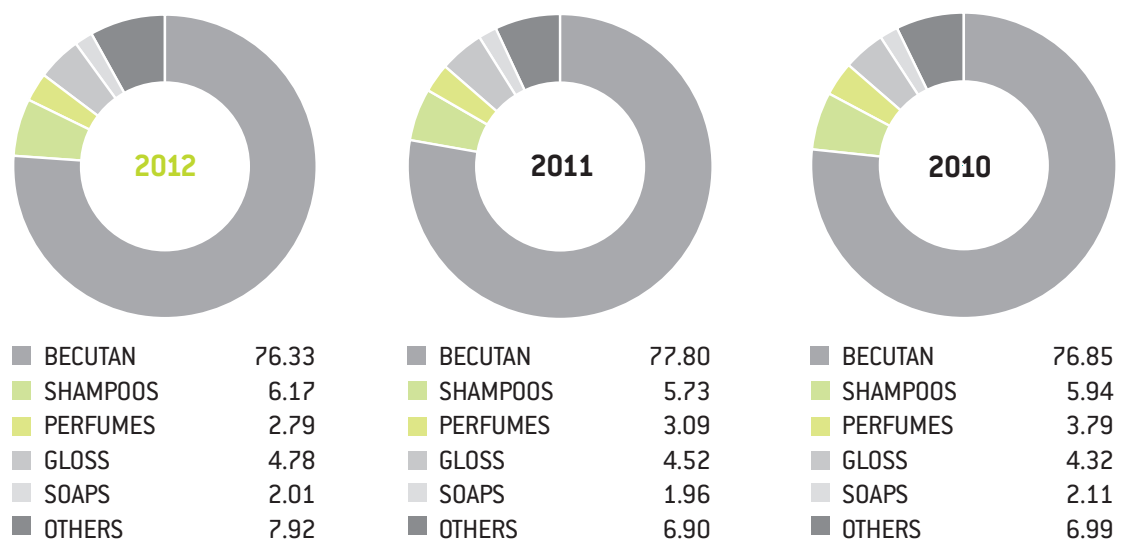
Segment of CCB	% participation		
	2012	2011	2010
<b>CHEMISTRY</b>	<b>21.20</b>	<b>26.96</b>	<b>18.60</b>
Domestic market	9.41	7.20	8.07
Export market	11.79	19.76	10.53
<b>COSMETICS</b>	<b>60.85</b>	<b>55.75</b>	<b>62.94</b>
Domestic market	30.60	27.26	30.94
Export market	30.25	28.49	32.00
<b>BOTANICALS</b>	<b>17.95</b>	<b>17.29</b>	<b>18.46</b>
Domestic market	11.46	10.32	11.57
Export market	6.49	6.97	6.89

The sales structure per segments is presented below:

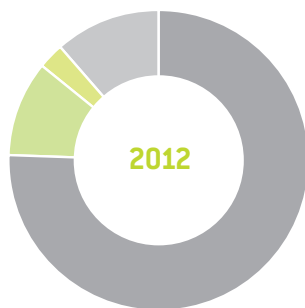
### SALES STRUCTURE - CHEMISTRY



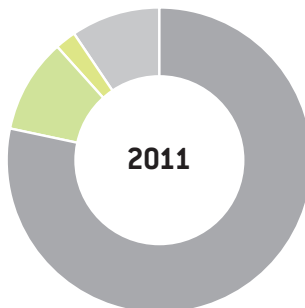
### SALES STRUCTURE - COSMETICS



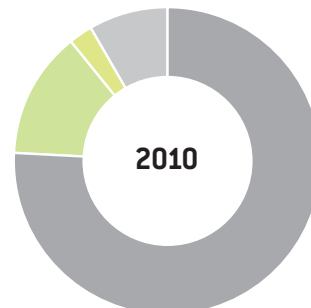
## SALES STRUCTURE - BOTANICALS



■ TEAS	75.78
■ ZACHINAL	10.09
■ MEDICAL HERBS	2.81
■ OTHERS	11.32



■ TEAS	78.49
■ ZACHINAL	9.93
■ MEDICAL HERBS	2.41
■ OTHERS	9.17



■ TEAS	75.92
■ ZACHINAL	13.30
■ MEDICAL HERBS	2.63
■ OTHERS	8.15



## GOOD MORNING GOOD NATURE – A NEW LINE OF PRODUCTS IN THE GOOD NATURE BRAND

In line with Alkaloid's endeavors for healthy living, the company introduced a completely new range of products intended to satisfy the most discerning tastes for healthy food.

This range of products includes: Creamy pillows - Happy Choco Duo and five types of muesli: Choco Secrets, Nutty Story, Wake Up, Life Energy Mix and Cranberry Tango.

These products are an extraordinary, entirely healthy meal of grains, a true wealth of dietary fibers, minerals and vitamins, containing also low quantities of sugars, fats and sodium.

Good Morning Good Nature muesli received the Vegetarian Products Certification, and the European Vegetarian Union logo may now be used. Wake Up, Life Energy Mix and Nutty Story mixes have been classified under the "vegan" subgroup, whereas Choco Secrets under the "lacto-vegetarian" subgroup of products.

Alkaloid's Muesli are the first products in Republic of Macedonia to receive Vegetarian product certificate.

# CHEMISTRY, COSMETICS & BOTANICALS



*The members of Good Morning Good Nature healthy foods collection*



The image features a light purple background with several white geometric shapes. There are two large overlapping circles on the left side. To their right, there are two white rings of different sizes, one larger than the other, positioned as if they are floating or attached to the circles. The text 'FINANCES & SHAREHOLDING' is centered on the right-hand circle.

FINANCES &  
SHAREHOLDING





## FINANCES

The consequences of the global economic crisis and the European debt crisis in 2012 were most evident in the South-eastern European markets as well as in some countries in the European Union. We are experiencing worsening financial conditions of entire national economies, instability in the capital markets, instability of the financial sector, banking crises etc. Conditions for business activities in these markets in 2012 were still difficult. Major challenges still remain: the decline of selling prices, difficult conditions for collection of trade receivables, increase of certain types of costs etc. This is also a period of restructuring in the global economy which can bring increased risks in the operation which implies the need for very careful and rational business behavior and decision making.

Alkaloid, as a company that participates in the global economic arena and is dedicated to export, is not insulated from these risks and challenges. On the contrary, the management and the employees of the Company were faced with the necessity of finding active measures to reduce these impacts on the company's operations in 2012. A timely response was necessary, for dealing with the turbulent economic environment, reducing the risks our business faces and bringing them to the lowest level in order to avoid any major obstacles for achieving the expected results for 2012. Our efforts were focused mainly towards optimization of internal processes, utilization of the comparative advantages of the company, continuously raising the competitive ability, active monitoring of the identified potential risks and minimizing them through appropriate activities etc.

All measures and precautions we undertook provided for positive financial and business results in the course of 2012.

## 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.



**Viktor Stojchevski**  
Chief Financial Officer /  
Member of the Management Board

A handwritten signature in blue ink, appearing to be 'V. Stojchevski', positioned below the printed name and title.

## 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 and physical persons / 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 2012 were some of the most traded and most liquid ones. There were 1,993 transactions made, 62,568 shares were traded (which is 4.37% of the total share capital of Alkaloid AD Skopje), worth a total of EUR 4,114,912.

ALKALOID AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with 17.13% of the total turnover recorded on the first official market of the Stock Exchange. The share price of Alkaloid AD Skopje ranged from MKD 3,821 to MKD 4,340, with an average of MKD 4,027.38.

As at 31st December 2012, Alkaloid had 5,428 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 2012 amounted to MKD 165.00

Net dividend per share (In MK Denars)

2012	2011	2010
165.00	160.00	150.00



**Gjorgji Jovanov,**

Director / MB Member

## “CRYSTAL BELL” AWARDED FOR 2012

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 were some of the reasons for granting the Crystal Bell award to Alkaloid AD Skopje for being the most transparently quoted company on the stock exchange for 2012.

Other criteria that were also taken into consideration included: 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 social corporate responsibility.

The award was granted during the “Annual Conference of the Macedonian Securities Market 2013” held in May 2013, 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 third award of this type granted to Alkaloid AD Skopje following the ones in year 2008 and year 2011.

# FINANCES & SHAREHOLDING



*Mr. Viktor Stojchevski, CFO and MB Member of Alkaloid AD Skopje, received the Crystal Bell 2012*



The cover features a light blue background with several white geometric shapes. A large white circle is centered, containing the text 'CONSOLIDATED FINANCIAL REPORT'. Above it is a smaller white circle, and below it is a white ring. To the left, there is another white ring. The shapes have soft shadows, giving them a 3D appearance.

CONSOLIDATED  
FINANCIAL  
REPORT



# INDEPENDENT AUDITORS' REPORT

**Deloitte.**

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1000 Skopje  
Republic of Macedonia

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[www.deloitte.com/mk](http://www.deloitte.com/mk)

## TO THE MANAGEMENT BOARD AND THE SHAREHOLDERS OF ALKALOID AD SKOPJE

We have audited the accompanying consolidated financial statements (page 4 to 41) 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 2012, 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 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

8 March 2013

Deloitte DOO  
Skopje, Macedonia

*Deloitte doo*

Central Register of RM, Registry No. 4681427, VAT No. 4030994253680  
Account No. 300-000000919-22, 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	2012	2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment (PP&E)	6	3,851,987	3,847,724
Intangible assets	7	647,260	521,285
Deferred tax assets	18	15,728	14,849
Available-for-sale financial assets	9	4,784	4,442
Other non-current assets	12	30,618	55,440
		<b>4,550,377</b>	<b>4,443,740</b>
<b>Current assets</b>			
Inventories	10	1,791,379	1,647,549
Trade receivables	11	2,508,304	2,238,474
Other current assets	12	243,506	269,858
Cash and cash equivalents	13	185,589	188,824
		<b>4,728,778</b>	<b>4,344,705</b>
<b>TOTAL ASSETS</b>		<b>9,279,155</b>	<b>8,788,445</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	2,205,348	2,206,391
Share premiums	14	(1,127)	493
Legal reserves		604,746	599,909
Other reserves	15	1,524,599	1,538,559
Retained earnings		2,907,337	2,608,105
Minority interests		1,205	1,239
		<b>7,242,108</b>	<b>6,954,696</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current borrowings	16	208,342	60,823
Retirement benefit obligations	17	20,670	16,560
Deferred tax liabilities	18	7,831	8,436
		<b>236,843</b>	<b>85,819</b>
<b>Current liabilities</b>			
Trade and other payables	19	1,222,977	1,164,171
Income tax		18,682	9,600
Current borrowings	16	558,545	574,159
		<b>1,800,204</b>	<b>1,747,930</b>
<b>Total liabilities</b>		<b>2,037,047</b>	<b>1,833,749</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,279,155</b>	<b>8,788,445</b>

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

These consolidated financial statements have been approved by the Managing Board on 19 February 2013.

Approved by:  
Zhivko Mukaetov  
General Manager



Viktor Stojcevski  
Finance Manager



## CONSOLIDATED INCOME STATEMENT

(In thousands of Denar)

	Note	Year ended 31 December	
		2012	2011
Sales	5	6,788,633	6,738,068
Cost of sales		(3,497,210)	(3,448,514)
<b>Gross profit</b>		<b>3,291,423</b>	<b>3,289,554</b>
Research and development expenses		(38,687)	(45,543)
Selling and marketing expenses		(2,272,187)	(2,215,549)
Administrative expenses		(269,326)	(292,637)
Provision for other liabilities and charges	20	(3,530)	(993)
Other income	21	313,091	310,345
Other expenses	22	(332,308)	(328,530)
<b>Operating profit</b>		<b>688,476</b>	<b>716,647</b>
Finance expenses	26	(48,435)	(54,452)
<b>Profit before income tax</b>		<b>640,041</b>	<b>662,195</b>
Income tax	27	(56,311)	(45,942)
<b>Profit for the year</b>		<b>583,730</b>	<b>616,253</b>
<b>Attributable to the:</b>			
Shareholders of the Parent Company		583,763	616,290
Minority interests		(33)	(37)
<b>Profit for the year</b>		<b>583,730</b>	<b>616,253</b>
<b>Earnings per share (In Denar)</b>			
- Basic	28	410.52	433.19

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	
		2012	2011
<b>Profit for the year</b>		<b>583,730</b>	<b>616,253</b>
<b>Other comprehensive income:</b>			
Fair value of investments	15	651	(946)
Translation differences	15	(9,761)	7,031
<b>Other comprehensive income, net of tax</b>		<b>(9,110)</b>	<b>6,085</b>
<b>Total comprehensive income for the year</b>		<b>574,620</b>	<b>622,338</b>

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						Minority interests	Total Equity
	Share capital	Share premiums	Legal reserves	Other reserves	Retained earnings			
<b>As at 1 January 2011</b>	<b>2,206,548</b>	<b>734</b>	<b>599,813</b>	<b>1,504,953</b>	<b>2,284,072</b>	<b>1,275</b>	<b>6,597,395</b>	
Purchase of treasury shares	(157)	(241)	-	-	-	-	(398)	
Fair value of investments (Note 9)	-	-	30	(946)	-	-	(916)	
Deferred taxes (Note 18)	-	-	-	27,521	-	-	27,521	
Dividends and tax of paid dividend (Note 29)	-	-	-	-	(275,071)	-	(275,071)	
Decrease previous year	-	-	-	-	(11,639)	-	(11,639)	
Return of unpaid dividends	-	-	-	-	2,823	-	2,823	
Profit for the year	-	-	-	-	616,290	(37)	616,253	
Translation differences	-	-	66	7,031	(8,370)	1	(1,272)	
<b>As at 31 December 2011</b>	<b>2,206,391</b>	<b>493</b>	<b>599,909</b>	<b>1,538,559</b>	<b>2,608,105</b>	<b>1,239</b>	<b>6,954,696</b>	
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 (Note 29)	-	-	-	-	(281,501)	-	(281,501)	
Profit for the year	-	-	-	-	583,763	(33)	583,730	
Translation differences	-	-	(13)	(9,761)	(3,030)	(1)	(12,805)	
<b>As at 31 December 2012</b>	<b>2,205,348</b>	<b>(1,127)</b>	<b>604,746</b>	<b>1,524,599</b>	<b>2,907,337</b>	<b>1,205</b>	<b>7,242,108</b>	

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	
	2012	2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	6,638,311	6,801,042
Cash paid to suppliers and employees	(5,984,484)	(6,071,337)
<b>Cash generated from operations</b>	<b>653,827</b>	<b>729,705</b>
Interest received	(6,500)	2,931
Income tax paid	(15,040)	(20,142)
<b>Net cash generated from operating activities</b>	<b>632,287</b>	<b>712,494</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(386,921)	(350,568)
Payments for bank deposits	-	(20)
Dividends received	40	40
Other payments to employees	(51,041)	(47,698)
<b>Net cash used in investing activities</b>	<b>(437,922)</b>	<b>(398,246)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	1,496,291	1,324,494
Repayments of borrowings	(1,366,489)	(1,294,601)
Interest paid	(45,040)	(49,158)
Purchase of treasury shares	(2,663)	(398)
Interest from investment in bonds	326	333
Compensation to shareholders and tax of paid dividend and other allocation of profit	(275,323)	(255,347)
<b>Net cash provided by financing activities</b>	<b>(192,898)</b>	<b>(274,677)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,467</b>	<b>39,571</b>
Cash and cash equivalents at beginning of year	188,824	149,686
Translation differences	(4,702)	(433)
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>185,589</b>	<b>188,824</b>

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 thirteen 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 amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period:

- **Amendments to IFRS 1 "First-time Adoption of IFRS"** - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011),
- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011),
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012).

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Standards and Interpretations in issue not yet adopted

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

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2015),
- 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 with 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),
- 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 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” – Mandatory Effective Date and Transition Disclosures,
- 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 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 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 IAS 32 “Financial instruments: presentation” - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),
- Amendments to various standards “Improvements to IFRSs (2012)” resulting from the annual improvement project of IFRS published on 17 May 2012 (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),



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” (effective for annual periods beginning on or after 1 January 2013).

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.

# CONSOLIDATED FINANCIAL REPORT

## 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:

	2012	2011
	% 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 Veleadrogerija DOO Beograd, Serbia	100%	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 Veleadrogerija DOO Beograd.

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 2012, 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

# CONSOLIDATED FINANCIAL REPORT

## 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)

### 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 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.

## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (Continued)

#### 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.

### 3.2 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.

# CONSOLIDATED FINANCIAL REPORT

## 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	
	2012	2011	2012	2011
Pharmaceutical products	5,708,116	5,597,696	634,733	611,244
Chemical products	229,094	307,431	15,413	57,515
Cosmetic products	657,491	635,754	34,705	36,737
Botanical products	193,932	197,187	3,625	11,151
<b>Total</b>	<b>6,788,633</b>	<b>6,738,068</b>	<b>688,476</b>	<b>716,647</b>
Finance expenses			(48,435)	(54,452)
<b>Profit before tax</b>			<b>640,041</b>	<b>662,195</b>
Income tax			(56,311)	(45,942)
<b>Profit for the year</b>			<b>583,730</b>	<b>616,253</b>

## 5. SEGMENT REPORTING (Continued)

Revenue reported above represents revenue generated from external customers.

### Segment assets and liabilities

(In thousands of Denar)

Segment assets		
	2012	2011
Pharmaceutical products	7,921,382	7,552,636
Chemical products	352,583	362,419
Cosmetic products	655,302	521,050
Botanical products	349,888	352,340
<b>Total assets</b>	<b>9,279,155</b>	<b>8,788,445</b>
Segment liabilities		
	2012	2011
Pharmaceutical products	1,800,562	1,618,570
Chemical products	51,332	51,305
Cosmetic products	150,190	118,889
Botanical products	34,963	44,985
<b>Total liabilities</b>	<b>2,037,047</b>	<b>1,833,749</b>

### Other segment information

(In thousands of Denar)

	Depreciation and amortization		Addition to non-current assets	
	2012	2011	2012	2011
Pharmaceutical products	308,484	285,686	421,450	522,271
Chemical products	6,320	5,829	16,584	35,258
Cosmetic products	11,349	10,822	21,560	19,947
Botanical products	9,329	9,112	9,304	1,472
<b>Total liabilities</b>	<b>335,482</b>	<b>311,449</b>	<b>468,898</b>	<b>578,948</b>

# 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	
	2012	2011	2012	2011
Macedonia	2,877,739	2,793,477	4,403,145	4,289,497
Serbia	1,057,984	947,859	51,773	33,611
Croatia	709,123	716,726	21,488	22,471
Bosnia and Herzegovina	580,304	617,558	2,840	4,490
Other countries	1,563,483	1,662,448	20,001	18,940
<b>Total</b>	<b>6,788,633</b>	<b>6,738,068</b>	<b>4,499,247</b>	<b>4,369,009</b>

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 14.0% (2011: 13.7%) in direct sales.

In the sales of Chemicals products, there is one major customer with participation of 45.2% (2011: 58.5%) in direct sales.

In the sales of Botanicals products, there is one major customer with participation of 24.3% (2011: 28.1%) in direct sales.

(In thousands of Denar)

Sales by category	2012	2011
Sales of goods	5,587,643	5,650,503
Sales of commodities	1,147,798	1,030,562
Revenue from services	13	104
Other revenue	53,179	56,899
	<b>6,788,633</b>	<b>6,738,068</b>



## 6. PROPERTY, PLANT AND EQUIPMENT

(In thousands of Denar)

	Land	Buildings	Equipment	Construction in progress	Total
<b>Cost or valuation</b>					
<b>At 1 January 2011</b>	<b>839,838</b>	<b>2,008,987</b>	<b>2,007,265</b>	<b>17,471</b>	<b>4,873,561</b>
Additions	100,515	6,341	19,355	217,150	343,361
Transfer from construction in progress	-	26,071	194,208	(220,279)	-
Disposals	-	-	(23,432)	(47)	(23,479)
Translation differences	-	(461)	132	-	(329)
<b>As at 31 December 2011</b>	<b>940,353</b>	<b>2,040,938</b>	<b>2,197,528</b>	<b>14,295</b>	<b>5,193,114</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2011</b>	<b>-</b>	<b>84,022</b>	<b>1,043,635</b>	<b>-</b>	<b>1,127,657</b>
Depreciation charge	-	52,372	187,901	-	240,273
Disposals	-	-	(22,318)	-	(22,318)
Translation differences	-	(191)	(31)	-	(222)
<b>As at 31 December 2011</b>	<b>-</b>	<b>136,203</b>	<b>1,209,187</b>	<b>-</b>	<b>1,345,390</b>
<b>Net book value</b>					
<b>As at 31 December 2011</b>	<b>940,353</b>	<b>1,904,735</b>	<b>988,341</b>	<b>14,295</b>	<b>3,847,724</b>

# CONSOLIDATED FINANCIAL REPORT

## 6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(In thousands of Denar)

	Land	Buildings	Equipment	Construction in progress	Total
<b>Cost or valuation</b>					
<b>At 1 January 2012</b>	<b>940,353</b>	<b>2,040,938</b>	<b>2,197,528</b>	<b>14,295</b>	<b>5,193,114</b>
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)
<b>As at 31 December 2012</b>	<b>946,343</b>	<b>2,071,357</b>	<b>2,384,814</b>	<b>23,575</b>	<b>5,426,089</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2012</b>	<b>-</b>	<b>136,203</b>	<b>1,209,187</b>	<b>-</b>	<b>1,345,390</b>
Depreciation charge in 2012	-	53,262	181,657	-	234,919
Disposals	-	-	(5,554)	-	(5,554)
Translation differences	-	(119)	(534)	-	(653)
<b>As at 31 December 2012</b>	<b>-</b>	<b>189,346</b>	<b>1,384,756</b>	<b>-</b>	<b>1,574,102</b>
<b>Net book value</b>					
<b>As at 31 December 2012</b>	<b>946,343</b>	<b>1,882,011</b>	<b>1,000,058</b>	<b>23,575</b>	<b>3,851,987</b>

The land with surface of 328,429m<sup>2</sup>, 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 13,133m<sup>2</sup> 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
<b>Cost or valuation</b>					
<b>At 1 January 2011</b>	<b>176,283</b>	<b>121,874</b>	<b>17,844</b>	<b>172,317</b>	<b>488,318</b>
Additions	139	6,770	1,794	226,884	235,587
Transfer from construction in progress	68,918	155,998	6,553	(231,469)	-
Disposals	(3,260)	(627)	(1,600)	(1,356)	(6,843)
Translation differences	(44)	(190)	(40)	(5)	(279)
<b>As at 31 December 2011</b>	<b>242,036</b>	<b>283,825</b>	<b>24,551</b>	<b>166,371</b>	<b>716,783</b>
<b>Accumulated amortization</b>					
<b>At 1 January 2011</b>	<b>51,826</b>	<b>71,085</b>	<b>1,862</b>	<b>-</b>	<b>124,773</b>
Charge for the year	41,576	25,588	4,012	-	71,176
Disposals	(384)	-	-	-	(384)
Translation differences	(345)	(35)	313	-	(67)
<b>As at 31 December 2011</b>	<b>92,673</b>	<b>96,638</b>	<b>6,187</b>	<b>-</b>	<b>195,498</b>
<b>Net book value as at 31 December 2011</b>	<b>149,363</b>	<b>187,187</b>	<b>18,364</b>	<b>166,371</b>	<b>521,285</b>
<b>Cost or valuation</b>					
<b>At 1 January 2012</b>	<b>242,036</b>	<b>283,825</b>	<b>24,551</b>	<b>166,371</b>	<b>716,783</b>
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)
<b>As at 31 December 2012</b>	<b>323,844</b>	<b>430,652</b>	<b>36,378</b>	<b>152,454</b>	<b>943,328</b>
<b>Accumulated amortization</b>					
<b>At 1 January 2012</b>	<b>92,673</b>	<b>96,638</b>	<b>6,187</b>	<b>-</b>	<b>195,498</b>
Charge for the year	57,269	38,249	5,045	-	100,563
Disposals	-	-	-	-	-
Translation differences	(473)	356	124	-	7
<b>As at 31 December 2012</b>	<b>149,469</b>	<b>135,243</b>	<b>11,356</b>	<b>-</b>	<b>296,068</b>
<b>Net book value as at 31 December 2012</b>	<b>174,375</b>	<b>295,409</b>	<b>25,022</b>	<b>152,454</b>	<b>647,260</b>

# CONSOLIDATED FINANCIAL REPORT

## 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)

	2012	2011
Debt	766,887	597,000
Cash and cash equivalents	(185,589)	(149,686)
Net debt	581,298	447,314
Equity	7,242,108	6,597,395
Net debt to equity ratio	8.03%	6.78%

### 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	
	2012	2011	2012	2011
EUR	837,396	885,477	2,247,056	2,157,663
USD	151,398	175,690	50,463	45,556
CHF	26,338	26,016	8,034	17,827
Other currencies	91,475	42,086	748,388	573,878

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%	
	2012	2011	2012	2011
EUR	(140,966)	(127,218)	140,966	127,218
USD	10,093	13,013	(10,093)	(13,013)
CHF	1,830	819	(1,830)	(819)
Other currencies	(65,691)	(53,179)	65,691	53,179
<b>Profit and loss and equity</b>	<b>(194,734)</b>	<b>(166,565)</b>	<b>194,734</b>	<b>166,565</b>

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.

# CONSOLIDATED FINANCIAL REPORT

## 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%	
	2012	2011	2012	2011
Borrowings	4,989	5,277	(4,989)	(5,277)
<b>Profit and loss and equity</b>	<b>(4,989)</b>	<b>(5,277)</b>	<b>4,989</b>	<b>5,277</b>

If interest rates had been 10% higher the Group's profit for the year ended 31 December 2012 and retained earnings would decrease by Denar 4,989 thousands and opposite if

interest rates had been 10% lower the Group's profit for the year ended 31 December 2011 and retained earnings would increase by Denar 4,989 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
<b>2012</b>					
Trade payables	616,449	327,738	106,529	1,431	1,052,147
Borrowings	116,862	1,474	440,209	208,342	766,887
	<b>733,311</b>	<b>329,212</b>	<b>546,738</b>	<b>209,773</b>	<b>1,819,034</b>
	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
<b>2011</b>					
Trade payables	619,317	216,552	118,977	23	954,869
Borrowings	9,901	43,037	521,221	60,823	634,982
	<b>629,218</b>	<b>259,589</b>	<b>640,198</b>	<b>60,846</b>	<b>1,589,851</b>

# CONSOLIDATED FINANCIAL REPORT

## 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
<b>2012</b>					
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
	<b>1,741,664</b>	<b>524,343</b>	<b>427,886</b>	<b>4,784</b>	<b>2,698,677</b>
	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
<b>2011</b>					
Trade receivables	1,334,089	667,580	236,805	-	2,238,474
Available-for-sale financial assets	-	-	-	4,442	4,442
Cash and cash equivalents	188,824	-	-	-	188,824
	<b>1,522,913</b>	<b>667,580</b>	<b>236,805</b>	<b>4,442</b>	<b>2,431,740</b>

### 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)

	2012	2011
<b>At 1 January</b>	<b>4,442</b>	<b>5,695</b>
Additions	1,115	217
Disposals	(122)	(2,416)
Fair value adjustment	(651)	946
<b>As at 31 December</b>	<b>4,784</b>	<b>4,442</b>
<b>Available-for-sale financial assets consist of:</b>		
	2012	2011
Available-for-sale financial assets in non-quoted companies	1,951	2,128
Available-for-sale financial assets in quoted companies	2,218	1,391
Available-for-sale financial assets in bonds	615	923
Available-for-sale financial assets in non-related parties	<b>4,784</b>	<b>4,442</b>

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)

	2012	2011
Raw materials	607,325	577,078
Spare parts	1,422	505
Tools and consumable stores	1,631	2,188
Work in progress	168,882	122,694
Finished goods	736,694	689,764
Trading goods	275,425	255,320
	<b>1,791,379</b>	<b>1,647,549</b>

# CONSOLIDATED FINANCIAL REPORT

## 11. TRADE RECEIVABLES

(In thousands of Denar)

	2012	2011
Trade receivables	2,677,553	2,360,515
Less: Provision for impairment of receivables	(169,249)	(122,041)
<b>Trade receivables - net</b>	<b>2,508,304</b>	<b>2,238,474</b>
Changes in the provision are as follows:		
	2012	2011
<b>At 1 January</b>	<b>122,041</b>	<b>132,134</b>
Provision for the year	50,576	25,312
Collected bad and doubtful debts	(3,368)	(35,405)
<b>As at 31 December</b>	<b>169,249</b>	<b>122,041</b>
Ageing of impaired trade receivables are as follows		
	2012	2011
Up to 1 year	11,972	40,965
Over 1 year	157,277	81,076
<b>As at 31 December</b>	<b>169,249</b>	<b>122,041</b>

## 12. OTHER CURRENT ASSETS

(In thousands of Denar)

	2012	2011
Prepayments	61,291	91,243
Receivables from employees	15,057	16,591
Prepaid VAT	87,389	122,340
Other receivables	110,387	95,124
Less: non-current portion	(30,618)	(55,440)
	<b>243,506</b>	<b>269,858</b>

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)

	2012	2011
Other assets	30,618	55,440

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

	2012	2011
	5.49%	5.35%

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)

	2012	2011
Cash at banks	184,122	185,208
Cash in hands	1,298	3,456
Other	169	160
	<b>185,589</b>	<b>188,824</b>

# CONSOLIDATED FINANCIAL REPORT

## 14. SHARE CAPITAL

(In thousands of Denar)

	Number of shares	Ordinary shares	Treasury shares	Total	Share premiums
<b>At 1 January 2011</b>	<b>1,422,696</b>	<b>2,220,127</b>	<b>(13,579)</b>	<b>2,206,548</b>	<b>734</b>
Treasury shares purchased	(100)	-	(157)	(157)	(241)
<b>As at 31 December 2011</b>	<b>1,422,596</b>	<b>2,220,127</b>	<b>(13,736)</b>	<b>2,206,391</b>	<b>493</b>
Treasury shares purchased	(663)	-	(1,043)	(1,043)	(1,620)
<b>As at 31 December 2012</b>	<b>1,421,933</b>	<b>2,220,127</b>	<b>(14,779)</b>	<b>2,205,348</b>	<b>(1,127)</b>

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
<b>At 1 January 2011</b>	-	1,260,447	(1,132)	245,638	1,504,953
Decrease	-	-	(946)	-	(946)
Deferred tax	-	27,521	-	-	27,521
Translation differences	-	7,031	-	-	7,031
<b>As at 31 December 2011</b>	-	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)
<b>As at 31 December 2012</b>	<b>(4,850)</b>	<b>1,285,238</b>	<b>(1,427)</b>	<b>245,638</b>	<b>1,524,599</b>

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

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.

# CONSOLIDATED FINANCIAL REPORT

## 16. BORROWINGS

(In thousands of Denar)

	2012	2011
Non-current borrowings	208,342	60,823
Current borrowings	558,545	574,159
	<b>766,887</b>	<b>634,982</b>

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)

	2012	2011
Up to 1 year	558,545	574,159
Between 1 to 3 years	208,342	60,823
	<b>766,887</b>	<b>634,982</b>

The borrowings are denominated in following currencies:

(In thousands of Denar)

	2012	2011
EUR	231,698	237,530
USD	-	-
MKD	517,421	397,452
Other	17,768	-
	<b>766,887</b>	<b>634,982</b>

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

(In %)

	31 December 2012		31 December 2011	
	EUR	MKD	EUR	MKD
Interest rates	6 month EURIBOR +3.75 - 4%	5.5 – 6.6%	6 month EURIBOR +3.75 - 4%	6.5 - 7%

## 17. RETIREMENT BENEFIT OBLIGATIONS

(In thousands of Denar)

	2012	2011
Retirement benefits	20,670	16,560

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)

	2012	2011
<b>Beginning of the year</b>	<b>16,560</b>	<b>15,567</b>
Increase in calculation	4,110	993
<b>As at 31 December</b>	<b>20,670</b>	<b>16,560</b>

The principal actuarial assumptions used were as follows:

(In %)

	2012	2011
Discount rate	4.44%	5.41%

# CONSOLIDATED FINANCIAL REPORT

## 18. DEFERRED TAX

(In thousands of Denar)

	2012	2011
Deferred tax assets	(15,728)	(14,849)
Deferred tax liabilities	7,831	8,436
	<b>(7,897)</b>	<b>(6,413)</b>

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

(In thousands of Denar)

	2012	2011
<b>At 1 January</b>	<b>(6,413)</b>	<b>16,964</b>
Net deferred tax in income statement	6,384	4,144
Income tax in equity	-	(27,521)
Realized deferred tax liabilities	(7,868)	-
<b>As at 31 December</b>	<b>(7,897)</b>	<b>(6,413)</b>

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

(In thousands of Denar)

	Accruals	Fair value	Total
<b>At 1 January 2011</b>	<b>(10,557)</b>	<b>27,521</b>	<b>16,964</b>
Charged to Income statement	4,144	-	4,144
Charged to equity	-	(27,521)	(27,521)
<b>As at 31 December 2011</b>	<b>(6,413)</b>	<b>-</b>	<b>(6,413)</b>
Charged to Income statement	6,384	-	6,384
Realized deferred tax liabilities	(7,868)	-	(7,868)
<b>As at 31 December 2012</b>	<b>(7,897)</b>	<b>-</b>	<b>(7,897)</b>



## 18. DEFERRED TAX (Continued)

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

(In thousands of Denar)

	2012	2011
Impairment of trade receivables	(6,900)	1,729
Accrued expenses	13,284	2,415
	<b>6,384</b>	<b>4,144</b>
	2012	2011
Land and buildings	-	(27,521)
	-	<b>(27,521)</b>

# CONSOLIDATED FINANCIAL REPORT

## 19. TRADE AND OTHER PAYABLES

(In thousands of Denar)

	2012	2011
Trade payables	1,052,147	954,869
Customer's prepayments	5,420	1,556
Payables to employees	66,840	53,930
Dividends	6,573	4,304
Other payables and accrued expenses	91,997	149,512
	<b>1,222,977</b>	<b>1,164,171</b>

## 20. PROVISION FOR OTHER LIABILITIES AND CHARGES

(In thousands of Denar)

	2012	2011
Provision for retirement benefits	3,530	993
	<b>3,530</b>	<b>993</b>

## 21. OTHER INCOME

(In thousands of Denar)

	2012	2011
Collected written-off receivables	2,408	3,079
Interest income	499	1,614
Foreign exchange transaction gains	189,835	195,420
Other income	120,349	110,232
	<b>313,091</b>	<b>310,345</b>

## 22. OTHER EXPENSES

(In thousands of Denar)

	2012	2011
Interest expenses	2,020	2,609
Foreign exchange transaction loss	173,929	228,504
Other expenses	156,359	97,417
	<b>332,308</b>	<b>328,530</b>

## 23. EXPENSES BY NATURE

(In thousands of Denar)

	2012	2011
Raw materials	1,748,431	1,758,383
Employee benefit expense	1,318,416	1,297,320
Depreciation and amortization	335,482	311,449
Energy	199,146	193,828
Impairment of trade receivables	50,576	25,312
Transportation	134,303	122,799
Changes in the inventories	(65,572)	(74,982)
Cost of trading goods	1,001,989	931,720
Other expenses	1,354,639	1,436,414
	<b>6,077,410</b>	<b>6,002,243</b>

## 24. EMPLOYEE BENEFIT EXPENSE

(In thousands of Denar)

	2012	2011
Gross salaries	1,156,892	1,103,646
Other employees benefits	161,524	193,674
	<b>1,318,416</b>	<b>1,297,320</b>
<b>Number of employees as at 31 December</b>	<b>1,413</b>	<b>1,374</b>

# CONSOLIDATED FINANCIAL REPORT

## 25. OPERATING LEASING

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

(In thousands of Denar)

Minimum operating leasing	2012	2011
	56,636	51,593
	<b>56,636</b>	<b>51,593</b>
Future non-cancellable obligations	2012	2011
Up to 1 year	55,664	41,851
Between 2 to 5 years	48,169	56,422
	<b>103,833</b>	<b>98,273</b>

## 26. FINANCE EXPENSES

(In thousands of Denar)

	2012	2011
Net foreign exchange transaction gains/(losses) on borrowings	1,458	(1,683)
Interest expense on borrowings	(49,893)	(52,769)
	<b>(48,435)</b>	<b>(54,452)</b>

## 27. INCOME TAX

(In thousands of Denar)

	2012	2011
Current income tax	56,420	41,798
Net deferred income tax (Note 18)	(109)	4,144
	<b>56,311</b>	<b>45,942</b>

## 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)

	2012	2011
<b>Profit before tax</b>	<b>640,041</b>	<b>662,195</b>
Expenses not deductible for tax purposes	56,633	51,090
Tax allowances	(213)	(9,292)
Net deferred income tax	(109)	4,144
<b>Income tax</b>	<b>56,311</b>	<b>45,942</b>

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)

	2012	2011
<b>Basic earnings per share</b>		
Profit attributable to shareholders (In Denar)	583,730,219	616,253,479
Average number of shares	1,421,933	1,422,596
<b>Basic earnings per share (in Denar)</b>	<b>410.52</b>	<b>433.19</b>

# CONSOLIDATED FINANCIAL REPORT

## 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 12 April 2012 were Denar 254,466 thousands. Tax of paid dividend was amounting Denar 27,036 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 4,946 thousands (2011: Denar 7,406 thousands).

## 31. CONTINGENCIES

The Group has contingent liabilities with respect to issued guaranties to third parties in the amount of Denar 26,526 thousands (2011: Denar 27,188 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 2012, the amount of Denar 4,203 thousands was paid to the Supervision Board members (2011: Denar 4,032 thousands). Total key management compensations amounting Denar 189,648 thousands (2011: Denar 185,857 thousands).

## 33. EXCHANGE RATES OF PRINCIPAL CURRENCIES

Closing rates:

	31.12.2012	31.12.2011
EUR	61.50	61.50
USD	46.65	47.53
CHF	50.91	50.60



An abstract graphic design on a light beige background. It features two large, light gray circles. The circle on the right is larger and contains the word "CONTACTS" in a dark gray, sans-serif font. A smaller, white ring is positioned above the top-left of this circle. To the left of the larger circle is another large, light gray circle. A second white ring is positioned above the top-right of this circle. The overall composition is clean and modern, with soft shadows cast by the circles and rings.

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All mentions and descriptions of Alkaloid products are intended solely to inform the shareholders of the general nature of Group's activities and are not intended to indicate the advisability of administering any product in any particular instance.

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**ALKALOID**  
**SKOPJE**

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PHARMACEUTICAL  
CHEMICAL  
COSMETIC INDUSTRY

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