


ANNUAL REPORT  
2019



**ALKALOID**  
**SKOPJE**







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## KEY FINANCIAL INDICATORS

(In 000 MKD)			
	Amount	Amount	Index
	2009	2008	09/08
Total Revenues	5,705,067	5,015,557	113.75
Sales	5,466,389	4,725,737	115.67
Gross Profit	2,568,932	2,257,021	113.82
Operative Profit	668,859	652,332	102.53
Profit Before Tax	622,053	610,865	101.83
Net Profit	558,485	501,784	111.30
Total Assets	7,678,054	7,071,455	108.58
Capital	6,271,012	5,813,945	107.86
Net Cash Flow	(104,717)	(18,201)	575.34
Investments in Fixed Assets	509,084	392,345	129.75
Average Number of Employees	1,204	1,148	104.88
Sales per Employee	4,540	4,116	110.29
Current Ratio	2.56	2.59	98.71
Long-term Debts	0.00	0.00	48.78
ROE Return on Equity	8.91	8.63	103.19
EPS Earnings per Share (in MKD Denars)	392.55	352.66	111.31
DPS Dividend per Share (in MKD Denars)	136.00	123.00	110.57
Total Number of Shares	1,431,353	1,431,353	100.00
1 EUR / 1 MKD	61.2728	61.2654	100.01

## FINANCIAL HIGHLIGHTS

(In 000 EUR)			
	Amount	Amount	Index
	2009	2008	09/08
Total Revenues	93,109	81,866	113.73
Sales	89,214	77,135	115.66
EBIT Earnings Before Interest and Taxes	10,916	10,648	102.52
Net Profit	9,115	8,190	111.29
EPS Earnings per Share	6.41	5.76	111.30

- 
- Despite the economic crisis, Alkaloid ended 2009 with double digit growth in the incomes and the profit. Total revenues are increased by 16% and the net profit has risen by 11% compared to 2008
  - Alkaloid opened its first production facility outside Macedonia. Presently, 19 pharmaceutical forms are registered in Serbia
  - Alkaloid was granted a Certificate for GMP Compliance by the Slovenian Agency for Medicinal Products and Medical Devices (JAZMP) for non-sterile liquid pharmaceutical dosage forms for oral and topical use
  - Alkaloid AD Skopje sponsored and actively participated in the 5th EGA South East Europe Pharmaceutical Symposium held in Ohrid, R. Macedonia
  - Foundation "Trajche Mukaetov" granted 40 new scholarships to students from the Faculty of Medicine and the Faculty of Pharmacy at the University Sts. Cyril and Methodius
  - Current Topics in Pediatrics 2009 and 1st Balkans Conference of Pediatricians as well as the 6th Balkans Congress of Microbiologists and Microbiologia Balcanica 2009 were sponsored by Alkaloid AD Skopje
  - Alkaloid was awarded for the safest employer by the Macedonian Occupational Safety and Health Association
  - The institute for Development and Quality Control started its full operations



# HIGHLIGHTS 2009

- CEO and MB President Mr. Zhivko Mukaetov was elected for Person of the year for 2009 by the Macedonian weekly magazine FORUM. Mr. Mukaetov was also awarded by the European Movement of the Republic of Macedonia for his contribution in the promotion of the Republic of Macedonia, its economy and culture in Europe as well as promotion of the European ideas and values. The Rector of the University "Sts. Cyril and Methodius" granted a plaque to Mr. Zhivko Mukaetov for significant achievements connected with the educational, scientific, research and cultural activities as well as affirmation of the University in the country and abroad

- The chess club of Alkaloid joined the world chess elite



Shareholders Assembly

Supervisory Board

Management Board

Chief Executive Officer

Internal Audit Department

PC PHARMACEUTICALS

Production of  
Pharmaceuticals

Marketing  
& Sales  
Domestic  
Market

Marketing  
& Sales  
Export  
Sales

OTC and  
Consumer  
Health  
Division

Medical  
Marketing

PC CHEMISTRY,  
COSMETICS AND  
BOTANICALS

Production Division  
Chemicals (Industry chemicals  
dialysis, X-ray and diazo)  
Cosmetics  
Botanicals

Commercial  
Department  
Chemicals Cosmetics  
Botanicals

CORPORATE  
SERVICES

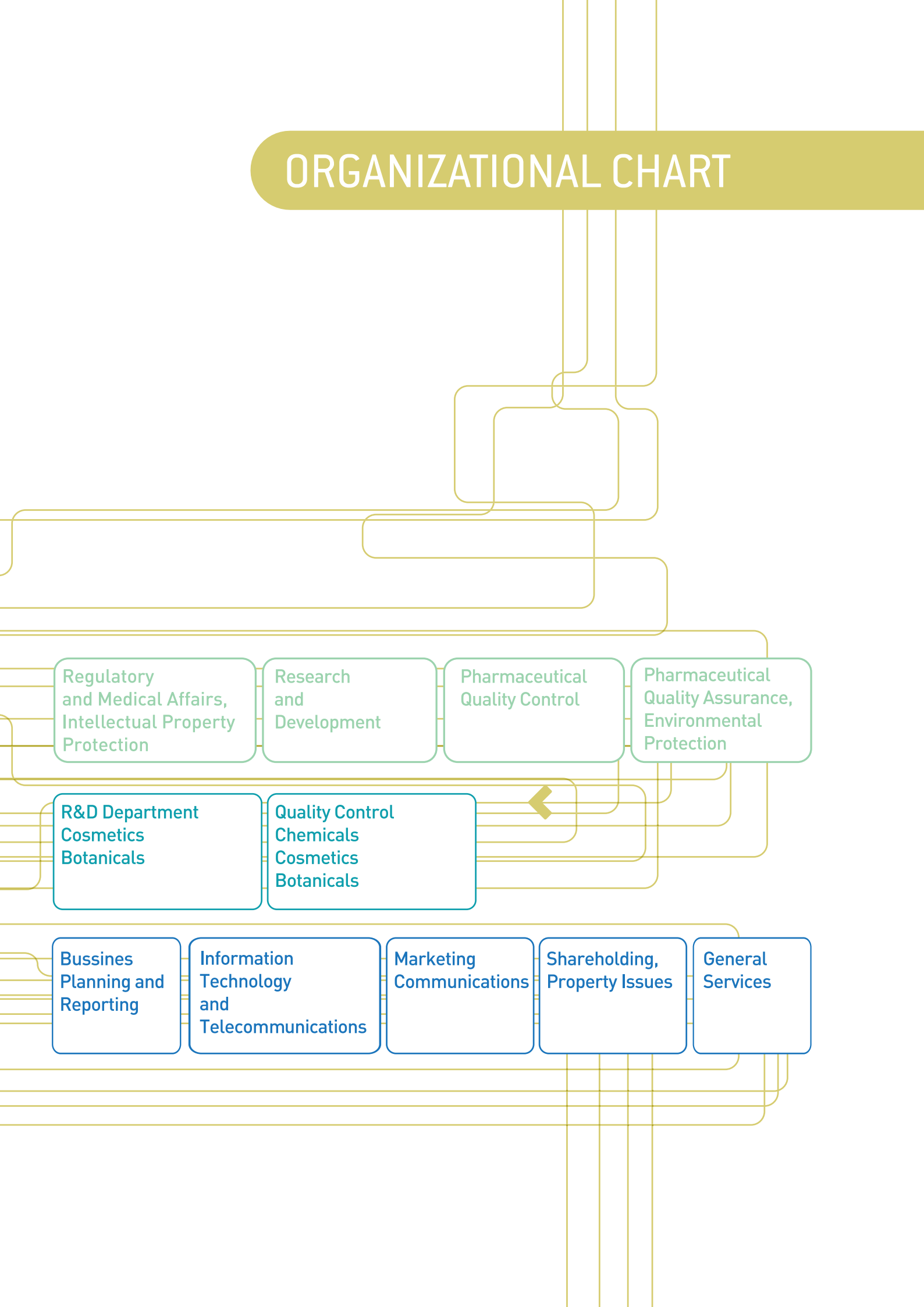
Finances

Logistics

Legal and  
Personnel  
Affairs  
Human Resources

DOMESTIC DAUGHTER  
COMPANIES AND  
SUBSIDIARIES ABROAD

# ORGANIZATIONAL CHART



Regulatory and Medical Affairs, Intellectual Property Protection

Research and Development

Pharmaceutical Quality Control

Pharmaceutical Quality Assurance, Environmental Protection

R&D Department  
Cosmetics  
Botanicals

Quality Control  
Chemicals  
Cosmetics  
Botanicals

Business Planning and Reporting

Information Technology and Telecommunications

Marketing Communications

Shareholding, Property Issues

General Services

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

In 2009, 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,**

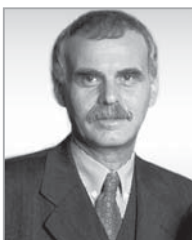
MD, Dr. Sci. med.

Born on November 24, 1943, in Stip, Republic of Macedonia.

Employed at the Clinic of Neurology at the Clinical Centre in Skopje. 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.

In the course of 2009, the Supervisory Board held its 7 formal sessions and a number of informal sessions on regular basis in the presence of all members. Within the sessions, the Supervisory Board discussed the general operations of the company and its strategic development plans, 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 2009 in all structures: Balance sheet of the Company, Income statement, Trade receivables, Cash flow and Borrowings.

The Supervisory Board carried out an assessment of the management of the Company i.e. the work of the Management Board, and reviewed the Annual Performance Report on the Company operations for the period from January to December 2009. Thereafter, the Supervisory Board asserted that the operations of the Company and its management were successful, based on the achieved results in 2009.

In this regard, the Supervisory Board proposed that the Company Assembly should endorse the work of the Management Board of ALKALOID AD Skopje and the management of the Company operations in the course of 2009, and approve the Annual Report on the Company operations for the year 2009.

In addition, 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 compliance with the legal regulations.

The Supervisory Board reviewed the Business Plan of Alkaloid AD Skopje pertaining to year 2010, 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.

The Supervisory Board reviewed 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 2009;
- Annual Statement of Accounts of the Company for year 2009;
- Annual Performance Report for the period January – December 2009;
- Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company;
- Decision-proposal for acquisition of proper shares with buyout;
- Decision-proposal for selling proper shares.

Thus proposed to the Shareholders' Assembly of Alkaloid AD Skopje to pass decision for approval of the above referenced as proposed by the Management Board of the Company.



Supervisory Board  
Prof. D-r Miodrag Micajkov  
President

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



**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 Pharmaceuticals, Specialist in Pharmaceutical Technology. Member of the Board since 2004.

Born on 10 April 1959 in Skopje, Republic of Macedonia. She has 26 years of professional experience and is responsible for the overall production operations in PC Pharmaceuticals.



**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. President of the Board since 2007.

Born on 3 May 1974 in Skopje, Republic of Macedonia. He has 16 years of professional experience, and is responsible for the overall operations of Alkaloid Group.



### Cvetanka Simonovska

Member of the Management Board and Chief Financial Officer of the Company. Holds a B.Sc. Degree in Economics. Member of the Board since 1995.

Born on 27 November 1953 in Gevgelija, Republic of Macedonia. She has 30 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 of the Company. Holds a B.Sc. degree in Economics. Member of the Board since 2006.

Born on 20 August 1964 in Stip, Republic of Macedonia. He has 21 years of professional experience and is responsible for the operations in the shareholding 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 9 years of professional experience and is responsible for the overall operations of the General Services Department .



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

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 in the course of the year 2009.

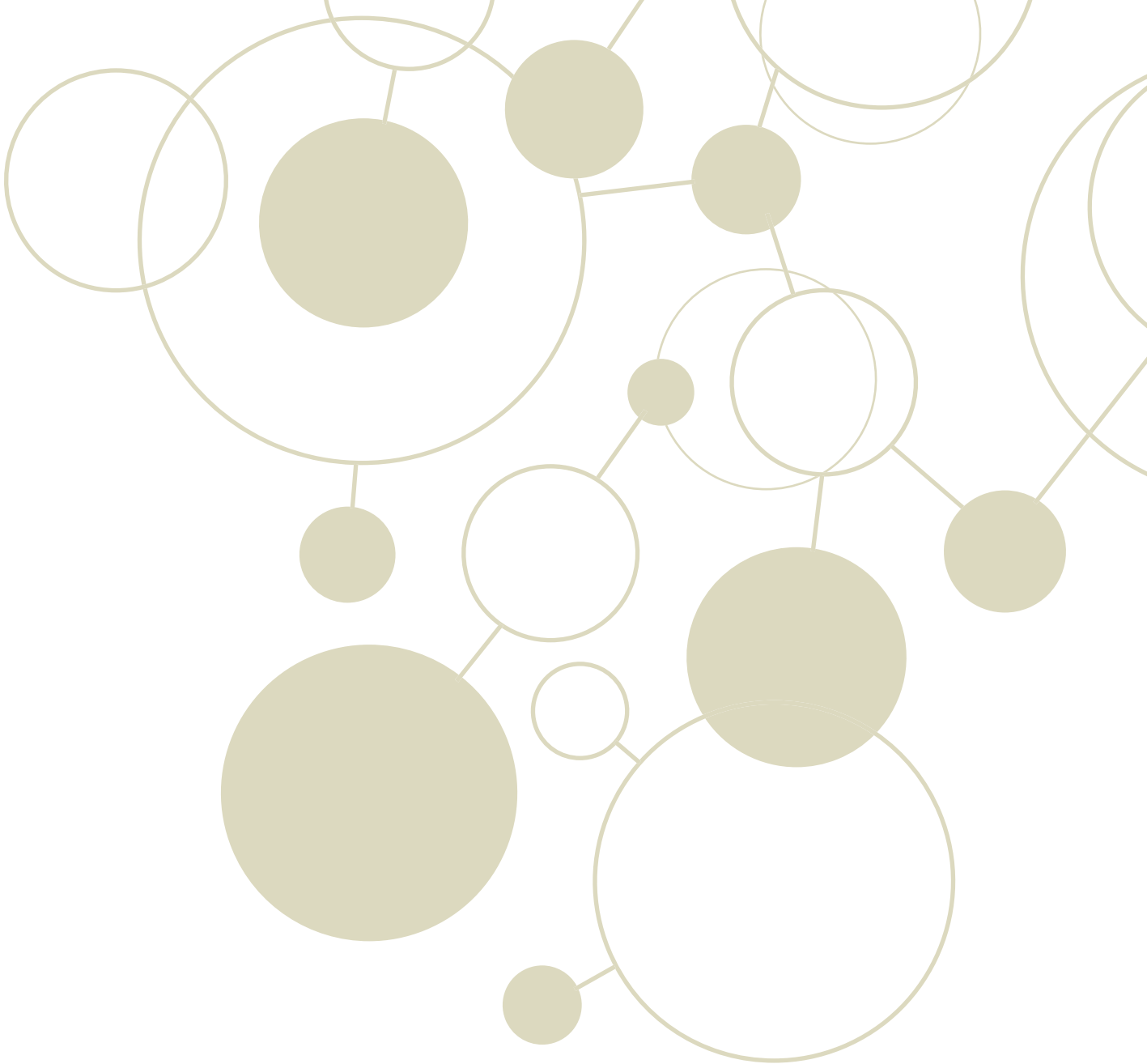
Within the reporting period, the Management Board performed its activities within the framework of its competences in compliance with the valid legislation and the Statute of the Company, passed decisions concerning the business policy and managed the overall operations of the Company.

The Management Board held its sessions on a regular basis and in the course of 2009 it held 40 sessions on which 165 important decisions/conclusions were made.

- ▶ The Management Board of the Company adopted the Annual statement of accounts and the Annual Performance Report on the operations of the company and passed decisions on adopting the Annual statement of accounts of Alkaloid AD Skopje and the subsidiaries abroad founded by Alkaloid AD Skopje, as well as the Annual statement of accounts of Alkaloid Cons Ltd. Skopje, all referring to year 2009.
- ▶ The Management Board of the Company passed a Decision for making an inventory listings and establishment of commissions for making an inventory listings of the capital assets and the sources of capital assets, thereafter adopting the compiled report on inventory listings of the capital assets .
- ▶ Pursuant to the Law on Trade Companies, the Management Board reviewed and discussed the unaudited standalone unconsolidated and consolidated Financial Reports for year 2009, thus assessing that the Company effectuated positive financial results, thus continuously monitoring the liquidity status of the Company.
- ▶ The Management Board approved the concept for preparation and defining the basis for the Business Plan of the Company for year 2010 and specified the guidelines for its implementation.
- ▶ The Management Board passed the Code of Ethic and Business Behavior that shall be implemented wherever Alkaloid AD Skopje has established business operations and employees starting from the country where the seat of the company is located, all its operational segments and the subsidiaries abroad.
- ▶ The Management Board adopted the financial report of the Foundation "Trajche Mukaetov" Skopje for year 2009 and passed the work programme for the Foundation "Trajche Mukaetov" Skopje for year 2010.

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







# CORPORATE INFORMATION



## ADDRESS OF MR. ZHIVKO MUKAETOV CEO AND MB PRESIDENT

2009 was marked as a year of the economic crisis, a crisis that continues in the Balkans even in 2010. After the onset of the world crisis, we have made an in-depth analysis of the current situation and the future activities, thus consolidated all our resources and focused our efforts, above all, on maintaining our positions and attentively conquering new ones. The precautions we undertook enabled the growth of our sales level and the increase in profit for 2009. Out of all planned activities, we anticipate this trend of growth to continue even in 2010.

### INVESTMENTS

An important prerequisite for obtaining growth in each business, are continuous investments. Up to now, we were primarily focused on the expansion of our product portfolios, strengthening our market positions, production-technological and logistic expansion, continuous investments in marketing activities for the markets where we are present in and, of course, investments in our employees.

Out of the 2009 investment ventures, I would emphasize: the additional equipment in the production facilities, the Institute for development and quality control as well as, what is of major importance for us, the complete renovation of the centre for information technology, which is near completion.

We also invested in strengthening our position in the Serbian market, by opening a secondary production facility, Alkaloid's first venture of this type, whereby the Ministry of Health of the Republic of Serbia granted to Alkaloid Ltd. Belgrade a licence for secondary production of 19 pharmaceutical dosage forms that will be effectuated in cooperation with a local partner on that market. Besides in Serbia, we also plan to increase the level of investments on the markets of Russia and Ukraine.

As a part of the management endeavors for entry into the markets of the EU countries, Alkaloid is preparing the registration files for its drugs. We obtained the first marketing authorizations for the markets of the Czech Republic, Poland, Hungary and Slovakia.

Regarding the EU placements, I would also emphasize the Certificate for GMP compliance for our non-sterile liquid dosage forms issued by the Agency for Medical Products and Medical Devices of the Republic of Slovenia (JAZMP). By means of this Certificate, Alkaloid has acquired the right to place these products not only in Slovenia, but also in the European markets.

### RESULTS

Besides the crisis, Alkaloid ended 2009 successfully, with growth in the revenues and growth in the profit. The consolidated incomes from sales are increased by 16%, whereas consolidated net profit has risen by 11% compared to 2008. In 2009, Alkaloid noted a 10% growth in its export sales, and in all its four production programs: pharmaceuticals (16%), chemicals (22%), cosmetics (14%) and botanicals (6%).

Highest level of growth was noted in the SEE markets, and it is of immense importance for the company that the sales on the market of Russia have doubled in 2009.

Besides the timid movements on the world stock exchanges, the price of Alkaloid's share has risen from MKD 3,100 (EUR 50) to MKD 4,800 (EUR 80), which according to my opinion is still far lower than the realistic price.


We expect 2010 to be a tough year. The recession is culminating in the Balkans, the access to money is limited and the liquidity shortfalls of the companies and the health insurance funds are more evident and more emphasized. In this situation, the successful results presented by a number of pharmaceutical companies have created a wrong impression and were defined as “predetermined success”. I would personally not agree with this proclamation and I would point to the fact that this industry is spending enormous resources in research, development, technology, knowledge, personnel... and the risk is huge. Alkaloid is successfully keeping balance between its goals, the needs of the consumers, the community and its stakeholders. Our day-to-day activities are aimed at increasing the level of investments, implementing new technologies and procedures, introducing new products and services, all for the purpose of obtaining added value and assuring benefit for all parties involved in the process.

## RECOGNITIONS AND ACKNOWLEDGMENTS

In the long run, consumers do not communicate with anonymous products, but they built a relationship with a brand. For a brand to exist in the market it must continuously fulfil its promises and gain trust with the customers that can only be retained if the product guarantees high and constant quality. Our vision is to create perception of our brands that will connect the tradition and the quality with the needs of the modern lifestyle, which leads us to constant adjustments to the needs of the consumers.

Caffetin, the leading product of PC Pharmaceuticals and by far undoubtedly the most widespread and the most famous brand of Alkaloid AD - Skopje, according to many criteria, is the most recognizable Macedonian export brand. The distinctiveness of this brand, its superior quality, brand development strategy and vision, were the reasons this brand was granted a Superbrands status in Serbia in 2007 and in Macedonia in 2009.





Becutan is a brand in Alkaloid's portfolio that successfully exists in the domestic and foreign markets for more than 30 years. The top quality is the strongest guarantee we offer to our customers and that is why the customers trust this brand and transfer it from one generation to another. Those that used Becutan in their childhood are now using it for their own children, and that is the mainstay of the tradition of this brand. The success of this brand is due to continuous research and development performed by Alkaloid's team of pharmacists as well as the long-standing cooperation with the clinical specialists from the sphere of dermatology and paediatrics.

In 2008 Becutan was elected for Superbrand in Bosnia and Herzegovina and in 2009 this brand was awarded with this acknowledgement in Croatia and Macedonia.

The umbrella brand Good Nature has had its remake in 2009, in order to be able to cope with the most renowned brands in the category of herbal teas. Novelty in the portfolio, are the organic teas certified on behalf of international institutions for the markets of Europe, USA and Japan. Good Nature is leading brand of teas in the Macedonian market that is mostly due to the quality of the products, the brand awareness and its tradition. The development strategy of Alkaloid is to direct this brand in the retail chains outside the country where investment ventures in this type of products will be feasible.

## SOCIAL RESPONSIBILITY

The social responsibility is a part of the tradition of Alkaloid AD Skopje. As a company, we pay great attention to sponsorships and donations in various areas.

Starting from the academic 2007/08 up to present, the Trajche Mukaetov Foundation has been sponsoring and sponsors 102 students of pharmacy and medicine at the University Sts. Cyril and Methodius. Starting from the academic year of 2009/10 the Foundation will grant a pecuniary reward of 1,000 Euro for the valedictorian of the Faculty of Medicine and the Faculty of Pharmacy at the University Sts. Cyril and Methodius. Four of the graduated students supported by the Foundation have started their careers at Alkaloid.

With this, Alkaloid has reaffirmed its determination to build a brand as an employer. In this context, I would also mention the plaque granted by the Macedonian Occupational Safety and Health Association granted to the Company for being the safest employer of the year.

Alkaloid is also a proven supporter of the Macedonian sports. Our logo and motto "Health above all" have been present on the dresses of the Macedonian representations in the handball, volleyball, basketball, and Alkaloid's chess team is honourably representing the Macedonian flag.

As a company devoted to its corporate culture, building credibility and respect for its clients, associates, shareholders and all stakeholders, in 2009 we have passed the Code of Ethic and Business Behaviour that shall be implemented wherever Alkaloid AD Skopje has established business operations and employees.

As the CEO of Alkaloid, I see no higher priority than highly professional and ethical behaviour of our staff, regardless of their country of origin or position in the company. We are all here to achieve our mission and vision, and every employee, with his or her conduct, should manifest strong will and intention to achieve them. The Code should serve as an indicator of what we do and how we behave every minute or moment of the day. In a nutshell, it should portray us as high professionals and as a successful company, a successful almost 75-year long story built on supreme professionalism, tradition and hard work.

We in Alkaloid are convinced that with our high level of awareness for social responsibility, this company can contribute to improvement and promotion of the development of the community we act in. We are standing and will stand by everything that is worth from Macedonia, whether those are projects from the sphere of culture, sports, science, arts, youth endeavours, environmental protection etc.

## PRIORITIES

Our strategic goal for 2010 will remain to be continuation of our trend of growth via finding the ideal balance between the progress and liquidity issues. We will intensively work on strengthening our market positions, extending our product portfolio and building new partnerships. The investments in production facilities, technological and logistic expansion will continue with even greater intensity.

In order to fulfill our goals, we must continue to be efficient, proactive, flexible, and above all, competitive. We must be absolutely devoted to fulfillment of the defined objectives. High level of professionalism and focus on quality shall be a feature of the occupational culture of each employee at Alkaloid.

This will all contribute to further global growth of the Alkaloid brand, growth of the value of the company, higher level of satisfaction with the business partners, the communities we work in, the stakeholders, as well as higher incomes and satisfaction for the shareholders.

Notwithstanding the difficulties, we must continue Alkaloid's trend of growth and continue to be the good news coming from Macedonia.

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





## 40 NEW SCHOLARSHIPS AWARDED BY “TRAJCHE MUKAETOV” FOUNDATION

“Trajche Mukaetov” Foundation granted 40 new scholarships for the academic year of 2009/2010 for students at the Faculties of Medicine and Pharmacy of the University “Sts. Cyril and Methodius” in Skopje. Twenty scholarships were granted to pharmacy students and twenty to students of medicine.

In accordance with the public call, the selection of scholars for the academic year of 2009/2010 was approved by the Management Board of the Foundation upon a short list proposed by the scholarship panels, composed of Foundation representatives, members of the two faculties and students. The scholarship totals 6,500 denars per month for a period of 12 months.

Starting from the academic year of 2007/2008, up to now, the “Trajche Mukaetov” Foundation has been sponsoring 102 students of pharmacy and medicine. Ten of them already graduated. Provided the students fulfill the criteria, the scholarship is extended for the following academic year.

The “Trajche Mukaetov” Foundation is planning to establish an award for special merits in the field of pharmacy, medicine, health care or science. A novelty for the academic year of 2009/2010 is a one-time financial reward amounting to 1,000 Euro for the valedictorian of the Faculty of Medicine and the Faculty of Pharmacy at the University Sts. Cyril and Methodius.

President of the Foundation, Zhivko Mukaetov, handed employment contracts to four students who were sponsored by the Foundation and who will begin their careers in the Research and Development Department and the Quality Control Department in Alkaloid AD Skopje.

The projects so far have endorsed the commitment of the Foundation to support pharmacy, medicine and science through sponsoring young enthusiasts who devote their careers to these fields.

The foundation was established in loving memory of Trajche Mukaetov, who became a director of Alkaloid AD Skopje in 1985 dedicating his work to intensifying development and growth of the company, making it the leading pharmaceutical industry in the region. This great visionary believed that it is of utmost importance to invest in scientific activities, research and development, investments which will undoubtedly lead to the desired prosperity.

The “Trajche Mukaetov” Foundation was established with a decision of the Management Board of Alkaloid AD Skopje. The founder of the Foundation is Alkaloid AD Skopje. It is aimed at sponsoring, donating and funding talented physicians, pharmacists, as well as at financing projects of medicine, pharmacy and science.



From left to right, bottom row:  
Prof. Dr. Aleksandar Dimovski, Dean of the Faculty of Pharmacy at the University Sts. Cyril and Methodius, Mr. Zhivko Mukaetov, President of the Management Board of the Foundation "Trajche Mukaetov" and Prof. Dr. Nikola Jankulovski, Dean of the Faculty of Medicine at the University Sts. Cyril and Methodius  
Top row:  
Sponsored students who started their careers at Alkaloid AD Skopje





## HUMAN RESOURCES MANAGEMENT

In 2009, we set our milestones even higher, despite the fact that this would be an additional test to our potentials. We achieved our goals by revising and improving our internal systems, processes and segments. We managed to surpass our plans, to open new frontiers, expectations and limits thanks to our most valuable capital – the human resources.

Despite the market challenges and generally growing level of unemployment, we increased the number of employees. On corporate level, employment went up by 10%, which was an important venture considering the ambitious plans, the scope and the complexity of the process, as well as the challenge of finding the right personnel with adequate skills, potentials and devotion.

By attracting top candidates available on the labour market and competent of coping with challenges, we have proven that Alkaloid AD Skopje stands for a brand even as employer.

## PROFESSIONAL DEVELOPMENT AND TRAINING

All employees of Alkaloid, in all countries where the Company has established business operations, strive to achieve one common goal: continuous improvement.

Our company grows and develops by refining the skills of our staff. Our aim is to provide continuous education and training for each of our over 1,200 employees during their careers. We are convinced that this approach and the trust granted to our people, will help us set higher goals and, their quality and skills will help us promptly achieve our ambitions. We are convinced that this method will change the perception of business; it will deliver the desired results and open new potentials.

## ALKALOID DAYS 2009 - "WINNERS NEVER QUIT"

In 2009, we held the traditional expert gathering Alkaloid Days in Rovinj – Croatia, proving that even in this sphere, Alkaloid is regional leader and that the process of internationalization is a part of the corporate culture, ambition and philosophy.

Under the slogan that symbolizes the vision of the company, its aspirations and management ambitions, the team spirit and dedication to permanent growth and higher achievements, we confirmed the positive results for the 2009 and closed our business plans for the year ahead.

With a victorious spirit, enthusiasm and realistic optimism, we continued our meetings with our colleagues from all countries of our operation. Irrespective of our cultural, language and ethnic differences, we demonstrated how together we contribute to the creation of a unique successful environment: lovely moments of socialization, exchange of experiences and achievements, but above all, confirmation and practicing of the common corporate values.



## PERSONNEL AND EDUCATION

	Number of employees
<b>Profit centre / Organizational Unit</b>	
Pharmaceuticals	564
Chemistry	51
Cosmetics	88
Botanicals	38
Corporate Services	264
<b>TOTAL in Alkaloid AD</b>	<b>1,005</b>

	Number of employees
<b>Daughter companies / Subsidiaries abroad</b>	
Alkaloid CONS Ltd.	21
Botanical Pharmacy	4
Subsidiaries abroad	191

## QUALIFICATION STRUCTURE OF ALKALOID AD SKOPJE IN 2009

Master Degree	4
University degree	341
Junior college degree	20
High school degree	474
Qualified workers	139
Non-qualified workers	27
<b>Total:</b>	<b>1,005</b>

## “ALKALOID” JOINING THE EUROPEAN CHESS ELITE

Alkaloid, the best chess club in Macedonia of all times, ranked between 5th to 11th place at the strongest chess competition of the European Chess Club. By sharing the 5th place with 10 points, ALKALOID achieved the greatest success of the Macedonian club chess.

The new champion was Economist (Russia), with the maximum result of 14 points in 7 rounds ranking ahead of MIKA (Armenia) with 12 points. “The Pharmacists” had five victories in the first five rounds, which put them in the leading position, but they lost their medal after the duels with Economist from Russia (2.5:3.5), which won the maximum 14 points, and MIKA from Armenia (2:4), in which the pharmacists literally lost their medal in the last seconds of the duel.

The host city of the 25th European Chess Club was the cradle of the Macedonian literacy, the city of Ohrid. For nine days Ohrid was the capital of chess. Fifty-four men teams with 379 chess players and eleven women teams with 52 players competed. The supremacy of this tournament can be seen in the fact that 18 chess players had a rating of more than 2,700 points. Thirteen chess players, ranking among the 25 best in the world, participated in Ohrid – Levon Aronian (Armenia), Vasilij Ivanchuk (Ukraine), Peter Svidler (Russia), Vugar Gashimov (Azerbaijan), Alexandar Grischuk (Russia) and among the best-ranking was Shahriar Mamediarov (with a rating of 2,271), the trump of the Macedonian champion.

The team of the “Pharmacists”, in addition to the jewel from Azerbaijan, included Gata Kamski, Andrej Volotkin, Gadir Guseinov, Rauf Mamedov, Trajko Nedev, Zvonko Stanojoski, and Aleksandar Colovic. The European chess club has been organizing tournaments of this kind since 2000. Alkaloid has participated in all tournaments, ranking as follows: 7-12 place (2004), 8-11 place (2002), 9-13 place (2003), 10 - 19 place (2001). Among the best individual results on chess boards are the 4 medals that Alkaloid's chess players have won in the last three years - A. Volokitin, gold (2009), S. Mamedjarov, silver (2007) and bronze (2008) and E.Inarkiev, gold (2008).

In 2009, the chess team of Alkaloid won the title of Macedonian champion and cup winner.

## CEO AND MB PRESIDENT ZHIVKO MUKAETOV ELECTED FOR FORUM PERSON FOR 2009

In the course of 2009, the readers of the weekly magazine Forum and visitors of its web-portal [www.forum.com.mk](http://www.forum.com.mk) were given the opportunity to vote and propose important persons designated in 6 different categories. The readers of this magazine proposed 200 successful persons in the Republic of Macedonia, with more than 40,000 votes cast via the weekly's web-portal, SMS, phone calls and coupons published in the weekly.

The poll selected Kire Lazarov in the category of Sport; Ilija Nikolovski was the winner in Media category; Marko Marinkovic - Slatkar in the category Show Business; Dejan Zafirov in the category Life; the Foreigner in Macedonia was Erwan Fouere. The final results in the category Business/Economy gave the victory to Zhivko Mukaetov, CEO of Alkaloid AD Skopje and the President of the Management Board. Mr. Zhivko Mukaetov was awarded the title Forum Person of the Year for 2009.

“To me, this is a great honor and an acknowledgment of my endeavors. This will be an incentive for me to continue ahead and achieve even better results”, said Muketov.

The selection of Forum Person of 2009 was made by the readers of the magazine, the visitors of the web-portal [www.forum.com.mk](http://www.forum.com.mk), nine-member jury and the editorial of Forum. The voting process for the favorites lasted throughout the whole year of 2009.



## THE “STs. CYRIL AND METHODIUS” UNIVERSITY RECTOR BESTOWS UNIVERSITY PLAQUES

On the occasion of the celebration of 24th May, the patronage and the 61 -anniversary of the oldest University in the country, Sts. Cyril and Methodius, Rector of the University, Velimir Stojkovski, Ph.D. presented special plaques to the CEO and President of the Management Board of Alkaloid AD Skopje, Mr. Zhivko Mukaetov and the CEO of DASTO, Mr. Stojan Davchev, as extraordinary acknowledgement for achievements in higher education, science, research, culture and affirmation of the University in the country and abroad.

The plaques were presented at a ceremony attended by the members of the Rectorate and University Senate, guests from several foreign universities which cooperate with “Sts. Cyril and Methodius”, dignitaries of the academic community, professors, renowned representatives from the culture sphere, local and foreign guests.

The University Sts. Cyril and Methodius opened in 1949, having only 18 professors and around 1,000 students. Today it is the biggest University in Macedonia with more than 50,000 students from the country and over 700 from abroad and more than 2,700 professors. Over 126,000 students graduated from this University, 5,300 masters of art and specialists, more than 2,700 doctors of philosophy in all scientific-educational areas.



Prof. d-r Velimir Stojkovski, Rector of the University Sts. Cyril and Methodius presented the plaque to Mr. Zhivko Mukaetov, CEO/MB President of Alkaloid AD Skopje

## THE EUROPEAN CONTRIBUTION AWARD FOR 2009 GRANTED TO ZHIVKO MUKAETOV, CEO AND MB PRESIDENT OF ALKALOID AD SKOPJE

The European Movement of the Republic of Macedonia presented the award “European Contribution for the Year of 2009” to Zhivko Mukaetov, CEO and President of the Management Board of Alkaloid AD Skopje, for his special merits in promotion of economy and culture of the Republic of Macedonia to Europe and in promotion of European ideas and values.

This award was presented during the solemn academy held in Skopje to mark May 9, the Europe Day and 60-th anniversary of Schuman Declaration. In addition to the members of the European Movement, this event was attended by EU Ambassador Erwan Fouere, Deputy Prime Minister for European Affairs Vasko Naumovski, representatives of the diplomatic corps and other guests and supporters of the European ideas and values.

It is the first time that this award was presented to a business person, who, as it was noted, is heading one of the most successful companies in Macedonia, a company that is a recognizable brand in the region and beyond.

„Being the person in charge for Alkaloid AD, a company that is present at the EU and US markets, Mukaetov undoubtedly promotes the Republic of Macedonia, its economy and culture proving that there are successful people in Macedonia, and companies that can take the competition challenges of the global economy and which can continue their prosperity even in conditions of crisis”, it was said at the solemn academy held at the Youth Cultural Centre.



So far, the European Contribution Award has been presented to Toshe Proevski, Boris Trajanov, Vlatko Stefanovski and maestro Simon Trpchevski.

“This award is an exceptional honor not just for me personally or my family, but to all employees of Alkaloid AD, a company that is already in Europe”, said Mukaetov in his address.

## ALKALOID AD SKOPJE AWARDED WITH PLAQUE FOR SAFEST EMPLOYER

Observing the World Day of Occupational Safety and respecting the principle that safety at work is a fundamental right, the Macedonian Occupational Safety and Health Association awarded Alkaloid AD Skopje and Prilepska Brewery with the plaque “The Safest Employer in the Republic of Macedonia in 2009”. This acknowledgment is not only recognition to Alkaloid AD Skopje, but it is also an obligation for the company to continue promoting and upgrading the safety of the employees.

We believe that human resources are crucial for the success of the company, which is why we pay special attention to protection of our employees and all involved parties in the work process.

The system for occupational safety and health is based on the concept of constant upgrading, creating and adjusting the production process to the principles of good manufacturing practice and occupational safety systems. The management on all levels, responsible for creating and maintaining the occupational safety environment system, plays an important role in the upgrade of this system.

Alkaloid AD Skopje is a socially responsible company, always taking care of its employees. In compliance with the legislation of the Republic of Macedonia, Alkaloid AD Skopje has a trained and qualified expert on occupational safety. Through continuous theoretical and practical trainings on occupational safety, all employees in the company are acquainted with their rights and duties and actively participate with their own proposals, opinions and remarks concerning their safety and health at work.

In the implementation framework of ISO 9001 and 14001 standards, Alkaloid AD Skopje has elaborated standard operative procedures (SOPs) regarding the movement of employees and visitors, in order to secure the safety of all people and products on site.



Alkaloid AD Skopje makes maximum efforts to integrate the system of occupational health and safety in the overall work management system, thereby all activities are considered in the context of prevention of accidents at work and protection of the staff.

The plaque is an additional incentive for us to keep working on the safety of our employees with the same intensity, by creating conditions for implementation of the Occupational Safety and Health management system OHSAS 18001 and its integration with the ISO 9001 on quality of products and services and ISO 14001 on environment protection.





## ENVIRONMENTAL PROTECTION

Environmental protection is one of the long-term corporate principles of Alkaloid's business policy. The environment management system is a part of the integrated system for quality management and good manufacturing practice.

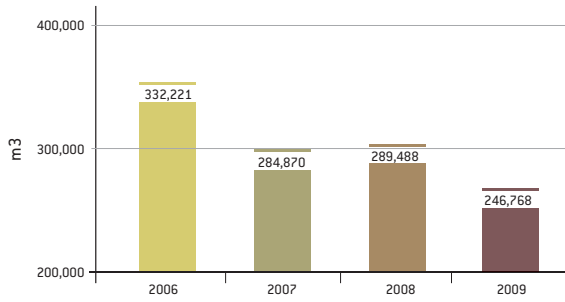
The amendments made in the legislation regarding environmental protection intensified the cooperation between Alkaloid AD Skopje and the Ministry of Environment and Physical Planning of the Republic of Macedonia.

In that direction, one of the annual meetings of the State Environment Inspectorate was held at the company premises, followed by a visit to Alkaloid's new Institute of Development and Quality Control.

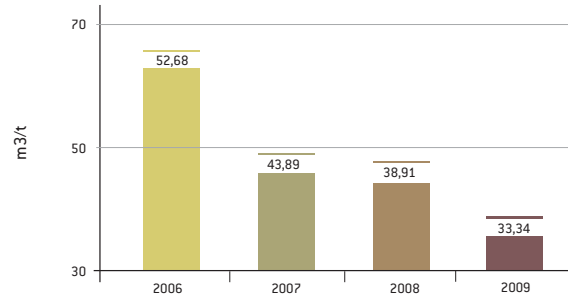
In cooperation with the Office for Environment, Alkaloid initiated the procedure for obtaining A-Adjustment Permit with an Adjustment Plan.

The plan for substitution of crude oil with natural gas as fuel has been accomplished in the locality of Autokomanda.

Alkaloid demonstrates its care for the environment by permanent monitoring and by constantly striving to reduce the water consumption

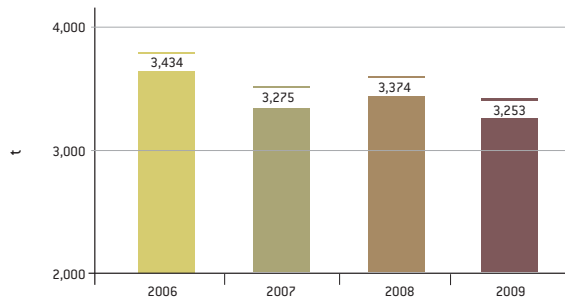


Picture 1: Water Consumption

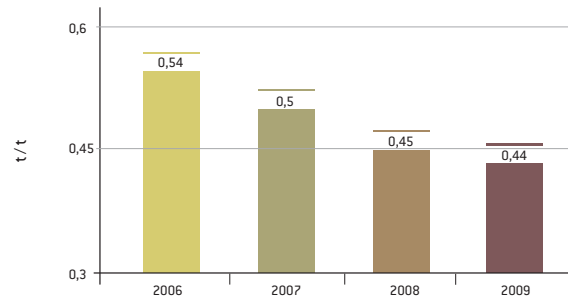


Picture 2: Water Consumption per ton of product

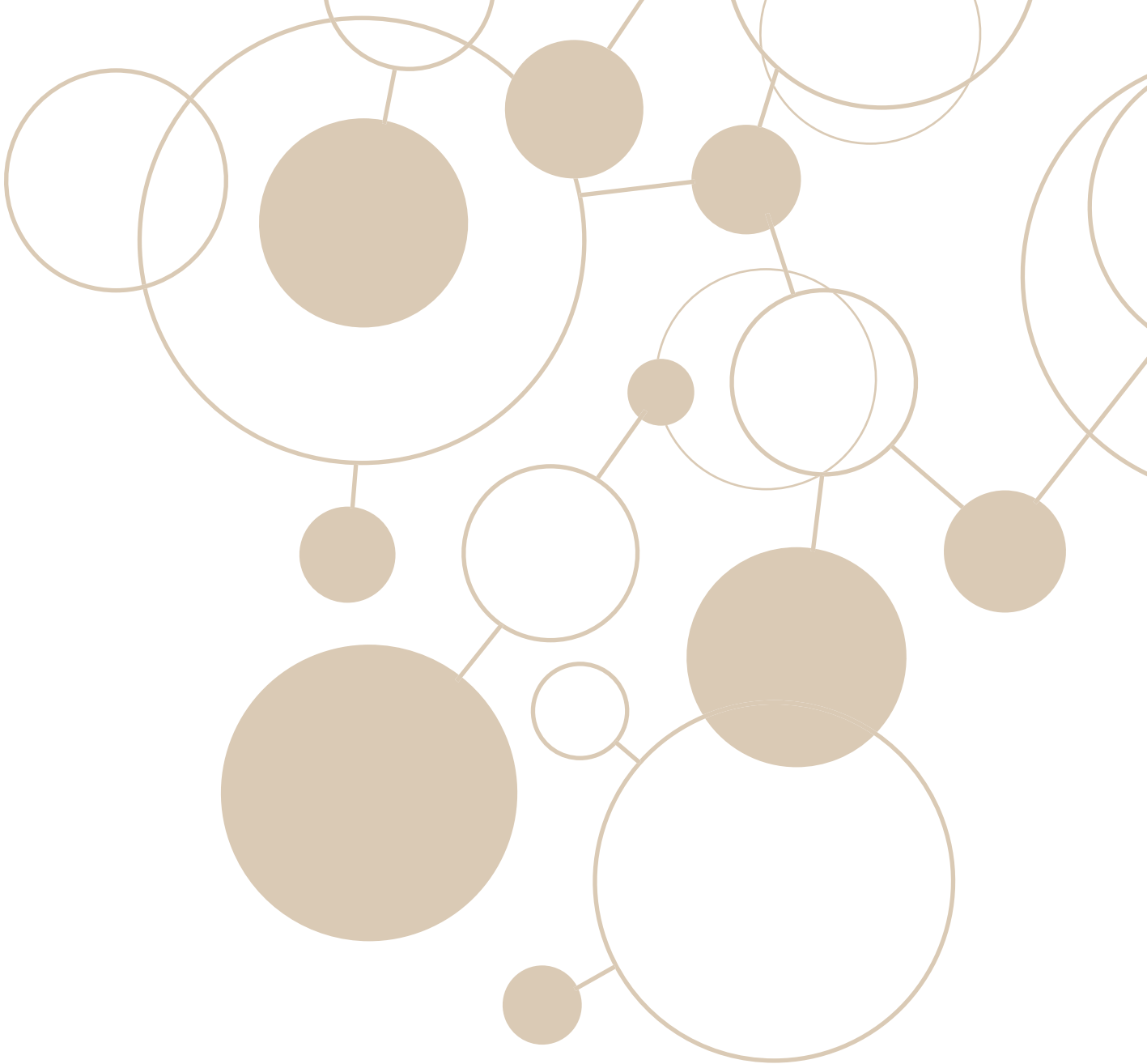
Fuel consumption, shown as equivalent of consumed crude oil is presented in Picture 3, and crude oil consumption per ton of finished product is presented in Picture 4.

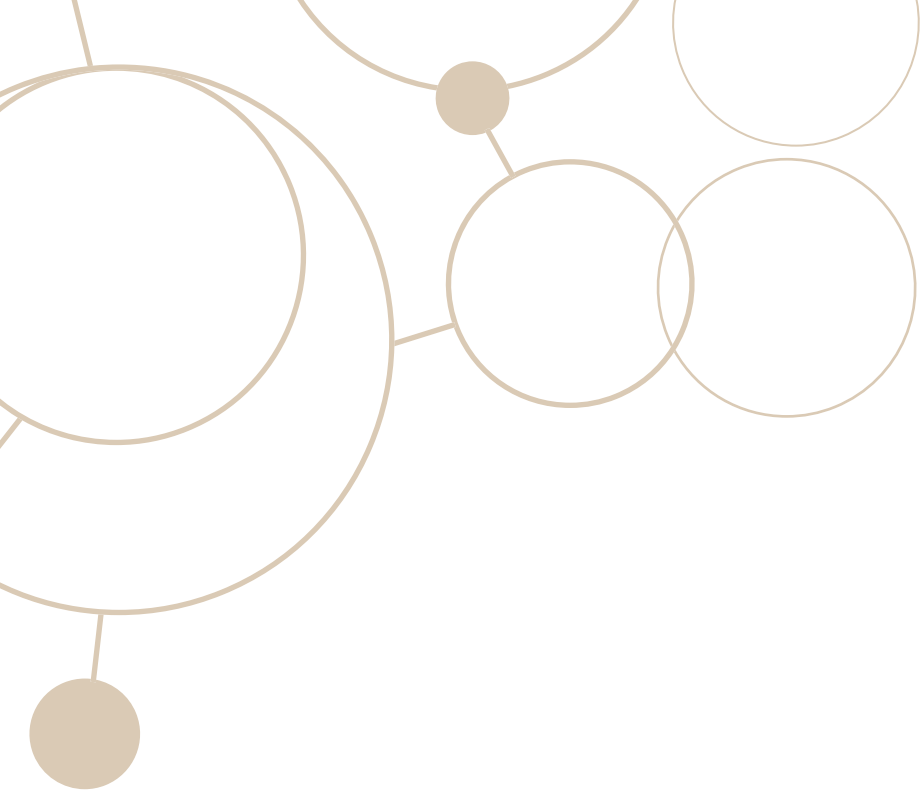


Picture 3



Picture 4





PC  
PHARMACEUTICALS

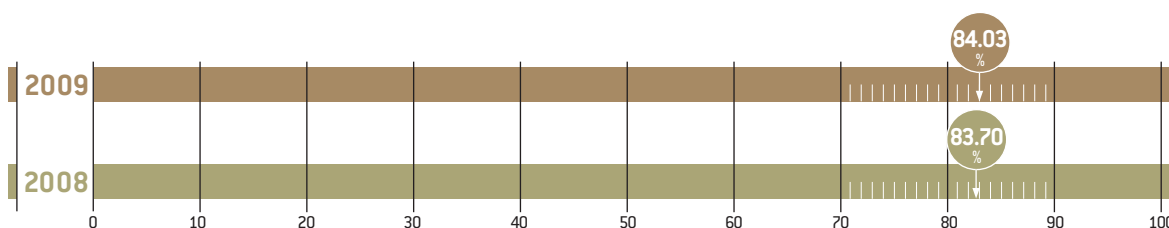


## MARKETING AND SALES

In 2009, 585 employees were working in the pharmaceuticals segment in its headquarters in Skopje and 191 employees in the subsidiaries abroad. The total net sales of PC Pharmaceuticals amounted to 4,593 billion MK denars, which is a share of 84.03% in the total sales of Alkaloid Group.

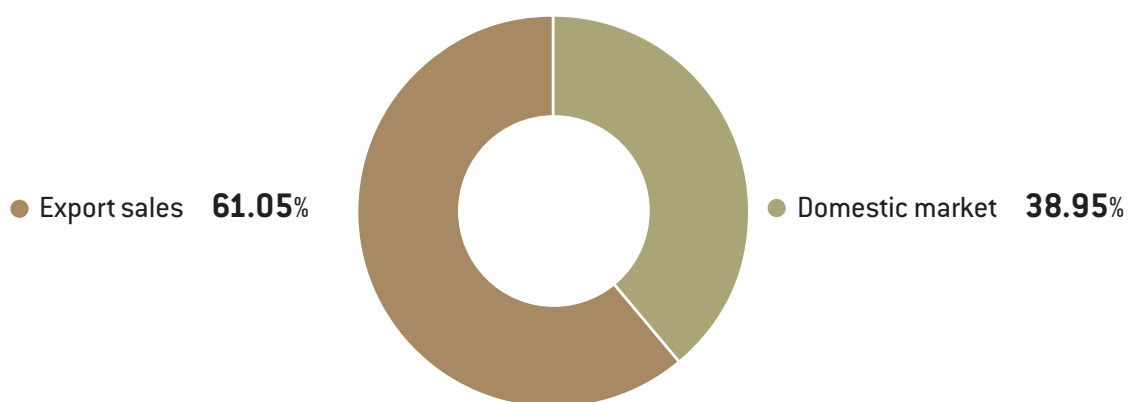
In 2009, the products of PC Pharmaceuticals were available on the markets in 20 countries. We have obtained 118 marketing authorizations, out of which 102 were for the foreign markets.

### PC Pharmaceuticals as a part of Alkaloid Group

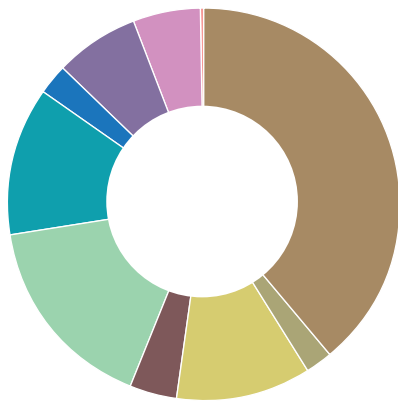


In 2009 we managed to increase the sales level by 16.12% compared to last year. This was primarily due to the increase in the domestic sales by 26.62%, as well as the increase in the export sales, which surpass the domestic sales and have risen by nearly 10.79% compared to 2008.

### SALES PER MARKETS



SALES PER COUNTRIES IN 2009



● Macedonia	<b>38.95 %</b>
● Albania	<b>2.22 %</b>
● Bosnia and Herzegovina	<b>11.07 %</b>
● Kosovo	<b>3.98 %</b>
● Serbia	<b>16.43 %</b>
● Croatia	<b>12.14 %</b>
● Montenegro	<b>2.64 %</b>
● Russia and CIS	<b>6.89 %</b>
● EU/EFTA Countries	<b>5.44 %</b>
● Others	<b>0.24 %</b>

Sales per preparations for year 2009 [% participation in the overall program of PC Pharmaceuticals]

PRODUCT	2009	2008	2007
CAFFETIN	<b>13.66 %</b>	<b>12.96 %</b>	<b>14.19 %</b>
PANCEF/Cefixime	<b>12.65 %</b>	<b>11.79 %</b>	<b>8.48 %</b>
ANALGIN/Metamizole	<b>6.86 %</b>	<b>8.32 %</b>	<b>8.72 %</b>
SKOPRYL/Lisinopril	<b>4.46 %</b>	<b>4.14 %</b>	<b>3.55 %</b>
CITERAL/Ciprofloxacin	<b>3.56 %</b>	<b>3.18 %</b>	<b>2.98 %</b>

20 LATEST  
09 RELEASES

## ACEROLA ALKALOID®

500 mg and  
180 mg chewable tablets  
30 tablets



## ALKAVIT® vitamin C for children

50 mg tablets  
30 tablets



## ALKAVIT® FOLIC ACID

0,4 mg film-coated tablets,  
30 tablets  
5 mg film-coated tablets,  
20 tablets



## BlokMax<sup>®</sup>

200 mg film-coated tablets  
10 tablets



## BlokMax<sup>®</sup> forte

400 mg film-coated tablets  
10 tablets



## CARDIOPIRIN<sup>®</sup>

100 mg  
gastro-resistant tablets  
30 tablets

## NYPERO<sup>®</sup>

0,25 mg, 0,5 mg, 1 mg, 2 mg  
and 5 mg film-coated tablets  
21 tablets



# ACEROLA ALKALOID®

chewable  
tablets

for children



100%  
natural vitamin C

- ✓ The only natural source of health
- ✓ Improves the immune system
- ✓ Powerful antioxidant
- ✓ Sugar free
- ✓ Strawberry flavored

  
ALKALOID  
SKOPJE

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



## ACEROLA ALKALOID CHEWABLE TABLETS

ALKALOID RECENTLY EXPANDED ITS OTC PORTFOLIO WITH ACEROLA CHEWABLE TABLETS OF 50 MG, 180 MG AND 500 MG, ACEROLA ALKALOID INTENDED FOR ALL AGES

Acerola, the Barbados cherry, is the richest fruit of all sources of vitamin C. The fruits of this tropical cherry contain 40 times more of vitamin C differing from the lemons and 32 times more than the oranges.

The vitamin C is an ingredient that is integral part of numerous metabolic processes in the organism. The human body cannot synthesize it, so it must be taken through diet or various food supplements. That is why, it is better for this vitamin to be consumed in natural form. The latest scientific discoveries have proven that during the intake of natural vitamin C by chewing the body releases certain enzymes that improve the process of absorption of this vitamin in the body.

Acerola is the best way to satisfy the daily needs for natural vitamin C of the body. With dosage adjusted to the age, this powerful antioxidant provides protection from so called oxidative stress and improves the immunity of the organism. Alkaloid launched 3 pack types of this product containing 30 tablets, all moist protected by special drying capsule inserted in the package.

ACEROLA ALKALOID® tablets of 50 mg are intended for children up to six years of age. The prescribed dosage is one to two tablets of 50 mg per day. The tablets have pleasant strawberry flavor, they do not contain artificial sweeteners, they are sugar free thus do not cause cavity.

ACEROLA ALKALOID® 50 mg tablets contain 100% natural vitamin C in the form of acerola powder.

ACEROLA ALKALOID® chewable tablets of 180 mg are intended for children over the age of 6. The recommended dosage is 1 to 3 tablets per day. The tablets have pleasant orange flavor.

ACEROLA ALKALOID® chewable tablets of 500 mg featuring forest fruits flavor, are intended for the adult population. The recommended dosage is 1 to 2 tablets of 500 mg per day.

# ACEROLA ALKALOID®

chewable tablets






## CERTIFICATE OF GMP COMPLIANCE FOR NON-STERILE LIQUID DOSAGE FORMS FOR ORAL AND TOPICAL USE

Within the framework of the European certification for Good Manufacturing Practice Compliance, the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia (JAZMP), in June 2009 has issued a Certificate of GMP Compliance of a Manufacturer to Alkaloid AD Skopje.

This GMP compliance certificate refers to Alkaloid's non-sterile liquid dosage forms for oral and topical use.

Following a process of extensive evaluation by JAZMP of the production facilities for non-sterile liquid pharmaceutical dosage forms of PC Pharmaceuticals of Alkaloid AD Skopje in the course of the month of May 2009, with the purpose of establishing and confirming that the manufacturer Alkaloid AD Skopje operates in compliance with the principles of good manufacturing practice (GMP) that are described in detail in the relevant European Directives, and whereby it guarantees the safety, quality and efficiency of its pharmaceutical products, the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia issued a Certificate No. 401-0014/09-3

By means of this Certificate, Alkaloid AD Skopje acquired the right to market its products not only in Slovenia, but also in all 27 EU member countries and 3 EEC countries. This Certificate is highly appreciated and respected even in many other non-EU countries in the region and beyond.


  
**jazmp**
  
Agency for Medicinal Products and Medical Devices of the Republic of Slovenia
  
Triglavska ulica 21, SI-1000 Ljubljana
  
T +386 (0)8 2000 500
  
F +386 (0)8 2000 510
  
info@jazmp.si
  
www.jazmp.si

**Javna agencija Republike Slovenije za zdravila in medicinske pripomočke**

CERTIFICATE NUMBER: 401-0014/09-3

CERTIFICATE OF GMP COMPLIANCE OF A MANUFACTURER

**Part 1**

Issued following an inspection in accordance with :  
 Art. 111(5) of Directive 2001/83/EC as amended  
 Art. 80(5) of Directive 2001/82/EC as amended

The competent authority of Slovenia confirms the following:

The manufacturer: **ALKALOID AD PHARMACEUTICAL, CHEMICAL, COSMETIC INDUSTRY**

Site address: **Bivd. Aleksandar Makedonski 12, Skopje, 1000, MACEDONIA, THE FORMER YUGOSLAV REPUBLIC OF**

Has been inspected in connection with marketing authorisation(s) listing manufacturers located outside of the European Economic Area in accordance with Art. 111(4) of Directive 2001/83/EC and Art. 80(4) of Directive 2001/82/EC.

From the knowledge gained during inspection of this manufacturer, the latest of which was conducted on **2009-05-13**, it is considered that it complies with :

- The principles and guidelines of Good Manufacturing Practice laid down in Directive 2003/94/EC
- The principles and guidelines of Good Manufacturing Practice laid down in Directive 91/412/EC

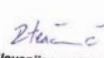
This certificate reflects the status of the manufacturing site at the time of the inspection noted above and should not be relied upon to reflect the compliance status if more than three years have elapsed since the date of that inspection, after which time the issuing authority should be consulted. The authenticity of this certificate may be verified with the issuing authority.

**Part 2**

Human Medicinal Products
Veterinary Medicinal Products
<b>1 Manufacturing Operations</b>
<b>1.2 Non-sterile products</b>
1.2.1 Non-sterile products (list of dosage forms)
1.2.1.5 Liquids for external use
1.2.1.6 Liquids for internal use
<b>1.6 Quality control testing</b>
1.6.2 Microbiological: non-sterility
1.6.3 Chemical/Physical

19-06-17


Name and signature of the authorised person of the Competent Authority of Slovenia

**Mr Dorde Dimitrašinić** 

Javna agencija Republike Slovenije za zdravila in medicinske pripomočke

Tel: **+386 8 2000604**

Fax: **+386 8 2000630**



## 5<sup>TH</sup> EGA SOUTH EAST EUROPE PHARMACEUTICAL SYMPOSIUM

The Fifth South East Europe Pharmaceutical Symposium took place in Ohrid on 24-25 September 2009, under the auspices of Alkaloid AD Skopje and in organization of the Macedonian Bureau for Medicines and the European Generic Medicines Association (EGA). The main topic of the symposium was "Meeting the European Challenge for National Drug Regulatory Agencies and the Generic Medicines Industry".

Representatives of regulatory agencies, patent bureaus, and the generic medicines industry from Albania, Bosnia and Hercegovina, Bulgaria, Croatia, Hungary, Macedonia, Kosovo, Montenegro, Romania, Serbia, Slovenia and Turkey participated at the Symposium.

Minister of Health of the Republic of Macedonia, Dr. Bujar Osmani and Director of the Bureau for Medicines, M-r Pharm. Ilcho Zahariev, emphasized the fact that the Symposium was an excellent opportunity to exchange experiences and compare achievements of the countries in the region in the process of approximation of the legislation with the EU directives in pharmaceutical industry.

The symposium was an excellent chance for the regulatory bodies and the representatives of the generic pharmaceutical industry in the region to exchange experience, which would upgrade the regulatory system in the country and in the region, by removing barriers for generic medicines and their position in the market, promoting measures to stop counterfeiting medicines and upgrading the system in general.

The CEO of EGA, Mr. Greg Perry, said that the goal of the symposium was to establish a legislative framework which will run parallel with the industrial property framework, aimed at introducing generic medicines in the market. In this manner, the whole region will be able to ensure better access and delivery of healthcare services to the patients.

The quality of the medicines is of crucial importance and companies must meet the standards should they wish to enter the global markets, said Perry. In Macedonia, "Alkaloid" is the leader in implementing world pharmaceutical standards and regulations – stressed the CEO of EGA. He said that Alkaloid was the organizer of the Symposium, which is a challenge not only to the national regulatory agencies on medicines, but to the industry of generic medicines in general. Alkaloid has acquired all certificates necessary to place its products in foreign markets.

The CEO of Alkaloid, Mr. Zhivko Mukaetov said that the company was adjusting to the prerequisites of the EU and has all certificates required for production on solid dosage forms and syrups.

After several years of associative membership, Alkaloid became a permanent member of EGA in 2005, thus being the only pharmaceutical industry in Macedonia which enjoys full membership status. Through this membership, Alkaloid harmonizes with the EU regulations and opens the doors of the European market.





## “CURRENT TOPICS IN PEDIATRICS 2009” AND THE FIRST BALKAN CONFERENCE ON PEDIATRIC ASSOCIATIONS UNDER THE AUSPICES OF ALKALOID AD

The 12th Symposium – Current Topics in Pediatrics and the First Balkan Conference of Pediatric Associations, organized by the Macedonian Association of Pediatricians and the Clinic of Pediatrics, took place from 15th to 17th April in Skopje. 400 pediatricians from 14 countries participated at the event.

In the context of its commitment to build partnership with Macedonian healthcare, Alkaloid AD Skopje, in the function of general sponsor of this event gave significant contribution in the realization of this expert gathering.

Eminent pediatricians of the primary, secondary and tertiary healthcare presented novelties and shared experiences in different fields of pediatrics at the plenary sessions and other accompanying events of the Symposium.

The First Balkan Conference of Pediatric Associations was held under the motto “Better Cooperation among Balkan Pediatricians – Time is of Essence”.

This regional gathering of pediatricians is planned to become traditional, to be held every second year thus allowing the experts to exchange knowledge on the position and role of the pediatricians on all levels in the healthcare system.

In the course of this event, Alkaloid AD Skopje organized a thematic symposium on the influence of micro-nutrients on the immune system with an emphasis on Vitamin C and the novelties in ferro-deficient anemia. Under the slogan “Gentle from the first touch”, the complete expanded Becutan collection of baby care products was presented to the auditorium.



## ALKALOID GENERAL SPONSOR OF THE 6<sup>TH</sup> BALKANS CONGRESS OF MICROBIOLOGISTS

### "MICROBIOLOGIA BALCANICA 2009" 4<sup>TH</sup> CONGRESS OF MICROBIOLOGISTS OF MACEDONIA

The 6th Balkans Congress of Microbiologist and the 4th Congress of the Macedonian Microbiologists "Microbiologia Balcanica" organized by the Association of Macedonian Microbiologists, the Institute for Microbiology and Parasitology at the Medical Faculty, University 'Sts Cyril and Methodius' in Skopje and the Balkan Association of Microbiologists took place in Ohrid from 28th to 31st October 2009.

The agenda, the choice of topics as well as the renowned lecturers that took part in this expert gathering sponsored by Alkaloid AD Skopje, contributed to the remarkably high professional and scientific level of this event.

Microbiologists of all fields and the physicians dealing with diagnostics, treatment and prevention of infections and infectious diseases exchanged their experience and acquired knowledge in the field of medical virology, mycology and parasitology, bacteriology, sanitary microbiology, accreditation of microbiological laboratories etc.

The topic of increasing incidence of bacterial resistance raised exceptional interest among the participants, along with the role of cephalosporines, i.e their novel formulations aimed at overcoming such resistance.

The organizers, in line with tradition, have decided on the ancient city of Ohrid as the venue for this professional and scientific gathering, hoping that the cradle of the Macedonian and Slavic literacy situated by the world famous Lake Ohrid, will evoke memories of this congress equal to the symbolism of this town known all over the world.



## 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, an import-export Company for trade and services.

In 2004 Alkaloid CONS Ltd. officially commenced its operation with 5 employees.

Year after year, the growth of Alkaloid CONS is becoming even more impressive, both in terms of sales and in terms of its business portfolio, which we believe is a trend that will continue in 2010.

In the course of 2009, Alkaloid CONS cooperated with more than 10 non-domicile companies and represented approximately 200 pharmaceutical products, whereby it acquired a significant market share.

Alkaloid Cons has cooperation agreements with the following companies :

1. **PFIZER H.C.P. CORPORATION,**  
USA
2. **SANOFI-AVENTIS,**  
France
3. **NOVARTIS PHARMA SERVICES INC.,**  
Switzerland
4. **TALECRIS BIOTHERAPEUTICS,**  
USA
5. **BILIM ILAC,**  
Turkey
6. **FUJIFILM CORPORATION,**  
Japan
7. **TORREX CHIESE,**  
Austria
8. **INFOMED FLUIDS S.R.L.,**  
Romania
9. **HARTINGTON PHARMA LTD.,**  
UK
10. **PRIZMA D.O.O.,**  
Serbia
11. **LOLA RIBAR,**  
Croatia
12. **DUTCHMED INTERNATIONAL B.V.,**  
Nederlands
13. **SHIRE PHARMACEUTICALS IRELAND LIMITED,**  
Ireland
14. **INTRAPLANT GmbH,**  
Austria
15. **F. HOFFMANN - LA ROCHE LTD,**  
Switzerland
16. **GlaxoSmithKline Export Ltd.,**  
UK

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.

# 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>ACIKLOVIR ALKALOID®</b>		
aciclovir	5% cream, 5 g	D06BB03, topical antiviral
<b>ACIKLOVIR ALKALOID®</b>		
aciclovir	3% eye ointment, 5 g	S01AD03, ophthalmological antiviral
<b>ACIKLOVIR ALKALOID®</b>		
aciclovir	200 mg tablets, 25 tablets 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, antihelminthic
<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>ALKAVIT® vitamin E</b>		
tocopherol, α	100 mg chewable tablets, 30 tablets	A11HA03, vitamin
<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

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>ALYCEF®</b>		
cefadroxil	500 mg capsules, hard 16 capsules 250 mg/5 ml granules for oral suspension, 100 ml	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
<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 INIECTABILIA ALKALOID®</b>		
water for injections	2 ml, 5 ml and 10 ml 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>Registered name, INN (generic)</b>	<b>Presentation</b> (strength, pharmaceutical form, pack size)	<b>ATC-code,</b> pharmaco-therapeutic group
<b>BETADINE®</b>		
povidone - iodine	10 % ointment, 20 g 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		
<b>BIPRESSO®</b>		
bisoprolol	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	C07AB07, selective $\beta$ blocker
<b>BRONLES®</b>		
carbocisteine	375 mg capsules, hard 30 capsules 250 mg/5ml oral solution, 150 ml solution 125 mg/5ml oral solution for children, 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
Manufactured in cooperation with Ethypharm, France		
<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

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, 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® menstrual</b>		
ibuprofen (in a form of lysinate)	200 mg film-coated tablets, 10 tablets	M01AE01, NSAID
<b>CEFACTOR ALKALOID®</b>		
cefaclor	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
Manufactured in cooperation with Facta Farmaceutici S.p.A.-Teramo, Italy		
<b>CHLORAMPHENICOL ALKALOID®</b>		
chloramphenicol	5 % ointment, 5 g	D06AX02, antibiotic for topical use
<b>CHLORAMPHENICOL ALKALOID®</b>		
chloramphenicol	1 % eye ointment, 5 g	S01AA01, ophthalmological antibiotic



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>CINEDIL®</b>		
cinnarizine	75 mg tablets, 50 tablets 75 mg tablets, 45 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, 5 ml solution	S03AA07, antimicrobial quinolon, agent
<b>CODEINI PHOSPHATIS ALKALOID®</b>		
codeine	30 mg tablets, 10 tablets	R05DA04, antitussic
<b>DECOTAL®</b>		
diflucortolone	1 mg/g cream, 20 g 1 mg/g ointment, 20 g	D07AC06, potent corticosteroid dermotherapeutic
<b>DIABINESE®</b>		
chlorpropamide	250 mg tablets, 30 tablets Manufactured under the license of Pfizer Corporation	A10BB02, oral antidiabetic
<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	500 mg tablets, 10 and 500 tablets 120 mg/5ml oral suspension, 100ml suspension	N02BE01, analgesic and antipyretic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<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 Astellas GmbH, Munchen, Germany	M01AB05, NSAID
<b>Diclo Duo®</b>		
diclofenac	75 mg modified, dual release capsules, hard, 20 capsules Manufactured in cooperation with Astellas 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>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 Manufactured in cooperation with Sanofi Aventis, France	G01AF01, gynecological antiinfective and antiseptic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<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>FUREXA®</b>		
cefuroxime	250 mg and 750 mg powder for injection 5 vials	J01DC02, second-generation cephalosporins
Manufactured in cooperation with Facta Farmaceutici S.p.A.-Teramo, Italy		
<b>FUREXA®</b>		
cefuroxime	1,5 g powder for solution for injection or infusion 5 vials	J01DC02, second-generation cephalosporins
Manufactured in cooperation with Facta Farmaceutici S.p.A.-Teramo, Italy		
<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

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>GLU-ROS®</b>		
rosiglitazone	4 mg film-coated tablets, 30 tablets	A10BG02, 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		
<b>KALCIUM KARBONAT ALKALOID®</b>		
calcium carbonate	1 g 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	300 mg tablets, 20 tablets	A02AB04, antacid
Manufactured under the license of Pfizer Corporation		

<b>Registered name, INN (generic)</b>	<b>Presentation</b> (strength, pharmaceutical form, pack size)	<b>ATC-code,</b> pharmaco-therapeutic group
<b>LAMAL®</b>		
lamotrigine	25 mg, 50mg, 100 mg and 200 mg tablets, 30 tablets	N03AX09, antiepileptic
<b>LEGOFER®</b>		
ferric proteinsuccinylate	40 mg/15 ml oral solution, 150 ml solution	B03AB09, antianaemic
Manufactured in cooperation with Italfarmaco S.p.A. Milan, Italy		
<b>LEXILIUM®</b>		
bromazepam	1.5 mg, 3 mg and 6 mg tablets, 30 tablets	N05BA08, anxiolytic
Manufactured in cooperation with F. Hoffman - La Roche Ltd. Basel, Switzerland		
<b>LIDAPRIM®</b>		
sulfametrole, trimethoprim	{400 mg+80mg} tablets, 20 tablets {100 mg+20mg} tablets, 20 tablets {200 mg+40mg} / 5 ml oral suspension, 100 ml suspension	J01EE03, combined sulphonamide & trimetoprim
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
<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, hypnotic and sedative

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>MENDILEX®</b>		
biperiden	2 mg tablets, 50 tablets	N04AA02, antiparkinsonic
<b>METADON ALKALOID®</b>		
methadone	5 mg tablets, 20 tablets 10 mg/ml oral drops, 10 ml solution 10 mg/ml oral solution, 100 ml and 1000 ml solution 10 mg/ml solution for injection, 5 and 50 ampoules	N07BC02, opioid analgesic; drug used in opioid dependance
<b>METFORMIN ALKALOID®</b>		
metformin	500 mg, 850mg and 1000 mg film-coated tablets, 30 tablets	A10BA02, oral antidiabetic
<b>MORFIN HIDROHLORID ALKALOID®</b>		
morphine	20 mg/ml solution for injection, 10 ampoules	N02AA01, opioid analgesic
<b>NIFADIL® retard</b>		
nifedipine	20 mg prolonged release film-coated tablets, 30 tablets	C08CA05, calcium channel blocker
<b>NIFLAM® 200 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, 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

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<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>OMEZOL®</b>		
omeprazole	20 mg gastro-resistant capsules, hard 14 capsules	A02BC01, antiulcer drug
<b>PANCEF®</b>		
cefixime	400 mg film-coated tablets, 5 & 10 tablets 100 mg/5ml granules for oral suspension, 60 ml & 100 ml	J01DD08, third-generation cephalosporins
<b>PARACETAMOL ALKALOID®</b>		
paracetamol	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 film-coated tablets, 20 tablets 100 mg/5 ml solution for injections, 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®</b>		
for children pholcodine	4 mg/5ml oral solution, 60 ml solution	R05DA08, antitussic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<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, boric acid	(0.3mg+15mg)/ml eye drops, 10 ml solution	S01GA51, ophtalmic decongestant
<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>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



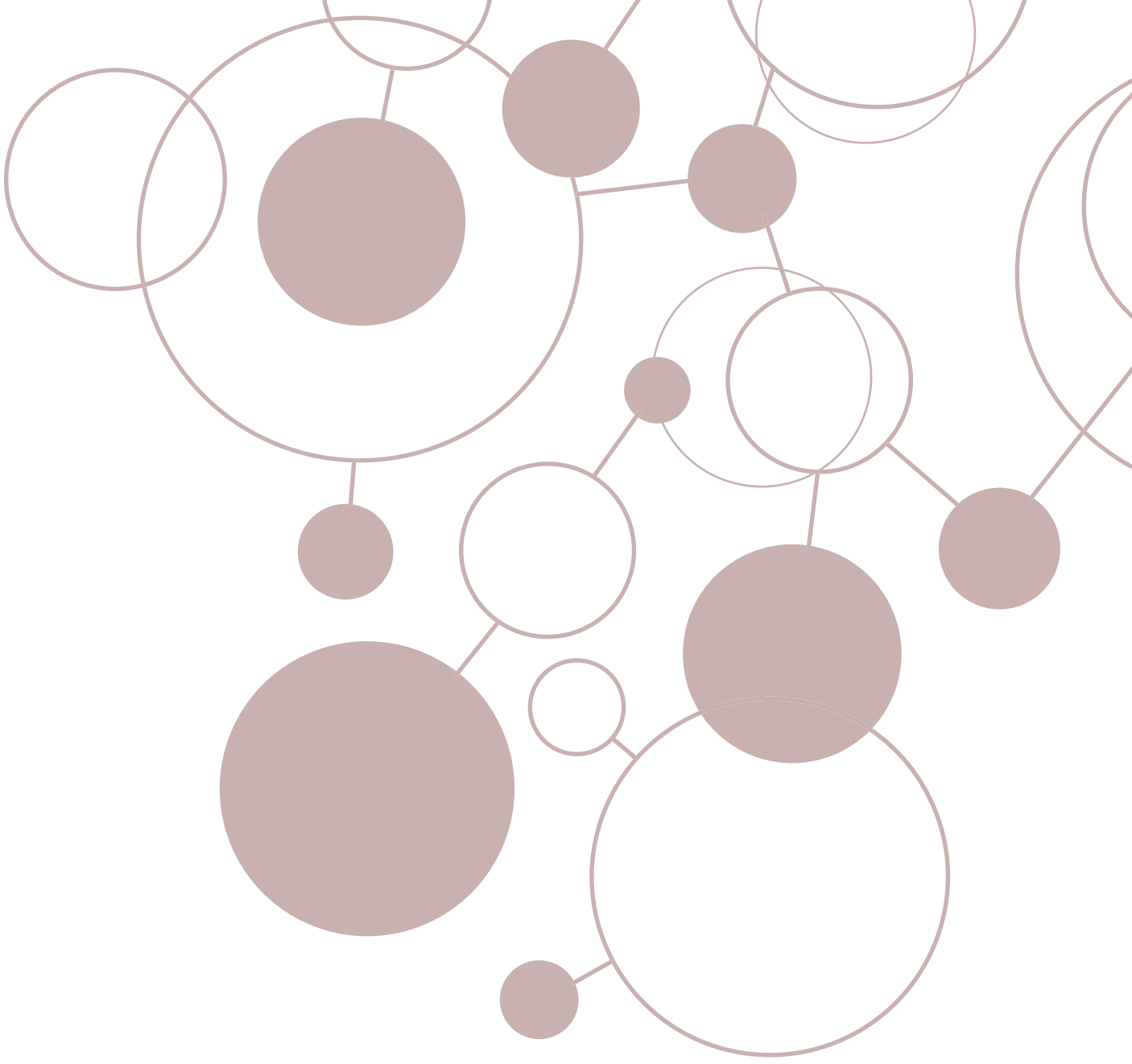
Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>SINEQUAN®</b>		
doxepin Manufactured under the license of Pfizer Corporation	10 mg and 25 mg capsules, hard 30 capsules	N06AA12, antidepressant
<b>SIZAP®</b>		
olanzapine	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	N05AH03, antipsychotic
<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 blood from veal calves  Manufactured under the licence of Valeant Pharmaceuticals Switzerland GmbH, Switzerland	8.3 mg/g eye gel, 5 g	S01XA, ophthalmic wound and ulcer treatment
<b>SOLCOSERYL®</b>		
protein-free haemodialysate of blood from veal calves  Manufactured under the licence of Valeant Pharmaceuticals Switzerland GmbH, Switzerland	2.07 mg/g ointment, 20g 4.15 mg/g jelly, 20 g 42.5 mg/ml solution for injection, ampoules of 2 ml and 5 ml, 25 ampoules	D03BA, treatment of wounds and ulcers C04AX
<b>SOLCOSERYL®</b>		
protein-free haemodialysate of blood from veal calves, polidocanol Manufactured under the licence of Valeant Pharmaceuticals Switzerland GmbH, Switzerland	(2.125mg+10mg)/g dental adhesive paste, 5 g	A01AD, local oral treatment
<b>SUMETRIN®</b>		
sumatriptan	50 mg film-coated tablets, 6 and 3 tablets	N02CC01, antimigraine preparation

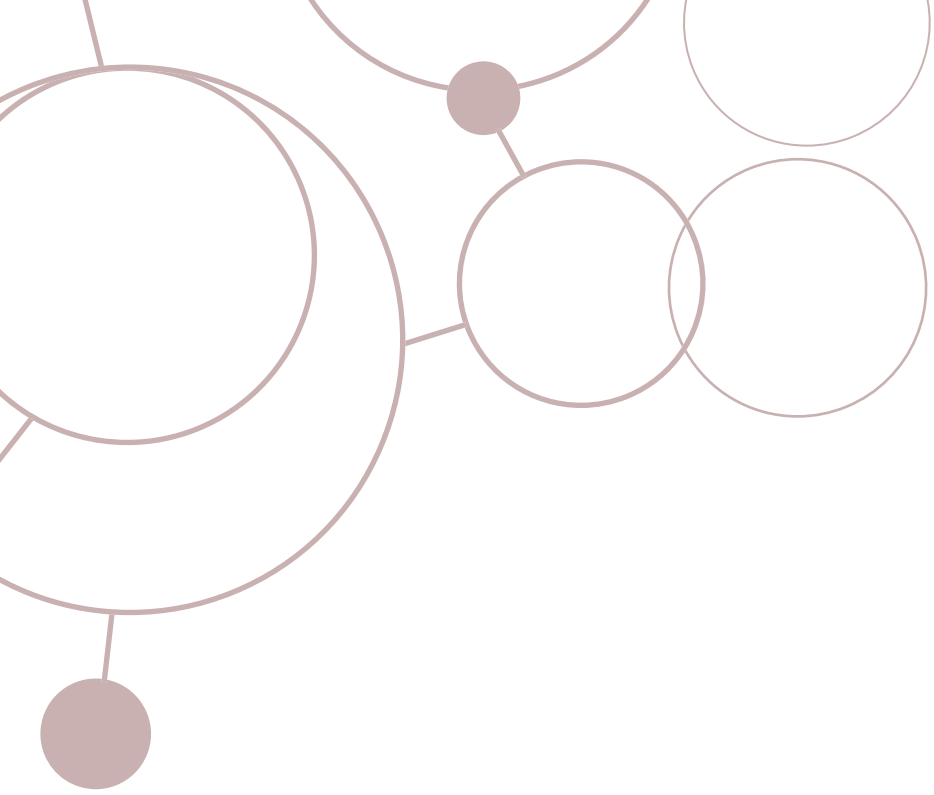
Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>SYNETRA®</b>		
clopidogrel	75 mg film-coated tablets, 30 tablets	B01AC04, antithrombotic agent
<b>TAMLOS®</b>		
tamsulosin	0.4 mg modified release capsules, hard 30 capsules	G04CA02, drug used in benign prostatic hypertrophy
<b>TIMOLOL ALKALOID®</b>		
timolol	0.5% 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>		
cefepodoxime	100 mg film-coated tablets, 10 and 20 tablets 200 mg film-coated tablets, 10 and 20 tablets	J01DD13, third-generation cephalosporins
<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
<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>Registered name, INN (generic)</b>	<b>Presentation</b> (strength, pharmaceutical form, pack size)	<b>ATC-code,</b> pharmaco-therapeutic group
<b>VERAPAMIL ALKALOID® retard</b>		
verapamil	240 mg prolonged release film-coated tablets, 20 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>ZANFEXA®</b>		
venlafaxine	37.5 mg, 50 mg and 75mg tablets, 30 tablets	N06AX16, antidepressant
<b>ZANFEXA® XR</b>		
venlafaxine	37,5 mg, 75 mg and 150 mg prolonged release capsules, hard 30 capsules	N06AX16, antidepressant
<b>ZYTRON®</b>		
ondansetron	4 mg and 8 mg film-coated tablets, 10 tablets 4 mg/2ml and 8mg/4ml solution for injections, 5 ampoules	A04AA01, antiemetic and antinauseant

Latest releases:

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®</b>		
ascorbic acid	contains 100% natural vitamin C 50 mg chewable tablets, 30 tablets	A11GA01, vitamin
<b>ALKAVIT® vitamin C for children</b>		
ascorbic acid	50 mg tablets, 30 tablets	A11GA01, vitamin
<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>BlokMax®</b>		
ibuprofen	200 mg film-coated tablets, 10 tablets	M01AE01, antiinflammatory and antirheumatic products, non-steroids
<b>BlokMax® forte</b>		
ibuprofen	400 mg film-coated tablets, 10 tablets	M01AE01, antiinflammatory and antirheumatic products, non-steroids
<b>CARDIOPIRIN®</b>		
acetylsalicylic acid	100 mg gastro-resistant tablets, 30 tablets	B01AC06, platelet aggregation inhibitors
<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





PC  
CHEMISTRY,  
COSMETICS  
AND BOTANICALS



## MARKETING AND SALES

In 2009, PC Chemistry, Cosmetics and Botanicals had 181 employees working in the headquarters in Skopje. The total net sales of this profit centre amounted to 873 million MK denars, which is a share of 15.97% in the total sales of Alkaloid Group. In 2009, the products of PC Chemistry, Cosmetics and Botanicals were available on the markets in 16 countries.

### PC CHEMISTRY, COSMETICS AND BOTANICALS AS A PART OF ALKALOID GROUP

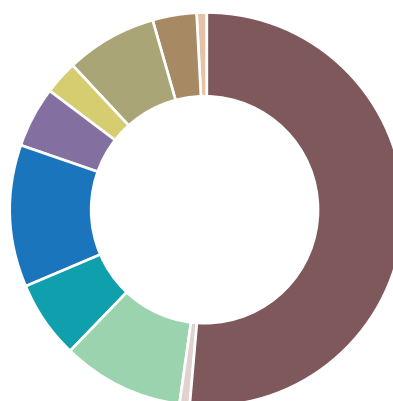
	2009	2008	2007
	<b>15.97%</b>	<b>16.30%</b>	<b>21.48%</b>

In 2009 the sales level demonstrated an increase of 13.3% compared to last year, i.e. an increase of 22% in the chemistry program, 14% in the cosmetics and almost 6% in the botanicals program. This was primarily due to the improved distribution channels and marketing campaigns for the wide consumer goods, thus Alkaloid was one of the few companies that noted growth level in this segment.

### SALES PER MARKETS



● DOMESTIC MARKET	<b>51.39 %</b>
● EXPORT MARKET	<b>48.61 %</b>



● Macedonia	<b>51.39 %</b>
● Albania	<b>0.91 %</b>
● Bosnia and Herzegovina	<b>9.92 %</b>
● Kosovo	<b>6.52 %</b>
● Serbia	<b>11.57 %</b>
● Croatia	<b>4.98 %</b>
● Montenegro	<b>2.97 %</b>
● EU Countries	<b>7.44 %</b>
● USA	<b>3.66 %</b>
● Others	<b>0.63 %</b>

The participation of the three programs in the overall sales of PC Chemistry, Cosmetics and Botanicals in 2009 was as follows:

	% participation
<b>CHEMISTRY</b>	<b>16.69</b>
DOMESTIC MARKET	8.58
EXPORT MARKETS	8.11
<b>COSMETICS</b>	<b>63.49</b>
DOMESTIC MARKET	30.72
EXPORT MARKETS	32.77
<b>BOTANICALS</b>	<b>19.82</b>
DOMESTIC MARKET	12.09
EXPORT MARKETS	7.73

The sales structure per programs was as follows:

	% participation		
SALES STRUCTURE - COSMETICS	2009	2008	2007
BE CUTAN	74.91	70.43	65.44
SHAMPOOS	6.77	6.74	7.44
PERFUMES	4.89	6.06	8.48
GLOSS	5.29	5.92	6.16
SOAPS	3.17	3.92	4.71
OTHERS	4.98	6.92	7.78

The product portfolio of the leading brand, Becutan, was extended with a few new product forms and packages and according to individual researches this brand is regional sales leader.

	% participation		
SALES STRUCTURE - CHEMISTRY	2009	2008	2007
ARGENTUM SALTS	40.64	42.71	47.33
ACIDUM ACETICUM	5.56	8.82	7.54
OTHERS	53.79	48.64	45.13

In the part of the chemicals, there is a notable growth compared to 2008. This is mostly due to the development of new products for special purposes. In the course of 2009, Alkaloid reactivated and expanded the production of liquid mineral wastes that was made in collaboration with the Faculty of Forestry and Agriculture at the state University "Sts. Cyril and Methodius".

	% participation		
SALES STRUCTURE - BOTANICALS	2009	2008	2007
TEAS	75.22	70.54	68.26
ZACHINAL (FOOD SEASONING)	12.29	13.03	15.11
MEDICAL HERBS	4.26	7.95	8.06
OTHERS	8.22	8.48	8.56

2009 noted an increase in the sales level of this program too. That was due to the extensions in Good nature products portfolio and their entry into foreign markets.





## BECUTAN QUALITY, CONFIDENCE, TRADITION

Our brand Becutan was first introduced in the market in 1977, as baby skincare collection consisting of only 5 products. Nine new brand extensions have been launched in the past three years alone and today our Becutan collection includes 18 different products.

For the past more than three decades the greatest success of this brand was the trust it enjoys with the consumers. Our commitment to maintain the highest quality of our products has made Becutan a brand which is a synonym for finest care of the delicate baby skin, including the gentle skin of newborns.

All Becutan products are clinically and dermatologically tested. They have been produced with ingredients of the highest quality, in full compliance with the European directives on quality of baby care products. The production process involves continuous assessment of the input materials and the final product, all in accordance with the highest standards in this industry.

In 2009, Becutan presented a few new products intended for protection of the delicate infant skin from the harmful effect of the sun rays and after-sun skincare, as new extension of the product range. The main ingredients of Becutan sun protection products include olive oil, chamomile, Vitamin E and mineral filters, all ensuring high level protection from harmful UVA and UVB rays thus nourishing the skin.

In 2009 the Becutan portfolio was expanded with chamomile shampoo and chamomile baby bath, featuring a very mild formula and enriched with active ingredients of natural origin (chamomile and wheat germs), which promote the natural protection function of the newborn's skin.

In addition to the Macedonian market, where Becutan is an absolute leader in children's skincare products with more than 60% of market share, Becutan is also well positioned in the markets of Croatia, Serbia, Bosnia and Herzegovina, Slovenia, Kosovo and Montenegro.

Our vision, to create a brand that will connect years of tradition and quality with the requirements imposed by the modern lifestyle, leads us to constant adjustments to the needs of the consumers.

## SUPERBRANDS IN MACEDONIA AND CROATIA FOR 2009

International acknowledgments and awards, presented by renowned organizations which assess the segment of wide consumer goods, are verification of the excellence of Becutan products.

In 2009, Becutan was selected as a Superbrand in Croatia. It was for the first time that consumers took part in the selection process, and the criteria included: brand awareness, consumers' trust, consistent quality and continuous achievements ... all pointing to a brand that is one step ahead from the competition.



Superbrands is a global independent authority and arbiter on branding. It promotes the discipline of branding, giving recognition to trade marks which portray excellence. This organization grants Superbrands status only to those brands which have fulfilled criteria of quality, reliability, distinction and emotional appeal according to the votes given by marketing experts, eminent business people and thousands of consumers. In 2009, Becutan received the status of Superbrands for Macedonia.

The success of Becutan is mostly due to its top quality, years of continuous investments, research and development conducted by Alkaloid's team of pharmacists and their continuous cooperation with clinical specialists from the area of dermatology and pediatrics.





# INVESTOR INFORMATION





## FINANCES

Last year was marked by the global economic crisis, whose consequences have reflected in several ways. First of all, I would mention the liquidity shortfalls of the companies, which imposed restrictive monetary policy and high interest rates.

These economic circumstances forced additional challenges to all our business activities in the country and abroad.

In such specific circumstances, we have directed our development strategy to reducing the expenditures in all segments that do not affect the export increase. We completed all investment projects relying upon our own resources and restrictive policy in borrowing, in order to avoid the effect of high interest rates. In other words, we exercised high level of precaution, and we managed to ensure financial stability of the company without imposing any risk to our strategic goals.

All steps undertaken, led Alkaloid to achieve positive business and financial results in 2009, expressed in a higher net profit and higher earnings per share.

The financial reports of Alkaloid AD Skopje have been prepared in compliance with the Law on Trade Companies and the Accounting guidelines, according to which, the accounting standards applied in the Republic of Macedonia are the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS).



**Cvetanka Simonovska**  
Chief Financial Officer /  
Member of the Management Board

A handwritten signature in blue ink, appearing to read 'C. Simonovska', positioned to the right of the printed name.

## 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, while 0.23% (3,228) are preference shares 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

<b>Legal and physical persons / Ordinary shares</b>	<b>1,428,125</b>	<b>99.77%</b>
<b>Former proprietors / Preference shares</b>	<b>3,228</b>	<b>0.23%</b>

According to the records of the Macedonian Stock Exchange, the shares of Alkaloid in the course of 2009 were some of the most traded and most liquid ones. There were 4,503 transactions made, 88,137 shares were traded (which is 6.16% of the total share capital of Alkaloid AD Skopje), worth a total of EUR 6,467,745.

ALKALOID AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with 14.99% of the total turnover recorded on the first official market of the Stock Exchange. The share price of Alkaloid AD Skopje ranged from MKD 2,445 to MKD 6,700, with an average of MKD 4,240.39.

## PRICE MOVEMENT OF ALKALOID'S SHARES

(reference: maximum price)

Source: Macedonian Stock Exchange

(In MK Denars)

	2009	2008	2007	2006
JANUARY	3,362	11,151	5,701	4,239
FEBRUARY	3,455	11,000	6,700	4,198
MARCH	3,050	10,500	8,100	4,100
APRIL	3,347	11,100	10,738	4,250
MAY	4,804	9,000	10,999	4,250
JUNE	5,100	8,500	10,050	4,150
JULY	4,567	8,600	10,500	4,710
AUGUST	4,754	7,900	14,500	5,000
SEPTEMBER	5,287	7,400	14,000	5,890
OCTOBER	6,700	6,198	13,301	5,798
NOVEMBER	5,900	4,905	12,128	5,798
DECEMBER	5,299	3,701	11,451	5,600





Trading with the shares of Alkaloid AD Skopje on the Macedonian Stock Exchange  
Source: Macedonian Stock Exchange

Year	Number of traded shares	% of total number of shares
2009	88,137	6.16 %
2008	135,966	9.50 %
2007	215,729	15.07 %

As at 31st December 2009, Alkaloid had 5,651 shareholders holding ordinary shares. The fact that the number of shareholders is continually increasing, particularly in the last three years, is a sufficient indicator of the interest in the Company and its successful operations.

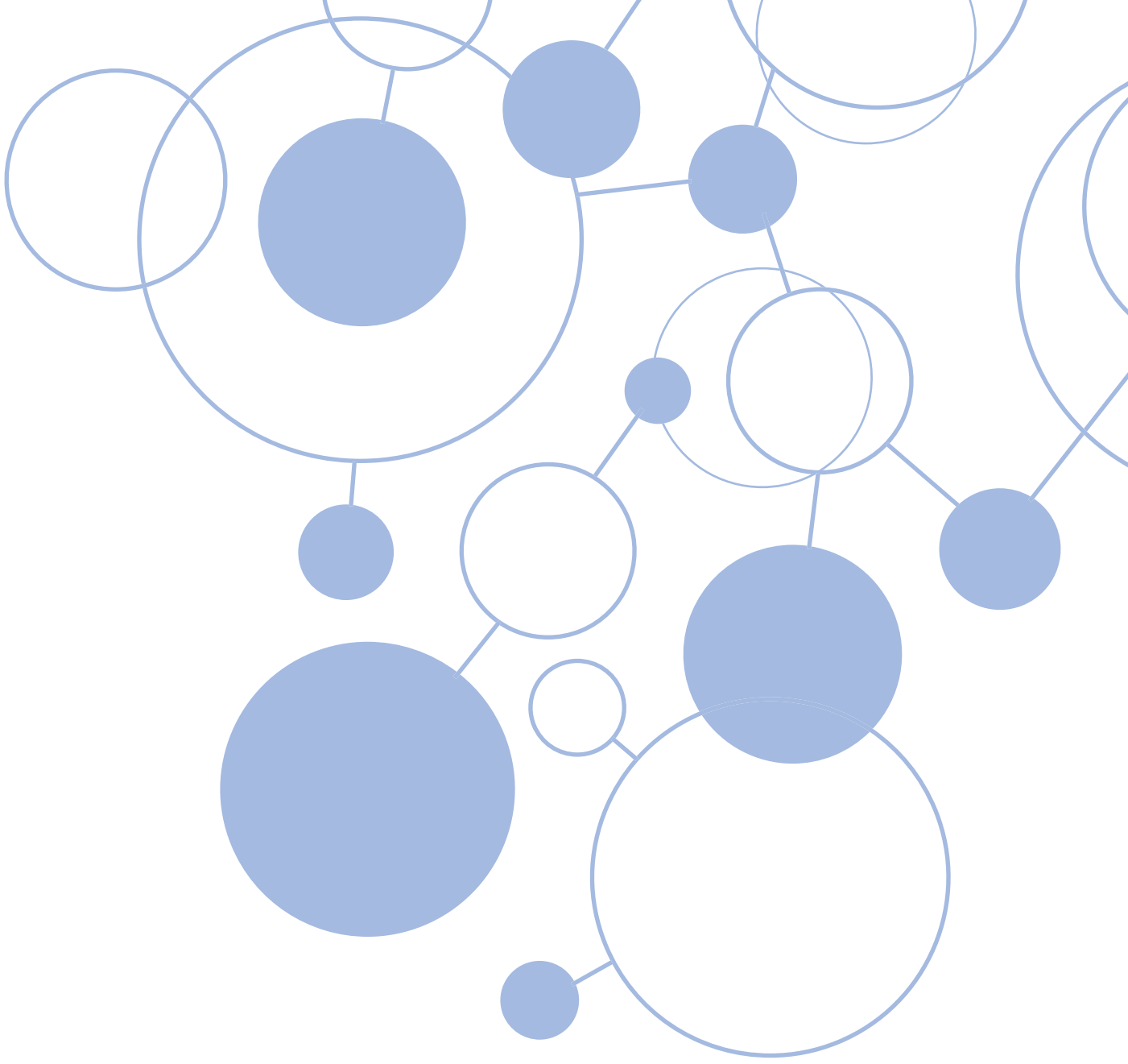
Since 1995, when the company was restructured, Alkaloid AD Skopje has regularly paid dividends to its shareholders on an annual basis. The net dividend per share for the year 2009 amounted to MKD 136.00

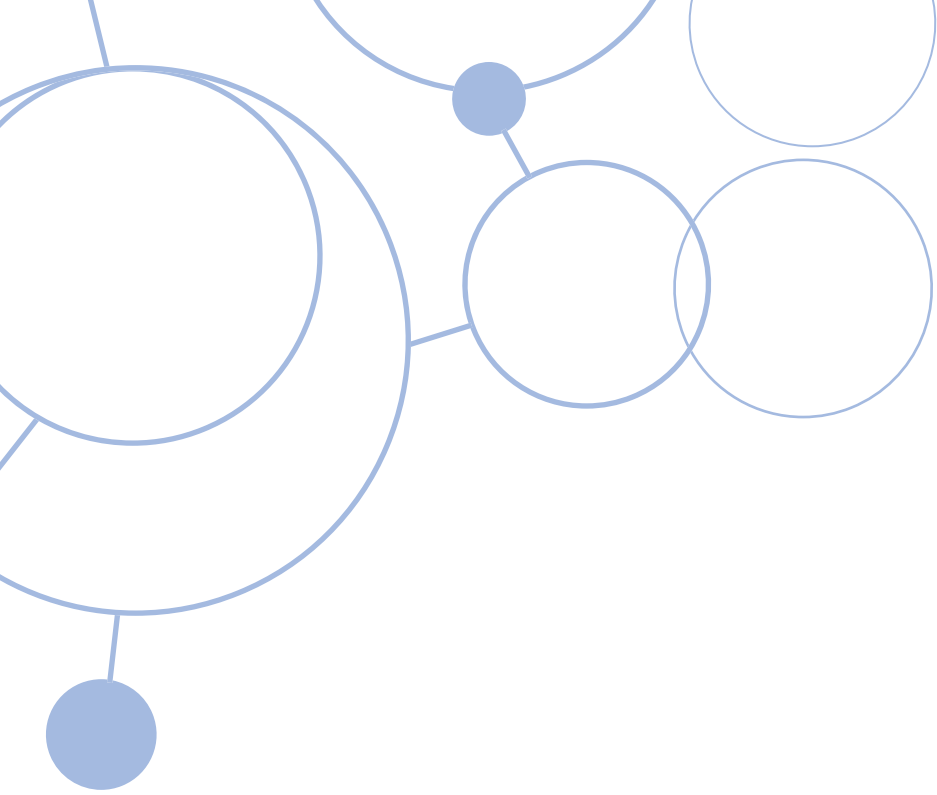
Net dividend per share (In MK Denars)

2009	2008	2007
136.00	123.00	100.00



Gjorgji Jovanov,  
Director / MB Member





# CONSOLIDATED FINANCIAL STATEMENTS



# INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements (page 3 to 38) of Alkaloid AD Skopje (hereinafter referred to as the "Parent Company") and subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 the International

Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 consolidated financial position of Alkaloid AD, Skopje and subsidiaries as at 31 December 2009, and the results of their consolidated financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Deloitte D00EL  
Skopje, Macedonia  
3 March 2010

*Deloitte doell*

## CONSOLIDATED BALANCE SHEET

(In thousands of denars)

As at 31 December			
	Notes	2009	2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment (PPE)	6	3,881,420	3,529,381
Intangible assets	7	254,770	194,179
Deferred tax assets	19	11,288	14,434
Available-for-sale financial assets	9	6,394	7,381
Investments in associate	10	-	102,450
Other non current assets	13	20,697	82,072
		<b>4,174,569</b>	<b>3,929,897</b>
<b>Current assets</b>			
Inventories	11	1,238,006	1,256,941
Trade receivables	12	1,906,001	1,417,019
Other current assets	13	171,640	175,043
Cash and cash equivalents	14	187,838	292,555
		<b>3,503,485</b>	<b>3,141,558</b>
<b>TOTAL ASSETS</b>		<b>7,678,054</b>	<b>7,071,455</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	15	2,206,548	2,206,783
Share premiums	15	734	906
Legal reserves		599,416	599,575
Other reserves	16	1,558,488	1,713,528
Retained earnings		1,904,497	1,291,739
Minority interests		1,329	1,414
		<b>6,271,012</b>	<b>5,813,945</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	17	9,753	18,636
Retirement benefit obligations	18	12,875	10,974
Deferred income tax liabilities	19	13,488	14,409
		<b>36,116</b>	<b>44,019</b>
<b>Current liabilities</b>			
Trade and other payables	20	894,980	708,214
Income taxes		16,480	41,702
Borrowings	17	459,466	463,575
		<b>1,370,926</b>	<b>1,213,491</b>
<b>Total liabilities</b>		<b>1,407,042</b>	<b>1,257,510</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,678,054</b>	<b>7,071,455</b>

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

These consolidated financial statements have been approved for issue by the Managing Board on 2 March 2010.

Approved by:

**Zhivko Mukaetov**

General Manager



**Cvetanka Simonovska**

Finance Manager



## CONSOLIDATED INCOME STATEMENT

(In thousands of denars)

Year ended 31 December			
	Notes	2009	2008
<b>Continuing operations</b>			
Sales	5	5,466,389	4,725,737
Cost of sales		(2,897,457)	(2,468,716)
<b>Gross profit</b>		<b>2,568,932</b>	<b>2,257,021</b>
Research and development expenses		(66,698)	(39,318)
Selling and marketing expenses		(1,630,263)	(1,288,937)
Administrative expenses		(246,538)	(239,209)
Provision for other liabilities and charges	21	(1,901)	-
Other income	22	238,515	289,566
Other expenses	23	(193,188)	(326,791)
<b>Operating profit</b>		<b>668,859</b>	<b>652,332</b>
Net foreign exchange transaction gains / (losses)	27	(55)	-
Finance expenses	27	(46,751)	(41,467)
<b>Profit before income tax</b>		<b>622,053</b>	<b>610,865</b>
Income tax expense	28	(63,568)	(103,994)
<b>Profit from continuing operations</b>		<b>558,485</b>	<b>506,871</b>
Profit/(Loss) from discontinued operations		-	(5,087)
<b>Profit for the year</b>		<b>558,485</b>	<b>501,784</b>
<b>Attributable to the:</b>			
Shareholders of the Parent Company		558,571	501,855
Minority interests		(86)	(71)
		<b>558,485</b>	<b>501,784</b>
<b>Earnings per share (in denars)</b>			
- Basic	29	392.55	352.66

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

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(In thousands of denars)

	Notes	Year ended 31 December	
		2009	2008
<b>Profit for the year</b>		<b>558,485</b>	<b>501,784</b>
<b>Other comprehensive income</b>			
Fair value of investments	16	13	(3,760)
Deferred tax	16	921	2,071
Gain arising on revaluation of assets	16	96,462	-
<b>Other comprehensive income, net of tax</b>		<b>97,396</b>	<b>(1,689)</b>
<b>Total comprehensive income for the year</b>		<b>655,881</b>	<b>500,095</b>

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In thousands of denars)

	Attributable to the Parent					Minority interests	Total Equity
	Share capital	Share premium	Legal reserves	Other reserves	Retained Earnings		
<b>As at 1 January 2008</b>	<b>2,212,753</b>	<b>12,299</b>	<b>600,064</b>	<b>1,689,903</b>	<b>949,610</b>	<b>1,485</b>	<b>5,466,114</b>
Purchase of treasury shares	(5,970)	(11,393)	-	-	-	-	(17,363)
Allocation of profit	-	-	(658)	24,251	(23,593)	-	-
Fair value of investments (Note 9)	-	-	-	(3,760)	-	-	(3,760)
Deferred taxes (Note 19)	-	-	-	2,071	-	-	2,071
Dividends (Note 30)	-	-	-	-	(159,038)	-	(159,038)
Profit for the year	-	-	-	-	501,855	(71)	501,784
Effect from discontinued operations	-	-	-	-	5,086	-	5,086
Translation differences	-	-	169	1,063	17,819	-	19,051
<b>As at 31 December 2008</b>	<b>2,206,783</b>	<b>906</b>	<b>599,575</b>	<b>1,713,528</b>	<b>1,291,739</b>	<b>1,414</b>	<b>5,813,945</b>
Purchase of treasury shares	(235)	(172)	-	-	-	-	(407)
Fair value of investments (Note 9)	-	-	-	13	-	-	13
Deferred taxes (Note 19)	-	-	-	921	-	-	921
Dividends (Note 30)	-	-	-	-	(195,637)	-	(195,637)
Revaluation of assets (Note 16)	-	-	-	96,462	-	-	96,462
Revaluation transfer (Note 16)	-	-	-	(99,346)	99,346	-	-
Reversal of reserve for purchase of PPE (Note 16)	-	-	-	(150,931)	150,931	-	-
Profit for the year	-	-	-	-	558,571	(86)	558,485
Translation differences	-	-	(159)	(2,159)	(453)	1	(2,770)
<b>As at 31 December 2009</b>	<b>2,206,548</b>	<b>734</b>	<b>599,416</b>	<b>1,558,488</b>	<b>1,904,497</b>	<b>1,329</b>	<b>6,271,012</b>

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

## CONSOLIDATED CASH FLOW STATEMENT

(In thousands of denars)

	Year ended 31 December	
	2009	2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	4,303,316	4,430,577
Cash paid to suppliers and employees	(3,550,528)	(3,618,053)
<b>Cash generated from operations</b>	<b>752,788</b>	<b>812,524</b>
Interest received	3,780	3,648
Income tax paid	(92,132)	(111,072)
<b>Net cash generated from operations</b>	<b>664,436</b>	<b>705,100</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(488,913)	(419,740)
Proceeds from sale of PP&E	-	461
(Purchases)/disposals of available-for-sale financial assets (Note 10)	2,059	25,261
(Repayments of)/proceeds from Bank deposits	22,006	-
Dividends received	38	560
(Repayments)/proceeds from loans to employees	(3,312)	(1,761)
<b>Net cash used in investing activities</b>	<b>(468,122)</b>	<b>(395,219)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of borrowings	1,560,955	847,866
Repayments of borrowings	(1,620,782)	(961,797)
Interest paid	(47,449)	(39,205)
Purchase of treasury shares	(407)	(17,363)
Sales of treasury shares	-	-
Compensation to shareholders	(193,987)	(158,672)
<b>Net cash provided by financing activities</b>	<b>(301,670)</b>	<b>(329,171)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(105,356)</b>	<b>(19,290)</b>
Cash and cash equivalents at beginning of year	292,555	310,756
Discontinued operations	-	315
Translation differences	639	774
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>187,838</b>	<b>292,555</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 produces and sells wide range of pharmaceutical, chemical and cosmetic products, as well as goods from herbal origin. The Parent Company have twelve subsidiaries in the Republic of Macedonia and other countries (the Group) 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 the 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:

- IFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009),
- Amendments to IFRS 4 "Insurance contracts" and IFRS 7 "Financial Instruments: Disclosures" - Improving disclosures about financial instruments (effective for annual periods beginning on or after 1 January 2009),
- Amendments to IFRS 1 "First-time Adoption of IFRS" and IAS 27 "Consolidated and Separate Financial Statements" – Cost of investment in a subsidiary, jointly-controlled entity or associate (effective for annual periods beginning on or after 1 January 2009),

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

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

- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 22 May 2008 (IAS 1, IFRS 5, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41) primarily with a view to removing inconsistencies and clarifying wording (most amendments are to be applied for annual periods beginning on or after 1 January 2009),
- Amendments to IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements” – Puttable financial instruments and obligations arising on liquidation (effective for annual periods beginning on or after 1 January 2009),
- IAS 1 (revised) “Presentation of Financial Statements” – A revised presentation (effective for annual periods beginning on or after 1 January 2009),
- IAS 23 (revised) “Borrowing Costs” (effective for annual periods beginning on or after 1 January 2009),
- Amendments to IFRS 2 “Share-based Payment” – Vesting conditions and cancellations (effective for annual periods beginning on or after 1 January 2009),
- Amendments to IFRIC 9 “Reassessment of Embedded Derivatives” and IAS 39 “Financial Instruments: Recognition and Measurement” - Embedded Derivatives (effective for annual periods ending on or after 30 June 2009),
- IFRIC 13 “Customer Loyalty Programmes” (effective for annual periods beginning on or after 1 July 2008),
- IFRIC 15 “Agreements for the Construction of Real Estate” (effective for annual periods beginning on or after 1 January 2009),
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” (effective for annual periods beginning on or after 1 October 2008),

The adoption of these amendments to the existing standards and interpretations has not led to significant changes in the Group’s accounting policies, except the adoption of IAS 1 (revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements and IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group’s reportable segments (see note 5).

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

At the date of authorisation of these 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 2013),
- IFRS 3 (revised) “Business Combinations” (effective for annual periods beginning on or after 1 July 2009),
- IFRS 1 (revised) “First-time Adoption of IFRS” (effective for annual periods beginning on or after 1 July 2009),
- Amendments to IFRS 1 “First-time Adoption of IFRS”- Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010),
- Amendments to IFRS 2 “Share-based Payment” - Group cash-settled share-based payment transactions (effective for annual periods beginning on or after 1 January 2010)

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

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

- Amendments to IAS 24 “Related Party Disclosures” - Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after 1 January 2011),
- Amendments to IAS 27 “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1 July 2009),
- Amendments to IAS 32 “Financial Instruments: Presentation” – Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010),
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” - Eligible hedged items (effective for annual periods beginning on or after 1 July 2009),
- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 16 April 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2010),
- Amendments to IFRIC 14 “IAS 19 — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction” - Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011),
- IFRIC 17 “Distributions of Non-Cash Assets to Owners” (effective for annual periods beginning on or after 1 July 2009),
- IFRIC 18 “Transfers of Assets from Customers” (effective for transfer of assets from customers received on or after 1 July 2009),
- IFRIC 19 “Extinguishing Liabilities with Equity Instruments” (effective for annual periods beginning on or after 1 July 2010).

The Group has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Group anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Group 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 entity. The cost of acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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

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

### 2.4 Subsidiaries (Continued)

The accompanying financial statements include the financial statements of the parent company Alkaloid AD Skopje and the following subsidiaries:

	2009	2008
	% of ownership	% of ownership
Alkaloid D00 Ljubljana, Slovenia	100%	100%
Alkaloid D00 Zagreb, Croatia	100%	100%
Alkaloid D00 Sarajevo, Bosnia and Herzegovina	100%	100%
Alkaloid D00 Beograd, Serbia	100%	100%
ALK&KOS Shpk Prishtina, Kosovo (Serbia)	100%	100%
Alkaloid E00D Sofia, Bulgaria	100%	100%
Alkaloid Shpk Tirana, Albania	100%	100%
Alkaloidfarm SA Fribourg, Switzerland	100%	100%
Alkaloid Kons D00EL Skopje, Macedonia	100%	100%
Alkaloid USA LLC Columbus, Ohio USA	49%	49%
Fund "Trajce Mukaetov" Skopje, Macedonia	100%	100%
000 Alkaloid RUS Moscow, Russia	100%	100%
Alkaloid D00 Podgorica, Montenegro	100%	100%

The investment in Alkaloid USA LLC Columbus, Ohio USA is the equity share of 49 %, but the Parent Company exercises control.

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

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

### 2.5 Investment in associate

An associate is an enterprise over which the Company is in position to exercise significant influence, but not control, though participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

### 2.6 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.

### 2.7 Leasing

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

### 2.8 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 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 for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.9 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 valuers, 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.

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 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 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 balance sheet 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.



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

### 2.10 Intangibles

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 years).

Research expenditure is recognized as an expense as incurred. Internal development costs are recognized as intangible assets when it is probable that future economic benefits will flow to the Group and costs can be measured reliably. The Group considers that regulatory and other uncertainties inherent in the development of new products mean that such criteria are not met until the commercial launch of the product and therefore, pre-launch internal development costs are expensed as incurred. No significant direct development costs are incurred after the commercial launch.

### 2.11 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.

### 2.12 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.

#### 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 2.14)

#### 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 balance sheet 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.

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

### 2.12 Financial assets (Continued)

#### Available-for-sale financial assets (Continued)

Gains or losses arising from changes in the fair value of the available-for-sale financial assets are presented in the equity and 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 income statement. Dividends on available-for-sale equity instruments are recognized in the 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 income statement. Method for evaluation of impairment of trade receivables is explained in Note 2.14.

### 2.13 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.

### 2.14 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 statement of comprehensive income within 'selling and marketing costs'.

### 2.15 Cash and cash equivalents

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

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

### 2.16 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 is 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.

### 2.17 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 balance sheet date.

### 2.18 Deferred 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 profit reported in the statement of comprehensive income, 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.

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.19 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 balance sheet 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.

#### Termination benefits

Termination benefits are payable when employment is 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.

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

### 2.21 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 entity 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.

#### Dividend income

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

### 2.22 Dividends

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

### 2.23 Comparative figures

In order to maintain consistency with the current year presentation, where appropriate certain items have been reclassified for comparative purposes. Such reclassifications, however, have not resulted in significant changes of the content and format of the financial information as presented in the accompanying consolidated financial statements.

### 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 wholesale sales of products are made to customers with an appropriate credit history. Trade receivables consist of large number of balances. The Group has policies that limit the amount of credit exposure.

#### Liquidity risk

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

#### Interest risk

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

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

#### 3.2 Fair value estimation

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at 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 makes 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.

## 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.

## 5. SEGMENT REPORTING

### Reportable segments - Products

At 31 December 2009, the Group is organized on a world-wide 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

Segment information reported to the Management board is based on products and category of customers. The segment information by product are 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 denars)

	Segment revenue		Segment operating profit	
	2009	2008	2009	2008
Pharmaceutical products	4,593,584	3,955,402	637,396	671,181
Chemical products	145,692	119,648	3,208	(22,490)
Cosmetic products	554,115	487,637	20,594	15,130
Botanical products	172,998	163,050	7,747	(11,418)
<b>Total</b>	<b>5,466,389</b>	<b>4,725,737</b>	<b>668,945</b>	<b>652,403</b>
Minority interest			(86)	(71)
Finance costs			(46,806)	(41,467)
<b>Profit before tax</b>			<b>622,053</b>	<b>610,865</b>
Income tax expense			(63,568)	(103,994)
<b>Profit from continuing operations</b>			<b>558,485</b>	<b>506,871</b>
Discontinuing loss			-	(5,087)
<b>Profit for the year</b>			<b>558,485</b>	<b>501,784</b>

Revenue reported above represents revenue generated from external customers.

## Segment assets and liabilities

(In thousands of denars)

Segment assets	2009	2008
Pharmaceutical products	6,542,575	6,008,013
Chemical products	312,195	320,618
Cosmetic products	489,368	437,599
Botanical products	333,916	305,225
<b>Total assets</b>	<b>7,678,054</b>	<b>7,071,455</b>
Segment liabilities	2009	2008
Pharmaceutical products	1,211,433	1,093,039
Chemical products	43,316	53,634
Cosmetic products	105,241	84,370
Botanical products	47,052	26,467
<b>Total liabilities</b>	<b>1,407,042</b>	<b>1,257,510</b>



## 5. SEGMENT REPORTING (Continued)

### Other segment information

(In thousands of denars)

	Depreciation and amortization		Addition to non-current assets	
	2009	2008	2009	2008
Pharmaceutical products	228,656	191,992	571,001	372,833
Chemical products	9,173	9,313	8,291	5,821
Cosmetic products	14,200	15,144	2,605	8,010
Botanical products	11,451	13,534	2,338	5,681
<b>Total</b>	<b>263,480</b>	<b>229,983</b>	<b>584,235</b>	<b>392,345</b>

### Geographical information

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

(In thousands of denars)

	Revenue from external customers		Non-current assets	
	2009	2008	2009	2008
Republic of Macedonia	2,237,773	1,780,221	4,090,933	3,690,725
Serbia	855,706	930,998	2,526	1,638
Croatia	600,944	495,411	12,012	12,491
Bosnia and Herzegovina	595,222	546,917	5,019	4,259
Other countries	1,176,744	972,190	25,700	14,447
<b>Total</b>	<b>5,466,389</b>	<b>4,725,737</b>	<b>4,136,190</b>	<b>3,723,560</b>

Non-current assets including PPE and Intangible assets.

## 5. SEGMENT REPORTING (Continued)

### 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 Cosmological products, there is one major customer with participation of 13.2 % (2008 12.9 %) in direct sales.

In the sales of Chemical products, there is one major customer with participation of 29.7 % (2008 31.6 %) in direct sales.

In the sales of Botanical products, there is one major customer with participation of 18.2 % (2008 20.1 %) in direct sales.

(In thousands of denars)

Sales by category	2009	2008
Sales of goods	4,637,067	4,223,061
Sales of commodities	775,715	494,806
Revenue from services	39,209	5,094
Other revenue	14,398	2,776
	<b>5,466,389</b>	<b>4,725,737</b>

## 6. PROPERTY, PLANT AND EQUIPMENT

(In thousands of denars)

	Land	Buildings	Equipment	Construction in progress	Total
<b>Cost or valuation</b>					
<b>At 1 January 2008</b>	<b>853,342</b>	<b>3,244,082</b>	<b>1,377,791</b>	<b>126,737</b>	<b>5,601,952</b>
Additions	23,794	-	16,137	302,730	342,661
Transfer from construction in progress	-	49,055	115,770	(164,825)	-
Disposals	-	(108,423)	(39,071)	(85,098)	(232,592)
Translation differences	-	(49)	(932)	-	(981)
<b>At 31 December 2008</b>	<b>877,136</b>	<b>3,184,665</b>	<b>1,469,695</b>	<b>179,544</b>	<b>5,711,040</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2008</b>	<b>-</b>	<b>1,420,643</b>	<b>608,045</b>	<b>-</b>	<b>2,028,688</b>
Depreciation charge	-	50,104	152,938	-	203,042
Disposals	-	(39,333)	(9,928)	-	(49,261)
Translation differences	-	(5)	(805)	-	(810)
<b>At 31 December 2008</b>	<b>-</b>	<b>1,431,409</b>	<b>750,250</b>	<b>-</b>	<b>2,181,659</b>
<b>Net book value</b>					
<b>At 31 December 2008</b>	<b>877,136</b>	<b>1,753,256</b>	<b>719,445</b>	<b>179,544</b>	<b>3,529,381</b>

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

(In thousands of denars)

	Land	Buildings	Equipment	Construction in progress	Total
<b>Cost or valuation</b>					
<b>At 1 January 2009</b>	<b>877,136</b>	<b>3,184,665</b>	<b>1,469,695</b>	<b>179,544</b>	<b>5,711,040</b>
Additions	-	76,920	15,095	390,847	482,862
Transfer from construction in progress	-	127,401	411,205	(538,606)	-
Disposals	-	(3,329)	(10,477)	(1,853)	(15,659)
Revaluation	40,784	(1,415,133)	-	-	(1,374,349)
Translation differences	-	(22)	(378)	-	(400)
<b>At 31 December 2009</b>	<b>917,920</b>	<b>1,970,502</b>	<b>1,885,140</b>	<b>29,932</b>	<b>4,803,494</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2009</b>	<b>-</b>	<b>1,431,409</b>	<b>750,250</b>	<b>-</b>	<b>2,181,659</b>
Depreciation charge	-	75,985	148,596	-	224,581
Disposals	-	(2,956)	(9,653)	-	(12,609)
Revaluation	-	(1,470,811)	-	-	(1,470,811)
Translation differences	-	(6)	(740)	-	(746)
<b>At 31 December 2009</b>	<b>-</b>	<b>33,621</b>	<b>888,453</b>	<b>-</b>	<b>922,074</b>
<b>Net book value</b>					
<b>At 31 December 2009</b>	<b>917,920</b>	<b>1,936,881</b>	<b>996,687</b>	<b>29,932</b>	<b>3,881,420</b>

The land with surface of 304,358 m<sup>2</sup>, which in accordance with the latest title deeds issued by DZGR is granted for permanent usage and governing of Alkaloid AD, Skopje, is currently in procedure of transformation in accordance with the Bylaw on the manner and procedure for alienation of construction land ownership of Republic of Macedonia [Official Gazette of RM 31/2003] and the Law for privatization and lease of construction land in state property [Official Gazette of RM 4/2005].

Land and buildings were revaluated on 31 December 2009 by independent valuer. The revaluation surplus/deficit was credited/debited to other reserves in shareholders equity [Note 16]. The revaluation methods used are: market value, cost method and discounted cash flow.

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

The historical cost of Property, plant and equipment is as follows:

(In thousands of denars)

Property, plant and equipment	2009	2008
Land	51,058	51,058
Buildings	1,705,677	1,645,010
Equipment	932,620	658,893
Construction in progress	29,932	179,544
<b>Net book value</b>	<b>2,719,287</b>	<b>2,534,505</b>

## 7. INTANGIBLES

(In thousands of denars)

	Trademarks and licenses	Software	Other intangibles assets	Construction in progress	Total
<b>Cost or valuation</b>					
<b>At 1 January 2008</b>	<b>32,716</b>	<b>109,832</b>	<b>10,236</b>	<b>47,738</b>	<b>200,522</b>
Additions	13	142	-	49,529	49,684
Transfer from construction in progress	22,148	4,640	745	(27,533)	-
Translation differences	-	13	-	527	540
<b>At 31 December 2008</b>	<b>54,877</b>	<b>114,627</b>	<b>10,981</b>	<b>70,261</b>	<b>250,746</b>
<b>Accumulated amortization</b>					
<b>At 1 January 2008</b>	<b>2,263</b>	<b>14,040</b>	<b>10,236</b>	<b>-</b>	<b>26,539</b>
Charge for the year	7,961	21,978	87	-	30,026
Translation differences	-	2	-	-	2
<b>At 31 December 2008</b>	<b>10,224</b>	<b>36,020</b>	<b>10,323</b>	<b>-</b>	<b>56,567</b>
<b>Net book value as at 31 December 2008</b>	<b>44,653</b>	<b>78,607</b>	<b>658</b>	<b>70,261</b>	<b>194,179</b>
<b>Cost or valuation</b>					
<b>At 1 January 2009</b>	<b>54,877</b>	<b>114,627</b>	<b>10,981</b>	<b>70,261</b>	<b>250,746</b>
Additions	9,135	585	185	91,468	101,373
Transfer from construction in progress	56,312	7,068	1,646	(65,026)	-
Disposals	(116)	-	-	(1,740)	(1,856)
Translation differences	-	(58)	1	-	(57)
<b>At 31 December 2009</b>	<b>120,208</b>	<b>122,222</b>	<b>12,813</b>	<b>94,963</b>	<b>350,206</b>
<b>Accumulated amortization</b>					
<b>At 1 January 2009</b>	<b>10,224</b>	<b>36,020</b>	<b>10,323</b>	<b>-</b>	<b>56,567</b>
Charge for the year	15,859	22,750	290	-	38,899
Disposals	(28)	-	-	-	(28)
Translation differences	1	(3)	-	-	(2)
<b>At 31 December 2009</b>	<b>26,056</b>	<b>58,767</b>	<b>10,613</b>	<b>-</b>	<b>95,436</b>
<b>Net book value as at 31 December 2009</b>	<b>94,152</b>	<b>63,455</b>	<b>2,200</b>	<b>94,963</b>	<b>254,770</b>

Intangibles consist of trademarks and licenses and implementation of software (SAP).

## 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 denars)

	2009	2008
Debt	469,219	482,211
Cash and cash equivalents	(187,838)	(292,555)
Net debt	281,381	189,656
Equity	6,271,012	5,813,945
Net debt to equity ratio	4.49 %	3.26 %

### 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 denars)

	Liabilities		Assets	
	2009	2008	2009	2008
EUR	336,279	272,500	1,260,656	1,168,206
USD	47,469	9,316	53,302	67,110
CHF	6,833	22,924	2,210	5,449
Other currencies	49,114	31,748	224,570	214,160

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 denars)

	Increase of 10% in MKD		Decrease of 10% in MKD	
	2009	2008	2009	2008
EUR	(92,438)	(89,571)	92,438	89,571
USD	(583)	(5,779)	583	5,779
CHF	462	1,747	(462)	(1,747)
Other currencies	(17,545)	(18,241)	17,545	18,241
<b>Profit and loss and equity</b>	<b>(110,104)</b>	<b>(111,844)</b>	<b>110,104</b>	<b>111,844</b>

The Group's sensitivity to foreign currency has decreased during the current period mainly due to combine effect of increase of foreign trade receivables and foreign trade payables and decrease of borrowings.



## 8. FINANCIAL INSTRUMENTS (Continued)

### Interest rate risk

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

The sensitivity analyses below have 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 an increase in profit and equity, and negative number below indicates a decrease.

(In thousands of denars)

	Increase of 10%		Decrease of 10%	
	2009	2008	2009	2008
Borrowings	4,675	4,146	(4,675)	(4,146)
<b>Profit and loss and equity</b>	<b>(4,675)</b>	<b>(4,146)</b>	<b>4,675</b>	<b>4,146</b>

If interest rates had been 10% higher the Group's profit for the year ended 31 December 2009 and retained earnings would decrease by MKD 4,675 thousand and opposite if

interest rates had been 10% lower the Group's profit for the year ended 31 December 2009 and retained earnings would increase by MKD 4,675 thousand.

## 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 denars)

2009	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade payables	338,793	196,074	145,560	9,280	689,707
Borrowings	26,057	357,097	79,115	6,950	469,219
	<b>364,850</b>	<b>553,171</b>	<b>224,675</b>	<b>16,230</b>	<b>1,158,926</b>
2008	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade payables	440,165	65,678	49,651	-	555,494
Borrowings	-	57,574	406,001	18,636	482,211
	<b>440,165</b>	<b>123,252</b>	<b>455,652</b>	<b>18,636</b>	<b>1,037,705</b>

## 8. FINANCIAL INSTRUMENTS (Continued)

### Liquidity risk (Continued)

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

(In thousands of denars)

2009	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade and other receivables	1,013,260	693,991	187,782	10,968	1,906,001
Available-for-sale financial assets	-	-	-	6,394	6,394
	<b>1,013,260</b>	<b>693,991</b>	<b>187,782</b>	<b>17,362</b>	<b>1,912,395</b>
2008	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade and other receivables	670,537	692,924	53,558	-	1,417,019
Available-for-sale financial assets	-	-	-	7,381	7,381
	<b>670,537</b>	<b>692,924</b>	<b>53,558</b>	<b>7,381</b>	<b>1,424,400</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 denars)

	2009	2008
<b>At 1 January</b>	<b>7,381</b>	<b>9,922</b>
Reclassification	-	-
Additions	1,766	30,586
Disposals	(2,740)	(29,367)
Fair value adjustment	(13)	(3,760)
<b>At 31 December</b>	<b>6,394</b>	<b>7,381</b>
<b>Available-for-sale financial assets consist of:</b>		
	<b>2009</b>	<b>2008</b>
Available-for-sale financial assets in non quoted companies	3,423	2,413
Available-for-sale financial assets in quoted companies	1,259	3,256
Available-for-sale financial assets in bonds	1,712	1,712
<b>Available-for-sale financial assets in non related parties</b>	<b>6,394</b>	<b>7,381</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 consider that cost approximates their fair value.

## 10. INVESTMENTS IN ASSOCIATE

The investment in Alkaloid Premazi D00 Skopje, is disposed off in 2009. The effect of disposal is presented in Note 23.

## 11. INVENTORIES

(In thousands of denars)

	2009	2008
Raw materials	508,723	557,716
Spare parts	1,540	2,019
Tools and consumable stores	2,547	4,267
Work in progress	191,120	180,189
Finished goods	404,939	405,825
Commodities	129,137	106,925
	<b>1,238,006</b>	<b>1,256,941</b>

## 12. TRADE RECEIVABLES

(In thousands of denars)

	2009	2008
Trade receivables	2,041,476	1,538,276
Less: provision for impairment of receivables	(135,475)	(121,257)
Trade receivables - net	1,906,001	1,417,019
Changes in the provision are as follows:		
	<b>2009</b>	<b>2008</b>
<b>At 1 January</b>	<b>121,257</b>	<b>189,733</b>
Provision for the year	84,724	29,789
Collected bad and doubtful debts	(70,506)	(98,265)
<b>At 31 December</b>	<b>135,475</b>	<b>121,257</b>
Ageing of impaired trade receivables are as follows		
	<b>2009</b>	<b>2008</b>
Up to 1 year	51,342	20,818
Over 1 year	84,133	100,439
<b>At 31 December</b>	<b>135,475</b>	<b>121,257</b>

### 13. OTHER CURRENT ASSETS

(In thousands of denars)

	2009	2008
Prepayments	35,781	101,451
Receivables from employees	16,805	33,295
Prepaid VAT	44,198	56,308
Other receivables	95,553	66,061
Less: non-current portion	(20,697)	(82,072)
	<b>171,640</b>	<b>175,043</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 denars)

	2009	2008
Other assets	20,697	82,072

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

	2009	2008
	5.35%	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.

### 14. CASH AND CASH EQUIVALENTS

(In thousands of denars)

	2009	2008
Cash at banks	175,604	286,322
Cash in hands	6,429	4,816
Other	5,805	1,417
	<b>187,838</b>	<b>292,555</b>

## 15. SHARE CAPITAL

(In thousands of denars)

	Number of shares	Ordinary shares	Treasury shares	Total	Share premium
<b>At 1 January 2008</b>	<b>1,426,599</b>	<b>2,220,127</b>	<b>(7,374)</b>	<b>2,212,753</b>	<b>12,299</b>
Treasury shares purchased	(3,812)	-	(5,970)	(5,970)	(11,393)
Sale of treasury shares	59	-	-	-	-
<b>At 31 December 2008</b>	<b>1,422,846</b>	<b>2,220,127</b>	<b>(13,344)</b>	<b>2,206,783</b>	<b>906</b>
Treasury shares purchased	(150)	-	(235)	(235)	(172)
Sale of treasury shares	-	-	-	-	-
<b>At 31 December 2009</b>	<b>1,422,696</b>	<b>2,220,127</b>	<b>(13,579)</b>	<b>2,206,548</b>	<b>734</b>

The total authorized number of ordinary shares is 1,431,353 with a par value of EUR 25.56 (MKD 1,551) per share. All issued shares are fully paid.

During 2009, the Parent Company acquired 150 its own shares through Macedonian stock exchange and held as treasury shares. From the total portion of treasury shares 8,657 are still treasury shares. The number of 3,287 shares are reserved for former proprietors.

## 16. OTHER RESERVES

(In thousands of denars)

	Property, plant and equipment	Available for-sale investments	Fund for shares	Reserves for purchase of PPE	Total
<b>At 1 January 2008</b>	<b>1,314,885</b>	<b>2,700</b>	<b>245,638</b>	<b>126,680</b>	<b>1,689,903</b>
Allocation of profit	-	-	-	24,251	24,251
Revaluation	-	(3,760)	-	-	(3,760)
Deferred tax	2,071	-	-	-	2,071
Translation differences	1,063	-	-	-	1,063
<b>At 31 December 2008</b>	<b>1,318,019</b>	<b>(1,060)</b>	<b>245,638</b>	<b>150,931</b>	<b>1,713,528</b>
Reversal of reserves	-	-	-	(150,931)	(150,931)
Revaluation (Note 6)	96,462	-	-	-	96,462
Revaluation transfer	(99,346)	-	-	-	(99,346)
Increase	-	13	-	-	13
Deferred tax	921	-	-	-	921
Translation differences	(2,159)	-	-	-	(2,159)
<b>At 31 December 2009</b>	<b>1,313,897</b>	<b>(1,047)</b>	<b>245,638</b>	<b>-</b>	<b>1,558,488</b>

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 PPE. These reserves are not distributable to shareholders. Revaluation transfer in amount of Denars 99,346 thousands relates to elimination of revaluation reserves of PPE that has been disposed or written off in the current and previous years.
- 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 is distributable to shareholders if not utilized.
- Reserve for purchase of property, plant and equipment was mandatory under the Income tax Law until 2008 and is reversed based on change in the Law in 2009.



## 17. BORROWINGS

(In thousands of denars)

	2009	2008
Non-current borrowings	9,753	18,636
Current borrowings	459,466	463,575
	<b>469,219</b>	<b>482,211</b>

The maturity of the borrowings is as follows:

(In thousands of denars)

	2009	2008
Up to 1 year	459,466	463,575
Between 1 to 3 years	9,753	18,636
Over 3 years	-	-
	<b>469,219</b>	<b>482,211</b>

The borrowings are denominated in following currencies:

(In thousands of denars)

	2009	2008
EUR	23,419	65,282
USD	1,008	-
MKD	441,681	416,929
Other	3,111	-
	<b>469,219</b>	<b>482,211</b>

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

(In %)

	2009		2008	
	EUR	MKD	EUR	MKD
	3 months EURIBOR		3 months EURIBOR	
Interest rates	+2 %	8 % – 10 %	+3 %	5 % – 7.5 %

## 18. RETIREMENT BENEFITS

(In thousands of denars)

	2009	2008
<b>Retirement benefits</b>	<b>12,875</b>	<b>10,974</b>

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

The amounts recognized in the Income statement are as follows:

(In thousands of denars)

	2009	2008
Beginning of the year	10,974	8,666
Increase in calculation	2,099	2,717
Retirement benefits	(198)	(409)
Actuarial (gains)/losses	-	-
<b>At 31 December</b>	<b>12,875</b>	<b>10,974</b>

Actuarial gain results from changes of assumptions and decrease of legal requirements for payments of retirement benefits from three to two monthly average net salaries.

The principal actuarial assumptions used were as follows:

(In %)

	2009	2008
<b>Discount rate</b>	<b>7.07 %</b>	<b>9.0 %</b>

## 19. DEFERRED INCOME TAX

(In thousands of denars)

	2009	2008
Deferred income tax assets	(11,288)	(14,434)
Deferred income tax liabilities	13,488	14,409
	<b>2,200</b>	<b>(25)</b>

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

(In thousands of denars)

	2009	2008
At 1 January	(25)	3,331
Income tax in income statement	3,146	(1,285)
Income tax in equity	(921)	(2,071)
<b>At 31 December</b>	<b>2,200</b>	<b>(25)</b>

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

(In thousands of denars)

	Provisions	Accruals	Fair value	Total
<b>At 1 January 2008</b>	<b>(12,109)</b>	<b>(1,040)</b>	<b>16,480</b>	<b>3,331</b>
Charged to Income statement	(1,227)	(58)	-	(1,285)
Charged to equity	-	-	(2,071)	(2,071)
<b>At 31 December 2008</b>	<b>(13,336)</b>	<b>(1,098)</b>	<b>14,409</b>	<b>(25)</b>
Charged to Income statement	13,336	(10,190)	-	3,146
Charged to equity	-	-	(921)	(921)
<b>At 31 December 2009</b>	<b>-</b>	<b>(11,288)</b>	<b>13,488</b>	<b>2,200</b>

(In thousands of denars)

	2009	2008
Land and buildings	(921)	(2,071)
	<b>(921)</b>	<b>(2,071)</b>

## 20. TRADE AND OTHER PAYABLES

(In thousands of denars)

	2009	2008
Trade payables	689,707	555,494
Customer's prepayments	8,101	33,205
Payables to employees	71,430	55,341
Dividends	7,876	7,434
Interest	572	57
Other payables and accrued expenses	117,294	56,683
	<b>894,980</b>	<b>708,214</b>

## 21. PROVISION FOR OTHER LIABILITIES AND CHARGES

(In thousands of denars)

	2009	2008
Provision for retirement benefits	1,901	-
	<b>1,901</b>	<b>-</b>

## 22. OTHER INCOME

(In thousands of denars)

	2009	2008
Collected written-off receivables	70,506	98,265
Dividends income	38	38
Interest income	2,458	3,957
Foreign exchange transaction gains	104,296	142,276
Other income	61,217	45,030
	<b>238,515</b>	<b>289,566</b>

## 23. OTHER EXPENSES

(In thousands of denars)

	2009	2008
Interest expenses	992	300
Foreign exchange transaction loss	104,049	175,677
Effect of disposal of associate (note 10)	21,129	118,225
Other expenses	67,018	32,589
	<b>193,188</b>	<b>326,791</b>

## 24. EXPENSES BY NATURE

(In thousands of denars)

	2009	2008
Raw materials	1,356,665	1,320,848
Employee benefit expense	1,216,119	993,667
Depreciation and amortization	263,480	229,983
Energy	119,413	144,904
Impairments	84,724	29,789
Transportation	65,318	77,208
Changes in the inventories	(45,496)	(158,322)
Cost of commodities	657,389	419,561
Other expenses	1,123,344	978,542
	<b>4,840,956</b>	<b>4,036,180</b>

## 25. EMPLOYEE BENEFIT EXPENSE

(In thousands of denars)

	2009	2008
Gross salaries	899,138	789,943
Other employees benefits	316,981	203,724
	<b>1,216,119</b>	<b>993,667</b>
<b>Average number of employees</b>	<b>1,204</b>	<b>1,148</b>

## 26. 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 denars)

	2009	2008
Minimum operating leasing	18,407	3,868
	<b>18,407</b>	<b>3,868</b>
<b>Future non-cancellable obligations</b>	<b>2009</b>	<b>2008</b>
Up to 1 year	19,698	4,961
Between 2 to 5 years	40,292	15,977
Over 5 years	-	-
	<b>59,990</b>	<b>20,938</b>

## 27. FINANCE COSTS

(In thousands of denars)

	2009	2008
Net foreign exchange transaction gains/(losses) on borrowings	(55)	-
Interest expense on borrowings	(46,751)	(41,467)
	<b>(46,806)</b>	<b>(41,467)</b>

## 28. INCOME TAX

(In thousands of denars)

	2009	2008
Current income tax	60,422	105,279
Deferred income tax (Note 19)	3,146	(3,072)
Effect of change of income tax rate	-	1,787
	<b>63,568</b>	<b>103,994</b>

## 28. 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 denars)

	2009	2008
<b>Profit before tax</b>	<b>622,053</b>	<b>610,865</b>
Tax calculated at applicable tax rate	8,996	61,086
Income not subject to tax	-	(4)
Expenses not deductible for tax purposes	56,266	63,333
Tax allowances	(4,840)	(15,093)
Utilization of previous tax credit	3,146	(7,115)
Effect of change of income tax rate	-	1,787
Discontinued operations	-	-
	<b>63,568</b>	<b>103,994</b>

As a result of the anti-crisis measures, Income tax law in the Republic of Macedonia was amended in 2009, where- as 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.

## 29. EARNING PER SHARE

(In denars)

	2009	2008
Profit attributable to shareholders (denars)	558,485,271	501,784,231
Average number of shares	1,422,696	1,422,846
<b>Basic earnings per share (in denars)</b>	<b>392.55</b>	<b>352.66</b>

## 30. DIVIDENDS PER SHARE

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

The dividends approved by shareholders on 16 April 2009 were Denars 195,637 thousand. Approved dividends in 2009 in respect of 2008 are paid and retained earnings are appropriately decreased.

### 31. COMMITMENTS

Capital expenditures contracted for acquisition of property, plant and equipment at balance sheet date but not yet incurred are in amount of Denar 18,738 thousand; (2008: Denar 10,646 thousand).

### 32. CONTINGENCIES

The Group has contingent liabilities with respect to issued guaranties to third parties in the amount of Denar 26,005 thousand (2008: Denar 25,609 thousand).

### 33. RELATED PARTY TRANSACTIONS

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

#### Key management compensations

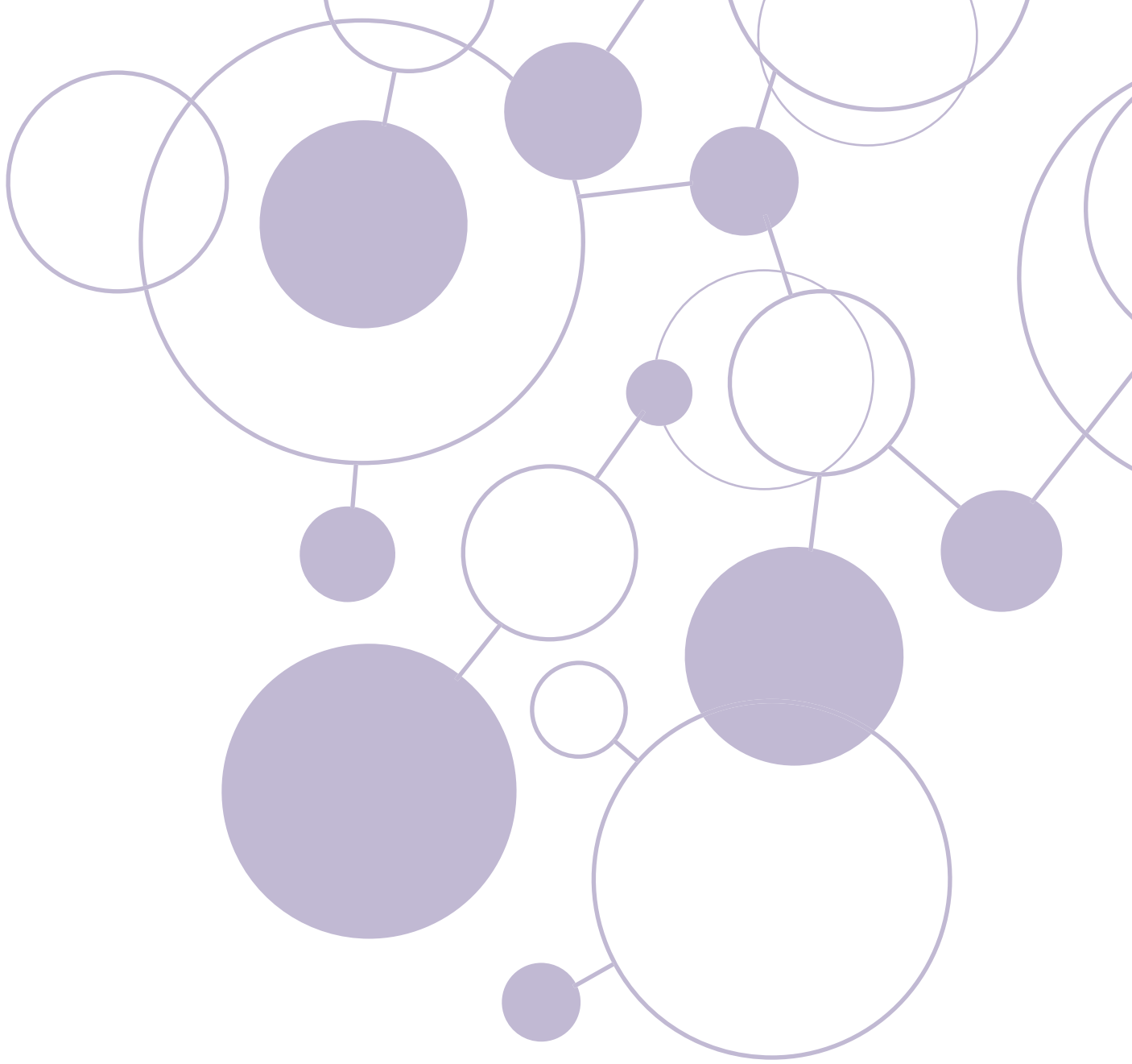
No compensations were paid to the Management Board members. In 2009, the amount of Denars 3,391 thousand were paid to the Supervision Board members (2008: Denar 3,341 thousand). Total key management compensations amounting MKD'000 192,612 (2008 MKD'000 157,486)

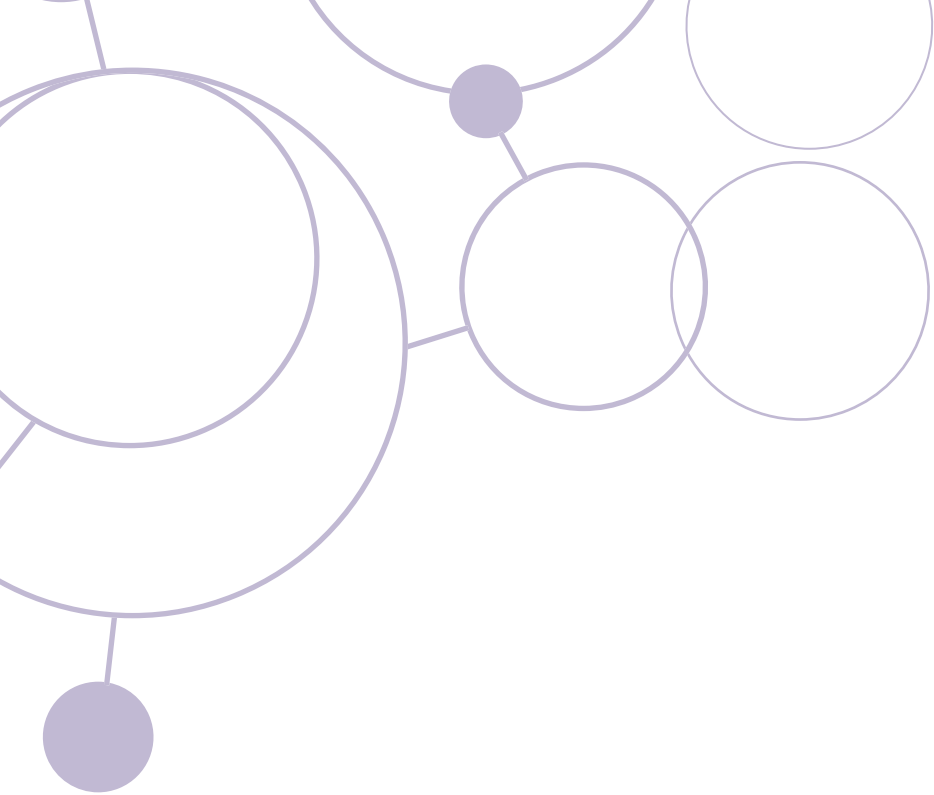
### 34. POST BALANCE SHEETS EVENTS

#### Changes in the Labor law and Law for social security

In accordance with the changes in the Labour Law and the Law for social security in the Republic of Macedonia, starting from 1 January 2009 the concept of gross salaries was introduced. Also, the rate of social contributions is decreased from 28.4% in 2009 to 27% in 2010. Further the rate will decrease to 22.5% in 2011.







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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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