

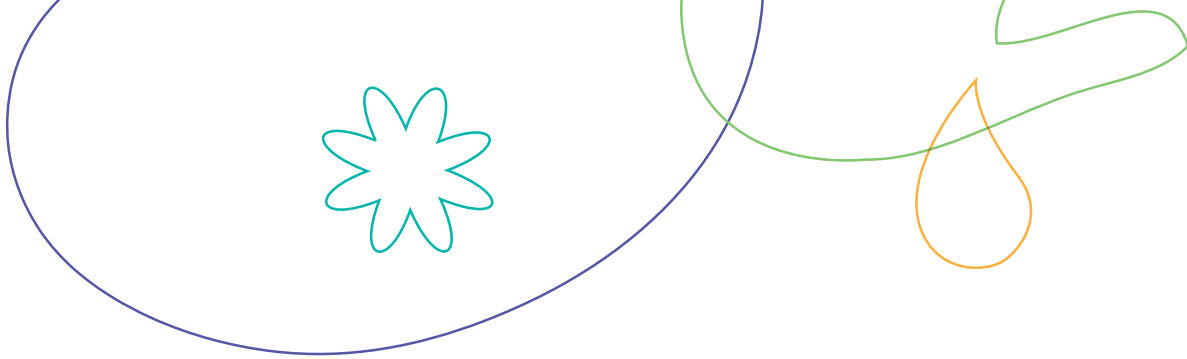


health 
above all

annual report 2011



ALKALOID
SKOPJE





Key Financial Indicators	7
Highlights 2011	8
Organizational Chart	10
Supervisory Board	12
Management Board	16
Corporate Information	20
PC Pharmaceuticals	64
PC Chemistry, Cosmetics and Botanicals	94
Finances and Shareholding	112
Consolidated Financial Report	120
Contacts / Subsidiaries	168

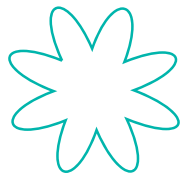


KEY FINANCIAL INDICATORS

	(In 000 MKD)		
	Amount	Amount	Index
	2011	2010	11/10
Total Revenues	7.048.740	6.172.281	114,20
Sales	6.738.068	5.934.328	113,54
Gross Profit	3.289.554	2.965.716	110,92
Operating Profit	716.647	671.183	106,77
Profit Before Tax	662.195	628.718	105,32
Net Profit	616.253	574.339	107,30
Total Assets	8.788.445	8.187.723	107,34
Equity	6.954.696	6.597.395	105,42
Net Cash Flow	39.138	(38.152)	-
Investments in Assets (PPE&IA)	578.948	333.729	173,48
Average Number of Employees	1.338	1.289	103,80
Sales per Employee	5.036	4.604	109,39
Current Ratio	2,49	2,72	91,54
Long-term Debt	0,9%	1,0%	86,59
ROE Return on Equity	8,86	8,71	101,72
EPS Basic Earnings per Share (In MKD)	433,20	403,70	107,31
DPS Dividend per Share (In MKD)	160,00	150,00	106,67
Total Number of Shares	1.431.353	1.431.353	100,00
1 EUR/1 MKD (Average)	61,5289	61,5150	100,02

FINANCIAL HIGHLIGHTS

	Amount	Amount	Index
	2011	2010	11/10
Total Revenues	114.560	100.338	114,17
Sales	109.511	96.470	113,52
EBIT Earning Before Interest and Taxes	11.647	10.911	106,75
Net Profit	10.016	9.337	107,27
EPS Earnings per Share	7,04	6,56	107,28



On 15 August 2011, Alkaloid marked the diamond jubilee, **75 years** of its establishment.

As a part of the anniversary milestones, **Becutan** collection got a brand new image

On 3 September 2011, Alkaloid organized a **humanitarian event** for its employees. The funds raised through Foundation “Trajche Mukaetov”, were donated to the Oncology Department of the Pediatric Clinic at the Clinical Centre in Skopje. Later on, on **20 September 2011**, the Company marked its anniversary with a gala reception attended by the company associates and business partners from the country and abroad, high governmental officials and close collaborators.

In November 2011 Alkaloid was granted the 2010 **National corporate social responsibility award** by the National Corporate Social Responsibility Coordination Body (NCSRBC)

The CEO/MB President of the Company was granted the award **MK Business Leader** by the European Business Association

“Trajche Mukaetov” Foundation granted 40 new scholarships to undergraduate students of the Faculty of Pharmacy and Faculty of Medicine at “Sts Cyril and Methodius” University in Skopje. The Foundation also awarded the valedictorians of the academic 2010/2011 of both Faculties with one-off premium

Alkaloid took active participation in **Summit100**, organization dedicated to strengthening the competitiveness of the regional economies (Balkans and SEE in general)

Alkaloid took active participation in the campaigns for **fight against breast cancer**

In December 2011, a **new subsidiary in Serbia** started operating: Alkaloid Wholesale Company LTD, an investment worth EUR 125.000. Additional EUR 380.000 were invested in control laboratory equipment for the production facility in Belgrade.

HIGHLIGHTS 2011

In connection with Alkaloid's operations on the US market, **the Ambassador of the United States to the Republic of Macedonia, H.E. Mr. Paul D. Wohlers** visited the production facilities of the company.

In January 2012, the **President of the Republic of Macedonia, H.E. d-r Gjorge Ivanov** and the **Ambassador of the People's Republic of China to the country, H.E. Mr. Cui Zhivei** also visited Alkaloid.

New packagings of **Becutan, Satwa** and **Young Derm** skincare collections were launched.

Alkaloid introduced a new Good nature product portfolio: **Good Nature Energy** comprising healthy food products

Besides **Aveda** and **Arbonne International**, Alkaloid entered into new production agreement with **Swanson Health Products**, a US based industry leader in vitamins, supplements and natural health care products

Alkaloid was granted **Integrated Environmental License** by the Ministry of Environment and Urban Planning of the Republic of Macedonia

The Macedonian Stock Exchange **awarded the Crystal Bell** to Alkaloid AD Skopje for being the most transparently quoted company on the stock exchange market

Macedonian Securities Commission **awarded special plaque** to Alkaloid for outstanding contribution in the development of this institution

The Bulgarian and Slovenian Drug Agencies issued **Certificates of Compliance with the principles of Good Manufacturing Practices** for the production facilities of PC Pharmaceuticals (hard gelatin capsules and liquid dosage forms)



SHAREHOLDERS ASSEMBLY

SUPERVISORY BOARD

INTERNAL AUDIT DEPARTMENT

MANAGEMENT BOARD

CHIEF EXECUTIVE OFFICER

CORPORATE SERVICES

Finances

Shareholding,
Property Issues

Legal and
Personnel Affairs
Human Resources

Business Planing
Controlling and
Reporting

LOGISTICS & SALES OPERATIONS

DOMESTIC DAUGHTER COMPANIES AND SUBSIDIARIES ABROAD

PC PHARMACEUTICALS

Production of
Pharmaceuticals

Marketing & Sales

OTC and Healthcare
Product

MKD, KOS,
ALB

SRB, MN,
BiH, CRO

RUS & CIS, EU,
BUSINESS DEVELOPMENT

PC CHEMISTRY, COSMETICS, BOTANICALS

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

Commercial Department
Chemicals, Cosmetics, Botanicals



ORGANIZATIONAL CHART ALKALOID GROUP

Quality
Assurance

Information Technology
and
Telecommunications

Marketing
Communications

General
Services

RX
Division

Global Regulatory and
Medical Affairs, Drug Safety,
Intellectual Property

Research
and
Development

Pharmaceutical
Quality
Control

R&D Department
Chemicals, Cosmetics, Botanicals

Quality Control
Chemicals, Cosmetics, Botanicals



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

In 2011, the Supervisory Board of Alkaloid AD Skopje operated as follows:



Prof. D-r Miodrag Micajkov

President of the Supervisory Board,

Ph.D. in Law

Born on August 27, 1944, in Kavadarci, Republic of Macedonia.

Professor and former Dean of the Faculty of Law “Justinian I”
at Sts. Cyril and Methodius University in Skopje.

President of the Board since 1998.



Prof. D-r Ilija Dzonov

Member of the Supervisory Board,

MD, Dr. Sci. med.

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

Professor and former Dean of the Faculty of Medicine at Sts. Cyril and Methodius
University in Skopje.

Member of the Board since 1998.



Bojanco Krlevski

Member of the Supervisory Board,

B.Sc. in Chemical Engineering.

Born on March 8, 1951, in Skopje, Republic of Macedonia.

Employed in Alkaloid AD Skopje.

Member of the Board since 1998.

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

Interim year 2011, the Supervisory Board, held 9 regular sessions and passed 18 decisions. At the annual assembly held 18 April 2011, the above referenced members of the Supervisory board were re-elected as indicated.

During its formal sessions, the Supervisory Board reviewed and discussed all important issues that fell within the scope of its competences, including the unaudited standalone financial reports and unaudited consolidated financial reports for the previous year, as well as those for the period 1 January to 31 March 2011; 1 January to 30 June 2011; 1 January to 30 September 2011 in all structures: Balance sheet of the Company, Income statement, Cash flow, Trade receivables and Borrowings.

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

The Supervisory Board carried out a regular assessment of the management of the Company i.e. the work of the Management Board and reviewed the Annual Report on the operations of the company for the period from January to December 2011. The Supervisory Board thus assessed that the operations of the Company and its management were carried out successfully, as indicated in the presented positive financial results if the Company in the course of the fiscal year 2011.

The Supervisory Board positively assessed the cooperation with the President and the Members of the Management Board and the members of the Management Board whose sole purpose was to build mutual attitudes aimed at realization of the set plans for successful development of the Company for 2011.

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

On the session held at 29 December 2011, the Supervisory Board reviewed the Business Plan of Alkaloid AD Skopje pertaining to year 2012, 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 Internal Audit Department as independent organizational unit in the Company, commenced its activities as at 1 January 2011 pursuant to the organizational ordinance at the Company with rights, responsibilities and relations to the other organizational units set forth by the Supervisory Board.



In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board reviewed the semi-annual report of the Internal Audit Department containing the activities of this service in the course of the period from January to June 2011. The Supervisory Board adopted the semi-annual report for year 2011 thus assessing that the same is adequate, efficiently compiled and elaborated in accordance with the Law on Trade Companies. Pursuant to the annual plan for internal audit for year 2011, the Supervisory Board reviewed and adopted the Quarterly report for the period January-March, January-June, January-September and October-December 2011.

In accordance with Article 415-b of the Law on Additions and Amendments to the Law on Trade Companies, on the session held 12 March 2012, the Supervisory Board passed a decision for approval of the annual report of the Internal Audit Department for the period January-December 2011 upon rendered review. The annual report of the Internal Audit Department encompassed the following:

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

The Supervisory Board assessed this report as sustainable, high quality and objective giving overall presentation of the rendered audits thus on the session held 12 March 2012, the Supervisory Board approved the aforementioned report and enclosed it to the Shareholders' Assembly. Pursuant to Article 480, Section 2 of the Law on Trade Companies, the Supervisory Board reviewed the Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports for the year ended 31 December 2011 and the Independent Auditors' Report along with the opinions issued by the independent auditor Deloitte doo Skopje.

The audit was performed in accordance with the International Auditing Standards and the Law on Audits in the Republic of Macedonia. According to the opinion of the independent auditor, the financial reports of Alkaloid AD Skopje for the year ended 31 December 2011 are prepared in all material aspects, in accordance with the valid accounting regulations in the Republic of Macedonia.

Along with the Financial Reports, the Supervisory Board also reviewed the Annual Statement of Accounts of the Company for year 2011, Annual Performance Report for the period January – December 2011 and Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for 2011.

Following the review of the Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports, the Independent Auditors' Report issued by the independent auditor Deloitte, the Annual Statement of Accounts of the Company, Annual Performance Report for the period January – December 2011 and the Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for 2011, the Supervisory Board proposed to the Shareholders'

Assembly to pass a decision for approval of the following:

- Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports and the Independent Auditors' Report issued by the independent auditor Deloitte for the year ended as at 31 December 2011;
- Annual Statement of Accounts of the Company for year 2011;
- Annual Performance Report for the period January – December 2011;
- Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for year 2011;

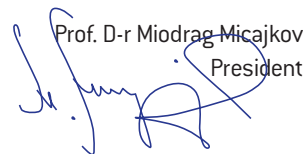
The Supervisory Board also reviewed other proposals submitted by the Management Board of the Company such as: Decision-proposal for determining dates for payment of the dividend for year 2011 (dividend calendar); Decision-proposal for acquisition of proper shares with buyout and Decision-proposal for selling proper shares.

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

All operations of the Supervisory Board in the course of the year 2011 were in the frame of the competences set forth in the Law of Trade Companies and the Statute of Alkaloid AD Skopje.

Supervisory Board

Prof. D-r Miodrag Micajkov
President



Prof. D-r Ilija Dzhonov,
Member



Bojancho Krlevski,
Member





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



Zhivko Mukaetov

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

Holds a B.Sc. degree in Mechanical Engineering, and a postgraduate degree from the Chartered Institute of Marketing in London, UK. Member of the Management Board since 2004; appointed for President of the Management Board in 2007. Born on 3 May 1974 in Skopje, Republic of Macedonia. He has 18 years of professional experience, and is responsible for the overall operations of Alkaloid Group.



Milkica Gligorova

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

Holds a B. Sc. Degree in Pharmacy, Specialist in Pharmaceutical Technology. Member of the Board since 2004. Born on 10 April 1959 in Skopje, Republic of Macedonia. She has 28 years of professional experience and is responsible for the overall production operations in PC Pharmaceuticals.

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 32 years of professional experience and is responsible for the financial operations of the Company.



Gjorgi Jovanov

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

Holds a B.Sc. degree in Economics. Member of the Board since 2006. Born on 20 August 1964 in Shtip, Republic of Macedonia. He has 23 years of professional experience and is responsible for the operations in the shareholding and property segment.



Kire Icev

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

B. Sc. in Mechanical Engineering. Member of the Board since 2007. Born on 19 June 1974 in Kavadarci, Republic of Macedonia. He has 11 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 given herein below presenting the operations of the Management Board in the course of the year 2011.

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

The Management Board held its sessions on a regular basis and in the course of 2010; 36 sessions were held on which 144 important decisions/conclusions were made.

The Management Board of the Company passed a Decision for making an inventory listings and establishment of commissions for making inventory listings of the capital assets and the sources of capital assets, thereafter adopting the compiled report on inventory listings of Alkaloid AD Skopje and Alkaloid Cons Ltd. Skopje for the year 2010. The Management Board compiled the Annual Statement of Accounts and the Annual Report on the operations of the Company thus passing a decision approving the annual statement of accounts of the subsidiaries abroad founded by Alkaloid AD Skopje as well as the annual statement of accounts of Alkaloid Cons Ltd. Skopje all referring to year 2011.

The Management Board of the Company in the course of its regular monthly sessions reviewed the Balance Sheet of Alkaloid AD Skopje by cost centers and the report on the current operations of Alkaloid Cons Ltd. Skopje; thus passed decisions/conclusions with specific tasks for the managing board members of the profit centers of Alkaloid AD Skopje and the manager of Alkaloid Cons Ltd. Skopje directed towards maximum engagement and fulfillment of the set objectives, intensification of settlement of outstanding debts as well as reduction of costs.

Pursuant to the Law on Trade Companies, the Management Board reviewed and discussed the unaudited standalone unconsolidated and unaudited consolidated Financial Reports for year 2011, as well as those pertaining to the period 1 January to 31 March 2011; 1 January to 30 June 2011, 1 January to 30 September 2011 thus assessing that the Company effectuated positive financial results.

Pursuant to the Law on Trade Companies and the Statute of Alkaloid AD Skopje, the Management Board, within the frames of its competences passed decision-proposals in accordance with the proposed agenda for the Annual Shareholders' Assembly.

The Management Board passed Decisions for assuring compliance of the operations of the Foundation "Trajche Mukaetov" - Skopje with the Law of Associations and Foundations (Official Gazette of the Republic of Macedonia No. 52/2010) those being:

- Decision for amendments and additions of the Acts for establishing of the Foundation "Trajche Mukaetov" – Skopje
- Decision for re-election of members of the Management Board and executive director of the Foundation "Trajche Mukaetov" – Skopje.

In reference with the operations connected with the subsidiaries abroad, founded by Alkaloid AD Skopje, in the course of year 2011, the Management Board passed several important decisions those being:

- Decision for establishment of a company Alkaloid Wholesale Ltd Belgrade, in complete ownership of Alkaloid AD Skopje with main activity wholesale trade with pharmaceutical products;
- Decision for establishment of a representative office of Alkaloid AD Skopje in Sarajevo;
- Decision for personnel changes in the representative office of Alkaloid AD Skopje in Kiev, Ukraine and posting of Mr. Goran Atanasovski for new director therein.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies [Official Gazette of the Republic of Macedonia No. 48/2010] the Management Board reviewed the semi-annual report of the Internal Audit Department containing the activities of this department in the course of the period January-June 2011 thereafter passing a decision for approving of the same.

The Management Board approved the concept for preparation and defining the basis for the Business Plan of the Company for year 2012, approved it and specified the guidelines for its implementation.

The Management Board adopted the financial report of the Foundation "Trajche Mukaetov" Skopje for year 2011 and passed the work programme for the Foundation "Trajche Mukaetov" Skopje for year 2012 determining the amount, methods, conditions and procedures for utilization of scholarship assets, donations and financing talented students, scientific workers and projects of interest in the spheres of medicine and pharmacy.

Zhivko Mukaetov
CEO/MB President of
Alkaloid AD Skopje



health 
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corporate
information





ADDRESS OF THE CEO/MB PRESIDENT

Year 2011 was marked by Alkaloid's 75th anniversary, a diamond jubilee worth of respect and admiration. Jubilee which is pride for all – the employees of Alkaloid AD Skopje, generations that were selflessly building this company before us, shareholders who gave us the trust to run the company through this turbulent times; a jubilee of all stakeholders who trust the quality that we offer from every aspect.

RESULTS

I remember back in 2005, when I was assigned to the position director of the Profit Centre Pharmaceuticals we set a goal to reach sales level of EUR 100 Mil., which from that perspective was hardly attainable. 6 years later, I am proud to emphasize that we have reached total consolidated sales of EUR 109.5 mil., which represents a growth of 14% compared to year 2010 and retrospectively, this figure is doubled compared to the same parameter of year 2005.

In 2011, we noted growth of the individual sales of 8%; domestic sales were raised by 12% and the consolidated export sales reached EUR 64.1 mil., which represents a growth of more than 14%. The sales in South Eastern Europe region have risen by 9%, the growth in Russia and CIS was 28% and sales in EU and EFTA countries sales have risen 30%. Sales in the USA also note an upward trend rising to 67%, all compared to year 2010. The growth of the consolidated net profit was 7%, from MKD 574.339 millions in 2010 to MKD 616.253 millions in 2011. EBITDA noted growth of 9% from MKD 944.523 millions in 2010 to MKD 1.028.096 millions in 2011.

The four basic programs of the Company also noted growth in their respective sales levels, those being: Pharmaceuticals 12%; Chemistry 73%; Cosmetics 6% and Botanicals 12%.

In the course of year 2011, Alkaloid had 97 new employments in the Republic of Macedonia.

STOCK EXCHANGE OPERATIONS

According to the information of the Macedonian Stock Exchange, the shares of Alkaloid AD Skopje in 2011 were once again among the most traded and most liquid ones. 3.254 transactions were made, with traded 82.353 shares, with total value of EUR 5.669.680. According to the information of this institution, Alkaloid AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock operations participated with nearly 14% in the total recorded turnover on the first official market. The price of Alkaloid shares ranged from MKD 3.799 to MKD 4.600 with average of MKD 4.233,13.

For the second time since 2008, Alkaloid was granted the prestigious Crystal Bell award by the Macedonian Stock Exchange for the quality of the communication with this institution regarding the information published via SEI-Net. Another special recognition Alkaloid received was the plaque for special contribution granted on behalf of the Macedonian Securities and Exchange Commission for publishing relevant and timely information with this institution.

INVESTMENTS

In 2010, the overall investments of Alkaloid AD Skopje amounted to MKD 333.729 millions and in 2011 these have risen at MKD 578.948 millions mostly allocated in additional equipment for the production capacities and other facilities connected with the production operations.

Besides the existing, we have invested additional EUR 405.000 in Alkaloid's operations Republic of Serbia by registering a new company Alkaloid Wholesales Ltd Belgrade with main activity wholesale trading with pharmaceutical products on the Serbian market and we have initiated operations for equipping a quality control laboratory for the requirements of our proper production in Serbia. In both subsidiaries in Belgrade, we have implemented ISO 9001 and 14001 standards, which represents the first corporate certification made 15 years after the introduction of quality assurance and environmental protection systems at the base of Alkaloid in Skopje.

In 2011, with the rollout in Zagreb, this subsidiary became the second SAP operated company of Alkaloid that now functions with the world leading enterprise resource planning system.

PRODUCTS

In 2011, Alkaloid obtained 134 marketing authorizations. 150 are renewals of existing registrations and 239 are applications for new pharmaceutical products, out of which 107 are intended for 12 countries in the European Union. In the production portfolio of PC Pharmaceuticals, we have introduced a new category of medical products: food supplements and medical appliances for which we have provided 44 authorizations in nearly 10 countries. As projects under development, we have 34 products, 26 of which are our own production and another 8 are made in cooperation with foreign partners.





In the course of 2011, we have completed the redesign of the leading brands of PC Chemistry, Cosmetics & Botanicals:

- Becutan, launched on the occasion of the 75th anniversary month, a project we have been working on for almost 4 years;
- Our Sattwa skincare collection got a brand new image;
- Young Derm the teenage skincare collection was also adapted to the requirements of its own target group.

Alkaloid introduced a new portfolio under the Good Nature umbrella brand: Good Nature Energy – product group comprising healthy food products aimed to satisfy the most exquisite demands of discerning consumers of healthy food products.

Besides the successful ongoing cooperation with Aveda, in 2011 Alkaloid with its Good Nature brand started cooperation with the American Arbonne International and entered into new production agreement with Swanson Health Products, a US based industry leader in vitamins, supplements and natural health care products.

Following the audit performed of the Chemistry program - Medical Appliances by DEKRA, a renowned certification body from Netherlands, PC Chemistry, Cosmetics and Botanicals were issued a certificate for implementation and meeting the requirements of ISO 13485:2003. The scope of this Certificate refers to the design, development, production and distribution of medical appliances: X-ray films and concentrated haemodialysis solutions, as well as subcontracted production, packaging, labeling and distribution of cartridges for haemodialysis and X-ray film developer liquid and fixers.

PC Pharmaceuticals and PC Chemistry, Cosmetics and Botanicals have successfully passed the audits of their production and distribution facilities made by national and international authorities, as well as the audits made on behalf of our international partner. Of special importance for PC Pharmaceuticals is the GMP compliance certificate granted upon the audit of the Bulgarian Drugs Agency to the plant for production of solid pharmaceutical forms – hard gelatin capsules and the Slovenian Agency for Medical products and Medical Appliances for the production of liquid dosage forms.

In line with the Good Manufacturing Practice principles and in order to comply with the national and the EU legislation as well as for the purpose of integrated prevention and control of the pollution, in 2007 Alkaloid AD – Skopje began preparations for obtaining integrated environmental A-type license, a venture for which over EUR 500.000 have been invested. In 2011, this license, that recognizes Alkaloid AD – Skopje as a responsible company dedicated to integrated prevention and control of environmental pollution in the course of everyday manufacturing operations, was granted to the company by the Macedonian Ministry of Environment and Urban Planning.

CORPORATE SOCIAL RESPONSIBILITY

The concept of social responsibility is an integral part of the business strategies and operations of The Company. Being one of the few companies in the world that own Fair Wild certificate, a unique confirmation of the ecological, social and economic aspects of operation – in November 2011 Alkaloid was granted the national corporate social responsibility award by the National Coordination Body for Corporate Social Responsibility in competition with 63 projects from the country.

The Foundation "Trajche Mukaetov" granted 40 new scholarships to students of pharmacy and medicine at the respective faculties at the University Sts. Cyril and Methodius. Out of 184 students who received scholarships from this Foundation, and 57 graduated ones, 12 have started their careers with Alkaloid.

At the humanitarian happening organized on the occasion of marking our diamond jubilee, in only one-day-and-a-half the employees of Alkaloid donated a sum of MKD 425.500 at the Foundation "Trajche Mukaetov" intended for equipping the Child Oncology Department of the Pediatric Clinic at the Clinical Centre in Skopje. These assets were used for purchase of infusion pumps for application of cytostatic therapy in children, inhalators, portable monitors for measuring various parameters and portable ECG apparatus, all for the needs of these Clinic.

Alkaloid will continue supporting the children suffering from cancer. In February 2012, we have initiated the project "Be My Friend" in cooperation with NGO "Borka – For Each New Day" and the Pediatric Clinic. By means of this project, Alkaloid will donate funds effectuated from the sales of one of its leading brands: Becutan for the purposes of equipping the Child Oncology Ward of the Pediatric Clinic at the Clinical Centre in Skopje.

PROSPECTS AND PRIORITIES

2011 brings exceptional uncertainties. We face many uncertainties connected with the Euro-zone crisis and eventual consequences that may reflect Macedonia and our operations as well. In order to fulfill the set goals, we must remain flexible and competitive above all. The professionalism, quality performances and maximum dedication will remain to be the main feature of our organizational behavior and organizational culture.

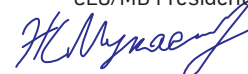
Faced with such great challenges, we must remain efficient, proactive, flexible but competitive above all. We must keep the course of growth, continue investing in production facilities and modern technologies, personnel and the community in general.

The management of Alkaloid will remain devoted to its strategic goals: continuation of the growth trend on the domestic and foreign markets, strengthening of the market positions, product portfolio extension, building new partnerships and cutting costs in the non-productive segments.

The potentials of Alkaloid were positively assessed by the President of the Republic of Macedonia, H.E. d-r Gjorge Ivanov, the US Ambassador to Macedonia, Honorable Paul D. Wohlers, the Chinese Ambassador to the country and we have received other distinguished acknowledgements.

Our capability to remain on top lies in our competence of finding a vigilant approach that would optimize our achievements ... yet, an approach that would be in conformity with the rules of the game in the race with the competitors. Let the successful Macedonian story continue.

Zhivko Mukaetov
CEO/MB President





40 NEW SCHOLARSHIP HOLDERS OF THE “TRAJCHE MUKAETOV” FOUNDATION

The “Trajche Mukaetov” Foundation granted 40 new scholarships to undergraduate students of the Faculty of Pharmacy and Faculty of Medicine at “Sts Cyril and Methodius” University in Skopje on 28 October 2011 for the 2010/2011 academic year: 20 scholarships to students of pharmacy and 20 to students of medicine. The scholarship in the amount of 6.500 MKD is granted for a period of 12 months.

In line with its commitment to support young and ambitious people who have dedicated their careers to health and pharmacy in Macedonia, as of the 2009/2010 academic year, the “Trajche Mukaetov” Foundation also grants a one-off premium in the amount of € 1000 in MKD equivalent to the valedictorians of the generation from the Faculty of Medicine and Faculty of Pharmacy at the “Sts Cyril and Methodius” University in Skopje.

Elena Kochova from the Faculty of Medicine and Tanja Bakovska from the Faculty of Pharmacy at “Sts Cyril and Methodius University” - with grade point averages of 10.00 and 9.35, respectively - are the best students in their generation at the respective faculties in the 2010/2011 academic year.

Starting from the 2007/2008 academic year, the “Trajche Mukaetov” Foundation has granted scholarship to a total number of 182 students of pharmacy and medicine, including the most recent 40 scholarships awarded in the academic year 2011/12. Of those, 46 students of pharmacy and 11 students of medicine have already graduated.

Scholarship holders who meet the criteria envisaged continue to be beneficiaries in the following academic year. In the period between 2009 and today, 12 of the students who received scholarship from the Foundation began their career in “Alkaloid AD Skopje” in the sector of pharmacy.

All projects completed insofar confirm the accomplishment of the Foundation’s commitments to support pharmacy, medicine and science, primarily by supporting young and ambitious people who have dedicated their career to these areas.

The Foundation was established in the honour of Trajche Mukaetov, who came at the head of “Alkaloid AD Skopje” in 1985. His leadership was marked with intensification of growth and development of the enterprise, turning it into a leading pharmaceutical company in the region. In line with his dedication to permanent development, this great man of strategy and vision considered the increased level of investments in scientific and research development activities a major parameter for the desired prosperity.



Management Board of Foundation "Trajche Mukaetov"



MB President of the Foundation "Trajche Mukaetov" hands over the agreement to the valedictorians for 2010/2011 to Ms. Tanja Bakovska (bottom left) and Ms. Elena Kochova (bottom right).

Source: Alkaloid Archive



75 YEARS UNOBSTRUCTED DIALOGUE WITH LIFE

Our passion for perfection brought us where we stand today. The capability to remain on the top lies in our competence of finding the most quality approach that would satisfy the most sophisticated tastes and the most meticulous demands.

To keep this advantage, we have invested our vigour, knowledge and experience thinking of those who need us the most. We are eager and ambitious to face every challenge...for better future...for everyone...

Alkaloid brand is recognizable and well-established, just like its motto - Health above all... A slogan that is our strong motivation in the accomplishment of our mission for contributing to healthier world while providing superior quality of the products and services. We are firmly committed to take care for the health of each individual, to work on improvement of the quality of life for everyone, to work for the benefit of the healthcare system and protect the environment.

The success in the operation of Alkaloid is due primarily to its high quality products, well trained professionals working in the company, the Alkaloid brand and its individual brands, built interim decades of existence by the generations before us.

The years that we leave behind us are good occasion to glance back and see what we have done but are also an obligation for us to face every challenge that may come ahead.

Export orientation, stable market position, openness to new partnerships and implementation of the highest standards in the business practice - are some of the key points in the corporate strategy of Alkaloid AD, features that make our company distinctive and recognizable.

Breakthrough to the foreign markets, growth in the production and the export volumes, strengthening of the brand, expansion of the business, partnerships with renowned foreign companies – are some of our achievements. Our imperative is to protect the interests of our employees, customers, shareholders, business partners and other stakeholders, and our main commitment is HEALTH ABOVE ALL.

2011 was the year in which the company marked its 75 years of existence, a jubilee worth of respect and admiration. A jubilee which is pride for all: the employees of Alkaloid AD Skopje, the generations that selflessly worked on building of this company, the shareholders and all stakeholders. A proof of the tradition and the success of the leading Macedonian pharmaceuticals industry. The years left behind were a good occasion to glance in the past. The jubilee year was marked with a several events that emphasized the company's predominant values.



• *Anniversary logo*

• *Images of Alkaloid 2012 anniversary calendar*





Humanitarian Picnic

Social responsibility is a part of the company culture and tradition. The dedication to the social responsibility ranks high in the priority list of all employees of Alkaloid.

For that purpose, we started the marking of our jubilee with a humanitarian happening organized for the employees of Alkaloid, the members of their family and/or their friends held on 3rd September 2011. A compulsory dress-code for each attendee at this humanitarian event was the T-shirt specially designed for this occasion by the famous Macedonian designer Alexandar Nochpal and the idea behind the design of the T-shirt was "helping hand". The amount of MK Denars 200 (approx. EUR 3.2) per T-shirt were donated in the Foundation "Trajche Mukaetov" established by Alkaloid. For a-day-and-a-half the employees donated MKD 425.500 (approx. EUR 7000). These funds were intended for equipping the oncology section of the Oncology Ward of the Pediatrics Clinic at the Clinical Centre in Skopje.

There were activities for everyone: Snowwhite, Cinderella, Belle and the Sleeping Beauty did body arts, there were plenty of other social games, good music, barbeque, lots of positive thoughts and wishes for further prosperity.

"We will continue to work and care for the health, above all. I am proud and honoured to lead such a big and human family" – said the CEO/MB President Mukaetov in his address on this occasion.



Photos of the humanitarian happening held 3 September 2011 / Alkaloid archive.

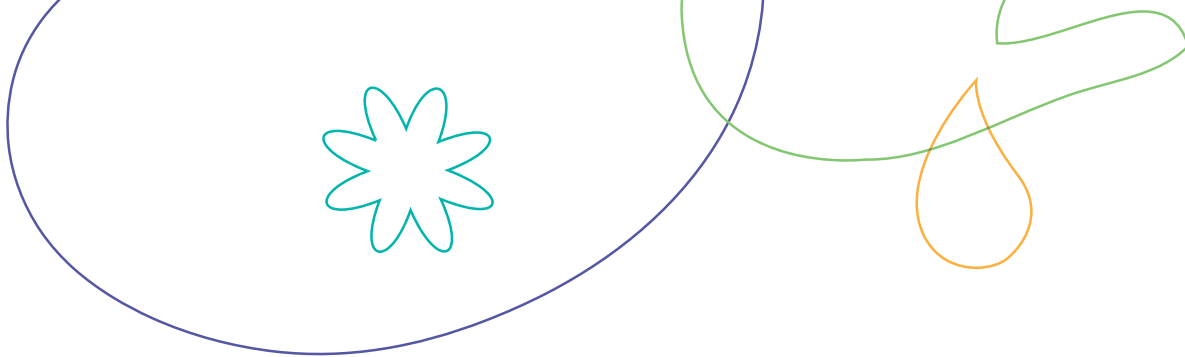


Photo Competition

The human resources, i.e. the people working at Alkaloid are the drivers of the company, a factor that has the most merit for its success. All employees were encouraged to post photographs on the internal network of the Company where the theme would be their everyday life connected with Alkaloid. Below are the rewarded photographs.



*First prize photograph:
"Investments / Building B"
submitted by Ivan Evrosimovski*



*Second prize photographs:
"Mrs. Jovanka Broz visited Alkaloid" submitted by George Solev (left) and
"Milena Dravich in drugs confectioning department" submitted by Maja Stojevska (right)*



*Third prize photographs:
"Dad's Alkaloid is in my heart"
submitted by Zoran Mironovski (left)
"The Brand of marketing
pharmaceuticals" submitted by
Natasha Lubarovska (right)
Source: Alkaloid Archive*

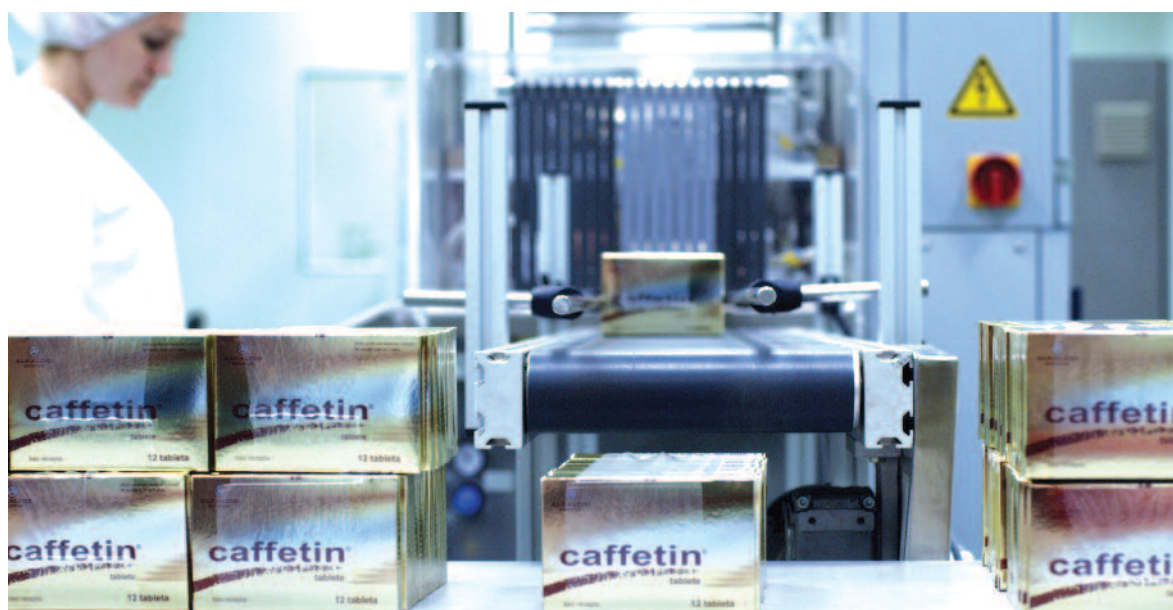


Documentary Film and Monography

For 75 years the story of Alkaloid is a part of the everyday life of each one of us. Many generations have grown together with Alkaloid. Lots of changes occurred and the needs and the demands have changed in time. But, Alkaloid always followed the impulse of each new generation. Therefore, every product of Alkaloid bears the mark of certain period of time. By chronological access in the narration, selection of special private video and photographic archives taken from various sources, we tried to bring closer the atmosphere, the specific sense of reality in different times and different phases from the development of the company. We narrated the story of Alkaloid through the spirit of time. A story that excites the emotions in all spectators. The documentary film and the monography entitled "Macedonian Success Story" are a tribute to the times passed, image of the presence and optimism for the future to come.

The shooting of this film took place on 12 different locations plus a studio. The shooting lasted for two weeks and was made by domestic and foreign experts. The production of this documentary lasted for five months.

The documentary ends with presentation of what Alkaloid stands for today, its values, future prospects. The years of operation of this company and its connection to the community carries the message that the company really cares for its stakeholders, and their trust, loyalty and sympathies gained throughout the years are rightfully preserved.



*Photos from the sets for the documentary film
"75 Years Macedonian Success Story" / Source: Alkaloid Archive*



Launch of the new Becutan packaging

100 million pieces of products sold, 33 years of tradition and quality. A synonym of trust transferred from one generation to another. Becutan – a product line introduced in year 1978 consisting of only five products, now having nearly 40 different product types was given a new appearance. “When it is only love that speaks out, we always want the best for the smallest ones” – was the notion of the new campaign launched on the threshold of the jubilee for one of Alkaloid’s leading brands now available in new packaging.

Being a proven partner of the Macedonian healthcare and pharmacy and in line with its endeavours to help those in need, on the occasion of handing over the donation of the Oncology Department of the Pediatric Clinic, Alkaloid announced a new project called: “Be My Friend”. This project is going to be executed in collaboration with the NGO “Borka”, organization dedicated to raising the general awareness in fighting cancer and, will last for 9 months. Alkaloid will donate funds effectuated from the sales of its leading brand Becutan for the purpose of equipping the Oncology Department of the Pediatric Clinic at the Clinical Centre in Skopje.



Part of the new packaging for
Becutan launched in
September 2011

Gala Celebration

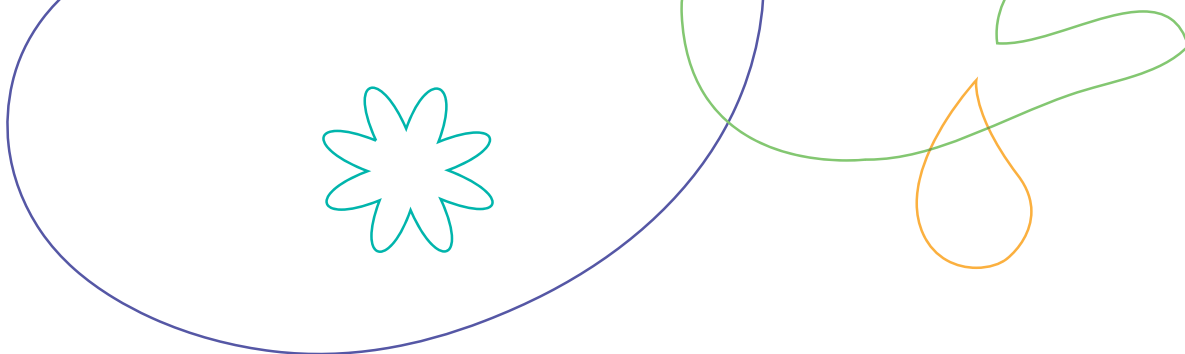
More than 1800 invitees: high governmental officials, esteemed diplomats in the country, business people, present and retired employees, close collaborators from the country and abroad have honoured the company with their presence at the celebration of the jubilee held on 20th September 2011 at the glamorously set Metropolis Arena of the Skopje Fair.

The guests were presented the Macedonian Success Story starting from the time when Alkaloid had only 15 employees in the distant year 1936 up to the present when it is ranked 6th pharmaceutical industry in South Eastern Europe, with more than 1300 employees and offices in 14 countries outside Macedonia. "We hope that Alkaloid will become stronger and I am sure that we will defend the colours of our country with dignity. Every success of Alkaloid is a success for Macedonia" – said the CEO/MB President Mukaetov in his brief address.

"Alkaloid sold 11 bln Caffetin Tablets"; "Alkaloid is on a good road to become a world brand"; "Alkaloid celebrated its 75th birthday"; "Diamond celebration" - were some of the headlines in the Macedonian media on this occasion. At the end, bellow are some of the excerpts taken from the Macedonian daily "Kapital" [22 September 2011] of what some of the distinguished guests said about Alkaloid.



*Address of CEO/MB President at the Gala.
Source: Alkaloid Archive*



H.E. d-r Gjorge Ivanov,
President of the Republic of Macedonia
“Whenever I have a headache, I rely on Alkaloid. I completely trust their products”



Mr. Fatmir Besimi,
Minister of Defence of the Republic of Macedonia
“I must admit, when I have a headache, most often from too much work, the first thing I ask for is Caffetin. I think that Alkaloid is one of the most successful examples of how the modern Macedonian companies should look, headed by a modern and successful management that is able to conquer new markets. I was proud when during my service as Minister of Economy I was visiting foreign countries and heard so many appraisals for the products of Alkaloid”.



Mrs. Maja Parnardzhieva – Zmejkovska,
Director of the Health Insurance Fund of the Republic of Macedonia
“Alkaloid has drugs proven in Macedonia and abroad to be on the same level of quality as those of the renowned producers. I also think that they have active and successful public relations. In the forthcoming period, I expect their marketing activities to succeed in new markets”.



Dr. Andreja Arsovski,
Director of the Private General Hospital ReMedika
“There is no obstacle that would prevent Alkaloid from going ahead. The companies with such important jubilee are rare, and Alkaloid is one of the few successful Macedonian companies. It fulfils all the conditions to be recognized in world frames”.



Prof. D-r Nikola Jankulovski,

Dean of the Faculty of Medicine at the University Sts. Cyril and Methodius

“The company is heading a way that guarantees its recognisability not only in the region, but wider. It constantly upgrades, following the latest trends in the pharmaceutical industry. I think it will become one of the leading pharmaceutical manufacturers in Europe”



Prof. D-r Andon Chibishev,

Director of the Clinic for toxicology at the Clinical Centre in Skopje

“Macedonia is known to the world by Alkaloid. When I communicate with colleagues from the region even in scientific terms, everyone, without exception pay high esteem for this brand. Alkaloid is a company that originates from a small state. If it were based in the United States, there wouldn't have been bigger giant than it”.



Mr. Zlatko Mucunski,

CEO of Porsche Skopje

“Alkaloid is a brand that is pride for all the Macedonians. I think they are on the right road to become recognisable internationally and knowing its CEO, I know that he can always do better”.



Mrs. Iskra Vetadzhokovska-Mucunska,

Executive Director of Vitalia Healthy Foods

“I went recently in Russia and I saw for myself that Alkaloid holds good positions there and I am also pleasantly surprised from their success in America. That only proves that there are no limits for good management, good products and good strategy”.

**source of photograph: Google images*



The Gala was attended by nearly 1800 invitees. Performers included: Rebis Modern Ballet Studio (second row on the left) and Synthesis (second row, right); Vlatko Stefanovski Trio (third row, left) and Zlatan Stipishic Gibonni (third row on the right). Source: Alkaloid Archive.





Photographs of public figures present at the Gala:

- President of the Republic of Macedonia, H.E. d-r Gjorge Ivanov with the first lady, Maja Ivanova (second row on the left);
- Representatives of the diplomatic corps: British Ambassador, H.E. Christopher Yvon, Ambassador of Denmark, H.E. Torben Brylle; US Ambassador to Macedonia, H.E. Paul Wohlers and Ryan Stoner, Head of Economic Section at the US Embassy (second row on the right)
- Minister of Defence, Dr. Fatmir Besimi (second from right, third row, bottom left)
- Skopje Mayor, Mr. Koce Trajanovski with representative of the President Cabinet and President himself (third row in the middle)
- Second row far right: President of the Macedonian Securities and Exchange Commission Mrs. Marina Nakeva-Kavrakova (second from left to right), Mr. Blagoja Mehandzhiski from Zegin Pharmaceutical Wholesaler (third from left to right) and Mr. Marjan Bojadzhiev, Dean of University American College Skopje (forth from left to right)

Source: Alkaloid Archive





NEW INVESTMENT VENTURES IN SERBIA

As of 30 November 2011 Alkaloid AD Skopje registered a new subsidiary, a wholesale company in Belgrade, Republic of Serbia under the name Alkaloid Veleđrogerija DOO Beograd. Its principal activity is wholesale of pharmaceutical products. The previously registered subsidiary in Belgrade remains with its main focus on primary and secondary production of drugs. Alkaloid Veleđrogerija DOO Beograd, along with the subsidiary and the production facility in Serbia, are in complete ownership of Alkaloid AD Skopje.

Alkaloid AD Skopje continues with its investments on this market. In January 2012, Alkaloid allocated a total amount of 405 thousand EURO in its subsidiaries in the Republic of Serbia through increasing their share capital. 280 thousand EURO were invested in Alkaloid DOO Belgrade intended for equipping a control laboratory necessary for its own production and 125 thousand EURO were invested in Alkaloid Veleđrogerija DOO Belgrade for acquiring vehicles and warehouses necessary for its distribution activities.

These investments are in line with the continuous investment activities of Alkaloid AD Skopje, main strategic commitment of the Company, aimed at strengthening its export orientation.

NATIONAL AWARD FOR CORPORATE SOCIAL RESPONSIBILITY GRANTED TO ALKALOID AD SKOPJE

At the fourth National Corporate Social Responsibility contest organized by the National Corporate Social Responsibility Coordination Body (NCSRCB), Alkaloid won the first prize in the category “Ethical Management”.

Out of the total number of 38 companies and 63 projects that competed, Alkaloid AD Skopje won the first prize in the category of Ethical Management for the project: “FairWild Standard – a crown of 75-year long tradition of high values.”

FairWild Standard was granted to Alkaloid in year 2010 upon the inspection conducted by the IMO – Institute for Marketecology from Switzerland, the unique inspection body accredited for such certification. The Fair Wild Certificate confirms the prominent dedication to environmental, social and economical aspects of the business operations, through implementation of the long-term experience and tradition as well as dedication to impeccable management of resources, with particular emphasis to their sustainable use.

The 2010 Award is part of the Corporate Social Responsibility Project in the Republic of Macedonia, co-financed by the European Union, implemented by the Ministry of Economy, in partnership with the Macedonian Enterprise Development Foundation, the Association of Chambers of Commerce in Macedonia and the “Connect” Association.





US AMBASSADOR VISITED ALKALOID

On 5 December 2011, His Excellency, Mr. Paul D. Wohlers, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Macedonia paid an official business visit to Alkaloid AD Skopje.

In the beginning of 2006, Alkaloid AD Skopje opened its own branch: Alkaloid USA in New Albany, Ohio. This business endeavor was preceded by successful long-term business and technical cooperation established as far as 1956 with renowned companies from the USA, such as Pfizer from New York and Merck Sharp and Dohme (MSD).

At the moment, Alkaloid AD Skopje has in its portfolio several pharmaceutical products under licensed production by reputed American pharmaceutical companies and also marketing authorizations for pharmaceutical preparations from US based producers in the Republic of Macedonia.

Out of all business ventures in the USA, Alkaloid is particularly proud of patenting the technology for production of the sublingual morphine based drug Novamorph in 2003, as well as of the intense cooperation with renowned AVEDA, a member of Estée Lauder Group, concerning the production of organic Comforting Tea, which began in 2005 and continues successfully.

In June 2011 Alkaloid began to cooperate with another famous American company - Arbonne International for whose portfolio the company produces Detox tea intended for their markets in the USA, Canada, United Kingdom and Pacific region. A month later, Alkaloid entered into a new production agreement with Swanson Health Products, a US based industry leader in vitamins, supplements and natural health care products. The agreement refers to varieties of herbal blends.

Ambassador Wohlers recognized the development of Alkaloid on local and foreign markets and wished the company further progress and success. "I am really glad that today I had the opportunity to tour the production facilities of Alkaloid. Alkaloid has impressive capacities and is an example of how Macedonian companies can be competitive not only here but also abroad. The company is an excellent example of corporate social responsibility with its foundation 'Trajche Mukaetov' that scholarships students" – said Ambassador Wohlers in his statement for the media.



*Top: Working session of the delegation headed by (left side) US Ambassador to Macedonia, H.E. Paul Wohlers and delegation headed by the host at Alkaloid, Mr. Zhivko Mukaetov, CEO/MB President (right side)
Bottom: The delegations tour the Institute of Development and Quality Control (left) and production facilities at PC Pharmaceuticals (right)*



PRESIDENT IVANOV AND CHINESE AMBASSADOR TO MACEDONIA VISIT ALKALOID

H.E. d-r Gjorgje Ivanov, President of the Republic of Macedonia and H.E. Mr. Cui Zhivei, Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to this country, paid an official visit to Alkaloid on January 23, 2012.

Their Excellencies were presented with the potentials of the company, the strategy of development as well as the results achieved over the past years. The guests met the management of the company and also had an opportunity to get the latest information on the company proceedings and future prospects in the part of the production and marketing activities aimed abroad.

According to President Ivanov, "Alkaloid" is a true success story in Macedonia, as it meets the highest standards of the most demanding markets, which is an indication of the fact that we as a country can meet all the foreign markets' requirements.

"I can only congratulate the team headed by Mr. Mukaetov for managing to keep those standards high and offer products to all foreign markets. I used the visit to present the Chinese ambassador with the potentials of the pharmaceutical industry in Macedonia, as well as with the export possibilities and trade exchange between the two countries" said President Ivanov during the visit of the production facilities of Alkaloid, also revealing that he admired Alkaloid's Good Nature teas.

Ambassador of the People's Republic of China, H.E. Mr. Zhivei, said he was impressed with the conditions and the production processes in Alkaloid and promised to make all the efforts to intensify the cooperation between the two countries. He also wished all the citizens of the Republic of Macedonia Happy Chinese New Year.

The CEO and MB President of Alkaloid, Mr. Zhivko Mukaetov stated that he briefed the Chinese ambassador on the potentials of the company, with particular accent on herbs and teas. He presented the activities of the production facilities, as well as the activities related to the operations of the new Institute for Development and Quality Control. "It was an honor to demonstrate that Macedonia has potential for development, progress and better results. We discussed that we are currently in a stage of monitoring the situation in China, as it is a large and complex market, a market that has its own philosophy of functioning and economic operation", Mukaetov emphasized.



Top: Photo from the working session of the official visit. Delegation headed by the Macedonian President H.E. d-r Gjorge Ivanov, the Chinese Ambassador and representatives of the Presidential Cabinet and Embassy of People's Republic of China on the left side. Right side: Host, CEO/MB President Mr. Zhivko Mukaetov and members of the Board of Directors.

Bottom: The official delegation tours the production facilities.

Source: Alkaloid Archive



MK BUSINESS LEADER AWARD GRANTED TO CEO OF ALKALOID

At the ceremony held on November 2, 2011, on the occasion of the “European Entrepreneurship Day” and “2011 European Week of Small and Medium-Size Companies”, organized by the European Business Association and supported by the Ministry of Economy of the Republic of Macedonia, Mr. Zhivko Mukaetov, CEO and President of the Management Board of “Alkaloid”, was proclaimed the 2011 MK Business Leader.

“This is a reward for all employees at Alkaloid and for all the generations that worked and built this company together. It is of paramount importance that work is done within the team and success is accomplished with joint forces. Maximum focus and love to work are required. People must become fully involved in the manner of operation, not only as individuals, but also as team players, endeavoring to spread the energy to all around them. It is essential to be surrounded by people who do want to work and possess high competences. This reward is yet another inspiration, as it turns out that – at the end of the day – society appreciates those who display positive results. It is an exceptionally precious acknowledgement, as it comes in the year when Alkaloid celebrates 75 years of existence,” Mukaetov told the attendants of the ceremony.

Mr. Vladimir Peshevski, Vice-Prime Minister for Economic Affairs awarded Mr. Mukaetov with the statuette made by the European Business Association and Mr. Valjon Saraqini, Minister of Economy at the Government of the Republic of Macedonia granted the plaque itself. Both of them addressed the audience at the event.

“2011 European Week of Small and Medium- Size Companies” is held this year under the slogan “Hit the Target” and the prize “MK Business Leader” is introduced for the first time, aiming to become a tradition and milestone to the future. MK Business Leader award has been established in order to single out people who lead Macedonian economy and enhance its prosperity.

“We wanted to single out managers of companies that should be role models for the manner in which business can and ought to be conducted in the Republic of Macedonia”, said Mr. Dimitar Ristovski, Manager of European Business Association.

“We used the basic criteria: a person should be owner of a company or part thereof, manage an export-oriented company, over recent years the company ought to have significantly developed concerning performance and constant profit and rank in a category of socially responsible companies”, said Ristovski.



Left: Mr. Vladimir Peshevski, Deputy Prime-minister at the Government of the Republic of Macedonia (far left) hands over the "MK Business Leader for 2011" statuette to Mr. Zhivko Mukaetov, CEO/MB President of Alkaloid (right).

Right: Minister of Economy, Mr. Valjon Saraqini (far left) hands over the "MK Business Leader for 2011" plaque to Mr. Zhivko Mukaetov, CEO/MB President of Alkaloid (far right).

Source: Alkaloid Archive





SUMMIT 100 BUSINESS LEADERS OF SOUTHEAST EUROPE: A NEW DEAL FOR A NEW AGE

By gathering business elite from Serbia, Croatia, Slovenia, Bosnia and Herzegovina, Macedonia and Montenegro, as well as the highest political officials of Serbia, Croatia and Slovenia, the goal of the Summit100, held in the city of Arandzhelovac, Serbia was to demonstrate the readiness and willingness of the business elite to take their share of responsibility for creating a vision for strengthening the competitiveness of the national economies, but also of the overall competitiveness potential of Southeast Europe.

One of the major tasks of the first Summit100 was to create a dialogue and take concrete responsibility of business leaders in realization of regional priorities of common interest in the field of infrastructure, energy and joint access to third markets.

In addition to the opportunity for the exchange of opinions and experiences among business leaders, the goal of the Summit100 was also to create network of business leaders willing to assume certain level of personal commitment, to the highest possible extent.

Mr. Zhivko Mukaetov, CEO and MB President of Alkaloid was among the participants of the closing panel of the Summit100 entitled – “A Look Into the Near Future: Opportunities, challenges, perspectives” – along with Mr. Srdzhan Shaper, CEO of McCann Group, Mr. Thomas Ehr, Managing Director of MTV Adria; Mr. Franjo Bobinac, Chairman of the Board of Gorenje and Mr. Slavko Carich, President of the Executive Board of Erste Bank.



*Photo of events from Summit 100 held in Arandželovac, Serbia.
Source: www.samit100.org*



ALKALOID AND REGIONAL BUSINESS LEADERS MET PRESIDENT JOSIPOVIC

Support to regional initiatives for further economic integration; greater political support of the regional business initiatives, especially initiatives for cooperation of companies in Southeastern Europe for entry into third markets were among the conclusions of the meeting of the delegation consisting of managers heading Summit 100 member companies with the Croatian President Ivo Josipovic.

President Josipovic noted that previous results from the activities of the Summit of 100 are encouraging and every initiative for cross-border cooperation should be supported.

“Experience has shown that individual firms in our region, as a single entity failed to be competitive enough on attractive markets, but with joint forces they can compete the world's largest companies”, said Josipovic.

Mr. Zhivko Mukaetov, CEO and MB President of Alkaloid AD Skopje attended this meeting along with many successful managers from the region, such as Mr. Branko Raduljko, CEO of Telekom Serbia, Mr. Bojan Radun, CEO of Nektar (Fruktal), Mr. Franjo Bobinac, CEO of Gorenje, Mr. Dusko Knjzhevijk, manager of Atlas Group of Montenegro, Mr. Damir Kushtrak, deputy general manager of the Croatian Agrokor and other prominent business leaders from the region.

“At the meeting with President Josipovic we discussed the need of making a joint strategy for entering into new markets. Our focuses are the markets of Russia and CIS countries, and potentially, the markets of the Arab countries. I consider that if partnering jointly with other companies from the region, we'll have much better performance on major markets that we target. We are now in the process of searching synergies and common interests for entry into specific markets,” said Mukaetov.

*Photo from the
delegation that visited
Croatian President
Josipovic.
Source:
www.president.hr*





ALKALOID'S POTENTIALS PRESENTED TO THE DIPLOMATIC CORPS IN MACEDONIA

The Ministry of Foreign Affairs of the Republic of Macedonia organized working breakfast with the representatives of the diplomatic corps in the country. The series of Macedonian companies that are going to be presented to the diplomatic corps once per month, started with one of the biggest net-exporters in the country, Alkaloid AD Skopje.

As a part of the economic diplomacy endeavors of the Ministry of Foreign Affairs of the Republic of Macedonia, Macedonian companies will be given opportunity to present their businesses and strategies to the diplomatic corps in the country. The first company that was presented at the working breakfast on this occasion was Alkaloid AD Skopje. The CEO/MB President, Mr. Zhivko Mukaetov presented Alkaloid in general, its prospects, strategies, present markets and future interests to the representatives of the diplomatic corps at the working session of this gathering.

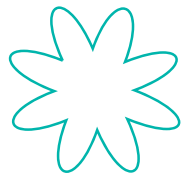
“Our goal, along with the efforts employed in the economic diplomacy, was to promote Macedonia as interesting destination for the foreign investors and to present Macedonian export oriented companies interested in investing outside the country to the diplomatic corps. We consider these opportunities to be solid ground for connecting the business communities in Macedonia and abroad and opening new opportunities for new markets” – said the Minister of Foreign Affairs, H.E. Mr. Nikola Poposki. Mr. Mukaetov, the CEO/MB President of Alkaloid stating that he was very much honored to be the first Macedonian representative presented, assessed this initiative as extraordinary opportunity for presenting the Macedonian businesses outside the country in the best possible way. Mukaetov also emphasized that gatherings like this one, will be an excellent opportunity for other Macedonian companies to present to the diplomatic corps their operations and potentials.



Top from left to right: Mr. Zhivko Mukaetov, CEO/MB President of Alkaloid AD Skopje; Minister of Foreign Affairs, H.E. Mr. Nikola Poposki, Mrs. Gorica Atanasova-Gjorevska, MFA Chief of Cabinet; Mrs. Cvetanka Simonovska, CFO of Alkaloid AD Skopje and Mr. Zoran Kostovski, COO of Alkaloid AD Skopje.

Bottom: Representatives of the diplomatic corps in the Republic of Macedonia; representatives of the Macedonian Ministry of Foreign Affairs as organizers and representatives of Alkaloid at the working session of the event.

Source: Alkaloid Archive



ALKALOID: A PART OF THE GLOBAL BREAST HEALTH CAMPAIGN

October, all over the world is recognized as a month for raising awareness of the existence of breast cancer when public organizations, medical professionals, government agencies and nongovernmental organizations work to promote awareness about this disease. Promoting the awareness involves education about prevention and treatment, fundraising, supporting efforts to find drugs, and support for survivors and those who deal directly with the disease. Breast cancer is the fifth most lethal type of cancer worldwide. The purpose of the activities undertaken within the campaigns that are conducted throughout the world is to remind women to practice regular breast self-examinations, regular visits to doctors and annual mammograms in order to protect their health. In Macedonia, 750 people are diagnosed with this disease, per year. The pink ribbon, as recognizable symbol of this campaign, was massively used in 1991 by Ambassador Nancy Brinkman, founder of Susan G. Komen Foundation, when a race for the cure through the streets of New York for the survivors of this disease was organized.

The Macedonian organization devoted to fight against cancer "Borka – For each new day" as a full member of European Association for the Fight Against Breast Cancer "Europa Donna," and on the occasion of marking the month dedicated to the global fight against breast cancer, for the second time organized the "Pink Night", action that was welcomed and supported by Alkaloid.

The event was wholeheartedly supported by the first lady of the Republic of Macedonia, Mrs. Maja Ivanova. Funds raised from this event were used for the purposes of equipping the University Oncology Clinic at the Clinical Centre in Skopje for the purchase of digestors, apparatus for appropriate application of chemotherapy.

Alkaloid supported another action of this type: "Go Pink 2012 – Walk Against Breast Cancer", which stresses the importance of early diagnosis and moral support to patients and survivors of this lethal disease.

"If today, at least one woman is motivated to make self-examination and another woman does a mammogram, then our goal is reached" - said an attendant at the event. "Today, painted in pink color, we'll walk for our fellowtown women, those who lead a battle with breast cancer and whose life is in front of a huge challenge. Today, may all of us be reminded that breast cancer is a reality and can happen to any woman" - said Mrs. Maja Ivanova, the wife of the President of the Republic of Macedonia, H.E. d-r Gjorjge Ivanov.

Such activities of the company, focused on protecting human health and improving conditions in the community where the company operates, will also continue in future. Our motto: "Health Above All" will remain to be our motivation in achieving our vision for healthier world. Raising awareness among the population about protection of the most precious gift of the nature, human health, remains on the list of our top priorities.

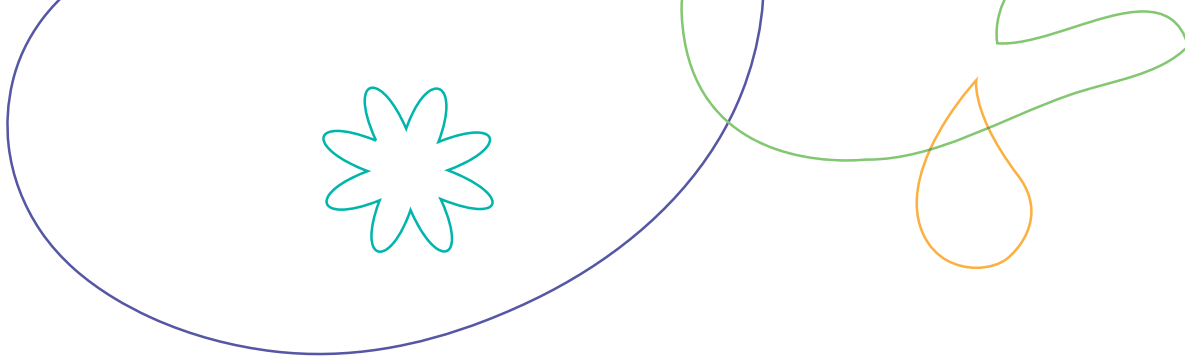


Top: Photo from the march organized along the streets of the city of Skopje, Go-Pink 2012.

Source: Archives of Borka – For Each New Day

Bottom: First lady Maja Ivanova (in the middle), supporter of Pink Night 2011 arrives at the event greeted by NGO Borka President, Ms. Biba Dodeva (left)





HUMAN RESOURCES MANAGEMENT

Our strong commitment, high aspirations and persistence, driven by our vision and high motivation are part of the formula for success that we develop based on the large ambitions upgraded with professionalism and diligence of all our employees, guided by the goal of high quality and striving to follow global business trends.

Our consistency in achieving success is due to the courage and resilience when we face with all challenges of the modern environment, where we lay our daily tests of loyalty, dedication and desire to perfection.

Alkaloid's success is largely due to human resources. Striving to achieve our joint goal of continuous improvement, we continued to improve working processes raising the level of professionalism and corporate efficiency. We started with great improvements to the procedures for building a Performance Management System that pursuant to corporate goals raises the general level of performance of all employees, for which we create individual development plans and keep highly motivated and satisfied workforce, which is the main foundation for continuous improvement.

Investing in human resources and increase of their capacities is our crucial investment. In that regard, in 2011 we focused on improving the performance of top and middle management which will materialize their development throughout the structure. Almost 2% of total company profit was invested in training and development last year. With this investment and these efforts we proved once again that by improving the skills of employees through continuous learning processes and upgrading, we'll achieve a double effect of satisfaction and motivation among employees through their involvement in significant projects of strategic importance and development of their consciousness that they are an important part in the creation of our success story.

In the function of improvement and streamlining of the crucial business processes, last year we created a new regional structure and organization. Namely, the markets that we operate in have been grouped into three regions: the EU and CIS region, the region of Serbia, Croatia, Bosnia and Herzegovina and Montenegro and the region of Macedonia, Albania and Kosovo. The new regional division increased the efficiency of the overall operations and enabled better control of work processes on those markets.

Moreover, we have brought new strategic documents, introduced new standards, and initiated projects, which will enable keeping the trend of growth and development of the company.

In the course of year 2011, we had 97 new employments.



*Photo from the humanitarian event organized
for the employees of Alkaloid AD Skopje,
members of their families and/or their friends.
Source: Alkaloid Archive*



Personnel and education

	Number of employees
Profit Centre / Organizational Unit	
Pharmaceuticals	588
Chemistry	54
Cosmetics	86
Botanicals	44
Corporate Services	298
TOTAL in Alkaloid AD Skopje	1070

	Number of employees
Alkaloid CONS Ltd. – Skopje	28
Subsidiaries and companies abroad	276
Total in Alkaloid Group	1374

Qualification structure of Alkaloid AD Skopje in 2011

Degree	Number of employees
PhD	1
Master Degree	4
University degree	387
Junior college degree	17
High school degree	516
Qualified workers	119
Non-qualified workers	26
Total:	1070

ALKALOID AWARDED BY THE MACEDONIAN CHAMBER OF COMMERCE

In February 2012, on a gala celebration attended by 1200 eminent invitees, the Macedonian Chamber of Commerce celebrated its jubilee, 90 years of existence.

As the oldest, the most numerous organization representing the business community, the Macedonian Chamber of Commerce granted several special acknowledgments to successful Macedonian companies, chamber associations and one state institution. Alkaloid was winner of the prize in the category "Company that visited highest number of educational events".

The gala, besides by the members of the Macedonian Chamber of Commerce, was also attended by representatives of the Macedonian governmental institutions, diplomatic corps in the Republic of Macedonia, representatives of various international organizations, association partners and supporters of the Macedonian Chamber of Commerce.





ENVIRONMENTAL PROTECTION

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

The environment management system is a part of the integrated system for quality management and the principles of good manufacturing practice.

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

The trend of utilization of natural resources as energy drives is a practice of our company. We tend to demonstrate active steps to help reduce the environmental impact, whenever possible. The utilization of natural gas as a source of energy has proven a positive impact on the environment conditions in this area.

The collection, the selection as well as the treatment of a particular type of waste at the localities of Alkaloid AD is performed in cooperation with an external supplier. We take special care for the procedures regarding dangerous waste management, which is properly handled with special caution.

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

ALKALOID OBTAINS INTEGRATED ENVIRONMENTAL LICENSE

In order to comply with the national and the EU legislation as well as for the purpose of integrated prevention and control of the pollution, in 2007 Alkaloid AD – Skopje began preparations for obtaining integrated environmental license, a venture for which over 500.000 euros have been invested.

The integrated environmental license was presented to the CEO of Alkaloid AD – Skopje, Mr. Zhivko Muaketov by the Minister of Environment and Urban Planning, Mr. Abdilaqim Ademi.

This license recognizes Alkaloid AD – Skopje as a responsible company dedicated to integrated prevention and control of environmental pollution in the course of everyday manufacturing operations.



Minister of Environment and Urban Planning, Mr. Abdilaqim Ademi (right) hands over the Environmental License to Mr. Zhivko Mukaetov, CEO/MB President of Alkaloid (left)
Source: Archive of Ministry of Environment and Urban Planning



health 
above all

A stylized human figure composed of various colored shapes: a teal head with a white hand icon, a green torso with a white hand icon, a purple arm, and a purple leg. A small orange teardrop with a white star is on the head. A large purple shape is on the right side, with a small green hand icon on its upper edge. A circular inset shows a man and a woman embracing.

pc
pharmaceuticals

Alkaloid Skopje • Annual Report 2011

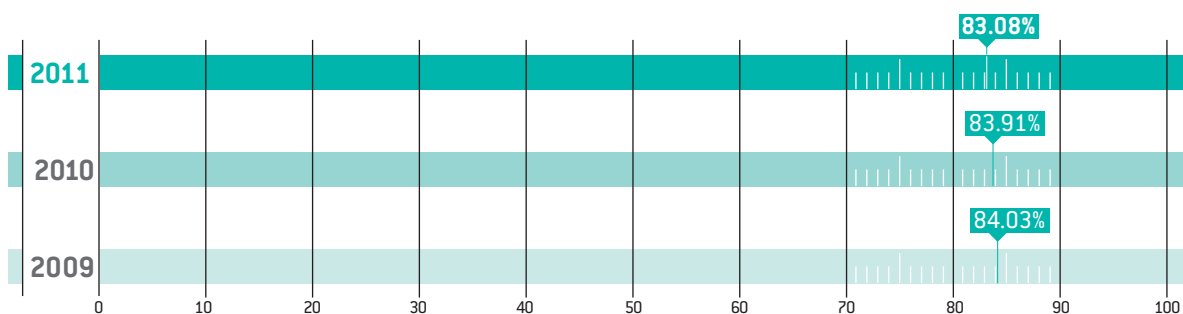


MARKETING AND SALES

In 2011, 588 employees were working in the Pharmaceuticals segment in its headquarters in Skopje and 304 employees in its subsidiaries. The total net sales of PC Pharmaceuticals amounted to MKD 5,598 billion, which is a share of 83.08% in the total sales of Alkaloid Group.

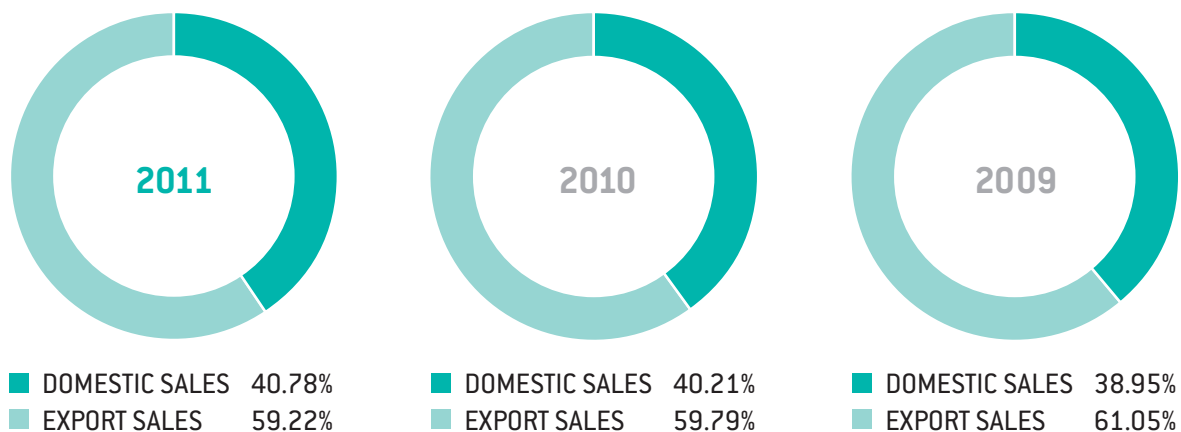
In 2011, the products of the PC Pharmaceuticals were available on the markets of 16 countries.

PC Pharmaceuticals as a part of Alkaloid Group

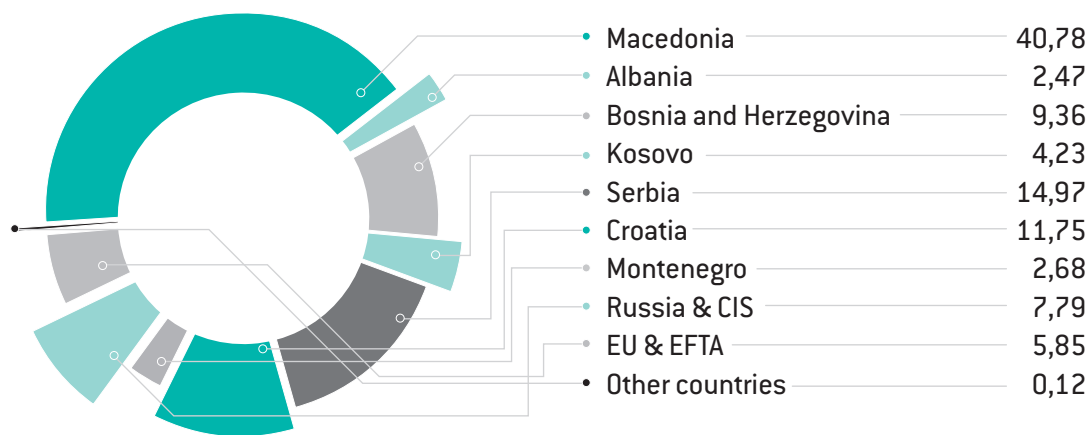


In 2011 we managed to increase the sales level by 12.41% compared to last year. This was primarily due to the increase in the domestic sales by 14.02%, and the increase in the export sales by 11.33% compared to 2010.

SALES PER MARKETS



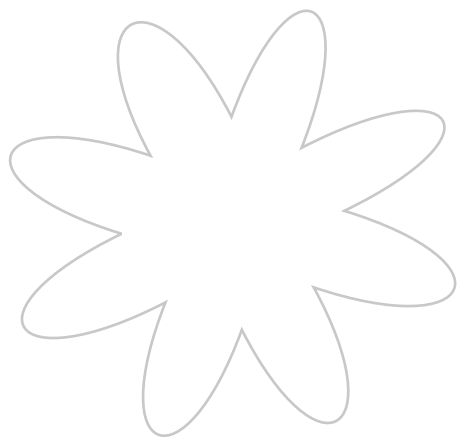
SALES PER COUNTRIES



TOP 5 PRODUCTS OF PC PHARMACEUTICALS

Sales of top 5 products for the year 2011 (% participation in the total sales of PC Pharmaceuticals):

	% participation		
	2011	2010	2009
CAFFETIN	13.02	14.21	13.66
PANCEF (Cefixime)	7.98	10.83	12.65
ANALGIN (Metamizole)	5.13	5.27	6.86
SKOPRYL (Lisinopril)	4.14	3.48	4.46
CITERAL (Ciprofloxacin)	3.36	3.46	3.56



LATEST
RELEASES
2 0 1 1



БлокМАКС

Ефикасен при различни типови болка!

BlokMAX
200 mg филм-обложени таблети
BlokMAX forte
400 mg филм-обложени таблети
BlokMAX for kids
100 mg/5ml перорална суспензија

- ✓ главоболка
- ✓ болка во грбот
- ✓ мускулни болки
- ✓ реуматски болки
- ✓ забоболка



BlokMAX
200 mg филм-обложени таблети



BlokMAX forte
400 mg филм-обложени таблети

Пред употреба внимателно да се прочита упатството!
За индикациите, ризикот од употребата и несаканите дејства на лекот консултирајте се со Вашиот лекар или фармацевт.

БлокМАКС

Ефикасен при покачена телесна температура! *за деца*

BlokMAX for kids
100 mg/5 ml перорална суспензија
BlokMAX
200 mg филм-обложени таблети
BlokMAX forte
400 mg филм-обложени таблети

Аналго-антипиретичното дејство на БлокМАКС за деца овозможува брзо и ефикасно намалување:

- ✓ покачена телесна температура
- ✓ болка при растење на забите
- ✓ други помали болки и болки при повреди



Пријатен вкус и мирис на карсија



Пред употреба внимателно да се прочита упатството! За индикациите, ризикот од употребата и несаканите дејства на лекот консултирајте се со Вашиот лекар или фармацевт.





ALKALAX-TAB®

bisacodyl
5 mg gastro-resistant tablets,
20 tablets,
A06AB02
contact laxatives



FURAL®

nifuroxazide
200mg/5 ml,
oral suspension,
90ml,
A07AX 03,
intestinal antiinfective agent

BlokMax® for kids

ibuprofen
100mg/5 ml,
oral suspension,
100 ml,
M01AE01, NSAID



TRIGLID®

fenofibrate
145 mg tablets,
30 tablets,
C10AB05,
lipid modifying agent, plain



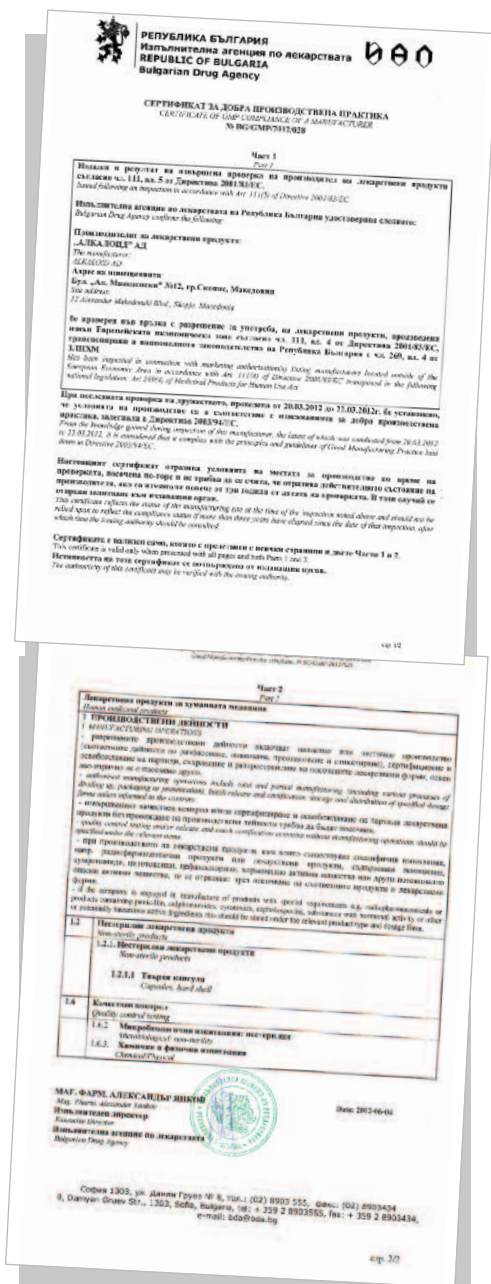
GOOD MANUFACTURING PRACTICE CERTIFICATES

Upon inspection rendered by the Bulgarian Drug Agency of the plant for production of solid pharmaceutical forms – hard gelatin capsules in the PC Pharmaceuticals, this institution issued a Certificate of Compliance with the principles of Good Manufacturing Practices, as defined in the European Union Directives.

This Certificate will enable Alkaloid AD Skopje to continue with the registration and marketing of its products in the EU member countries.

Upon inspection rendered by the Slovenian Agency for Medical Products and Medical Devices (JAZMP) of the plant for production of liquid pharmaceutical forms in PC Pharmaceuticals, this institution issued a Certificate of Compliance with the principles of Good Manufacturing Practices, as defined in the European Union Directives.

These certificates are confirmation of the company endeavors for high level of professionalism in the production operations, in which state of the art production technologies and business standards are applied, all for the purpose of achieving the supreme objective of having quality, efficient and safe drugs.



ALKALOID CONS LTD. DAUGHTER COMPANY OF ALKALOID AD SKOPJE

The department for representation and consignment stocks of Alkaloid AD Skopje that was formed back in 1979 became a part of Alkaloid' as a special daughter company, Alkaloid Cons Ltd.

The main activity of Alkaloid Cons is import and sales of drugs, medical appliances and medical equipment, which resulted from the successful years of cooperation with great multinational pharmaceutical companies. The experience accumulated in this area was the main reason why the company became representative of the largest world producers of pharmaceuticals, medical appliances, medical equipment and OTC products with proven quality and competitive prices.

The range of products of Alkaloid Cons includes:

- Drugs: antibiotics, cytostatics, antithrombotics, immunosuppressives, cardiovascular drugs, antiepileptics, immune-modulators, antimycotics, antipsychotics, bisphosphonates, vaccines, coagulation factors, hormones and hormonal antagonists;
- X-Ray films;
- Sanitary materials;
- Infusion solutions;
- Dialysis preparations and consumption materials for dialysis;
- Medical equipment and apparatus.

The company began its operations with only 5 employees back in 2004 and year after year that number increased so as to reach 27 highly qualified pharmacists, doctors, dentists, economists etc.

Alkaloid Cons is ISO 9001:2000 and ISO 14001:2004 certified. In 2009, upon passing the inspection process, Alkaloid Cons became a TRACE member.

As of 17 January 2011 Alkaloid CONS Ltd. Skopje commenced operating in the cutting-edge SAP data information system, the world leader in ERP [Enterprise Resource Planning] systems. The implementation was carried out by a project team consisting of 40 experts in diverse areas, employees of Alkaloid CONS, Alkaloid AD and the Croatian software company b4b. This project immensely increased the efficiency of the operations of Alkaloid CONS Ltd Skopje. It optimized, integrated and united the overall business processes of this daughter company of Alkaloid AD Skopje.

The number of companies in the portfolio of Alkaloid Cons Ltd. is becoming larger year by year and in 2010 that number reached 17 non-domicile renowned companies listed herewith.

1. SANOFI - AVENTIS, France
2. PFIZER H.C.P. CORPORATION, USA
3. NOVARTIS PHARMA SERVICES INC., Switzerland
4. TALECRIS/GRIFOLS BIOTHERAPEUTICS, USA
5. BILIM ILAC, Turkey
6. FUJIFILM CORPORATION, Japan
7. INFOMED FLUIDS S.R.L., Romania
8. HARTINGTON PHARMA LTD., UK
9. PRIZMA D.O.O., Serbia
10. LOLA RIBAR, Croatia
11. DUTCHMED INTERNATIONAL B.V., Netherlands
12. SHIRE PHARMACEUTICALS IRELAND LIMITED, Ireland
13. INTRAPLANT GmbH, Austria
14. F. HOFMANN-LAROCHE LTD., Switzerland
15. GlaxoSmithKline Export Ltd, UK
16. ACTAVIS INTERNATIONAL LIMITED, Malta
17. B/BRAUN Melsungen AG, Deutschland

COMPLETE LIST OF PHARMACEUTICAL PRODUCTS REGISTERED IN MACEDONIA

(in alphabetical order)

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
ACEROLA ALKALOID®		
ascorbic acid	contains natural vitamin C 500 mg and 180 mg chewable tablets, 30 tablets	A11GA01, vitamin
ACEROLA ALKALOID® for children		
ascorbic acid	contains 100% natural vitamin C 50 mg chewable tablets, 30 tablets	A11GA01, vitamin
ACIKLOVIR ALKALOID®		
aciclovir	50 mg/g cream, 5 g	D06BB03, topical antiviral
ACIKLOVIR ALKALOID®		
aciclovir	30 mg/g eye ointment, 5 g	S01AD03, ophtalmological antiviral
ACIKLOVIR ALKALOID®		
aciclovir	200 mg tablets, 30 tablets	J05AB01, antiviral for systemic use
ALBENDAZOL ALKALOID®		
albendazole	200 mg film-coated tablets, 6 and 60 tablets	P02CA03, antihelmintic
ALDIZEM®		
diltiazem	60 mg and 90 mg prolonged release tablets, 30 tablets	C08DB01, calcium channel blocker
ALKADIL®		
captopril	25 mg and 50 mg tablets, 40 tablets	C09AA01, ACE inhibitor
ALKAVIT® vitamin C for children		
ascorbic acid	50 mg tablets, 30 tablets	A11GA01, vitamin
ALKAVIT® vitamin E		
tocopherol, α	100 mg chewable tablets, 30 tablets	A11HA03, vitamin
ALKAVIT® FOLIC ACID		
folic acid	0,4 mg film-coated tablets, 30 tablets 5 mg film-coated tablets, 20 tablets	B03BB01, antianemic preparations

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
ALMACIN®		
amoxicillin	500 mg capsules, hard 16 and 100 capsules 250 mg/5 ml powder for oral suspension, 100 ml suspension	J01CA04, broad spectrum penicillin
Manufactured in cooperation with Bilim Pharmaceuticals A.S. - Turkey		
ALMETEX®		
carbazochrome	25 mg tablets, 20 tablets 10 mg/2ml solution for injection, 30 ampoules	B02BX02, haemostatic
ALVEN®		
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
ALYCEF®		
cefadroxil	500 mg capsules, hard, 16 capsules 250 mg/5 ml granules for oral suspension, 100 ml	J01DB05, first-generation cephalosporins
AMINOFILIN ALKALOID®		
aminophylline	100 mg film-coated tablets, 50 tablets 350 mg prolonged release tablets, 20 tablets 250 mg/10 ml solution for injection, 50 ampoules	R03DA05, bronchodilator
AMLODIPIN ALKALOID®		
amlodipine	5 mg and 10 mg tablets, 30 tablets	C08CA01, calcium channel blocker
AMPICILIN ALKALOID®		
ampicillin	500 mg capsules, hard 16 and 100 capsules 250 mg/5ml powder for oral suspension, 100 ml suspension	J01CA01, broad spectrum penicillin
Manufactured in cooperation with Bilim Pharmaceuticals A.S. - Turkey		



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
ANALGIN®		
metamizole	500 mg tablets, 10 and 500 tablets 1g/2ml and 2.5g/5ml solution for injection, 50 ampoules	N02BB02, analgesic and antipyretic
AQUA AD INIJECTABILIA ALKALOID®		
water for injections	2 ml, 5 ml and 10 ml solvent for parenteral use 50 ampoules	V07AB, solvent and diluting agent
ATENOLOL ALKALOID®		
atenolol	50 mg film-coated tablets, 15 tablets 100 mg film-coated tablets, 15 and 30 tablets	C07AB03, selective β -blocker
BETADINE®		
povidone - iodine	100 mg/g ointment, 20 g 7.5 % and 10 % cutaneous solution, 100 ml and 1000 ml solution	D08AG02 and D11AC06, antiseptic & disinfectant;
Manufactured under the license of Mundipharma AG Basel, Switzerland		
BETADINE®		
povidone - iodine	200 mg vaginal pessaries, 14 pessaries	G01AX11, gynecological antiseptic
Manufactured under the license of Mundipharma AG Basel, Switzerland		
BETADINE®		
povidone - iodine	1% gargle, 100 ml solution	R02AA15, throat antiseptic
Manufactured under the license of Mundipharma AG Basel, Switzerland		
BIPRESSO®		
bisoprolol	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	C07AB07, selective β -blocker
BlokMax®		
ibuprofen	200 mg film-coated tablets, 10 tablets	M01AE01, NSAID

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
BlokMax® forte		
ibuprofen	400 mg film-coated tablets, 10 tablets	M01AE01, NSAID
BRONLES®		
carbocisteine	375 mg capsules, hard 30 capsules 250 mg/5ml oral solution, 150 ml solution	R05CB03, mucolytic
BRONLES® for children		
carbocisteine	125 mg/5ml oral solution, 150 ml solution	R05CB03, mucolytic
BUPRENORFIN ALKALOID®		
buprenorphine	0,4 mg, 2 mg and 8 mg sublingual tablets, 7 and 28 tablets	N07BC01, drugs used in opioid dependence
CAFFETIN sc®		
paracetamol, propyphenazone, caffeine	(250 mg+210 mg+50 mg) tablets, 10 and 500 tablets	N02BE51, combined analgesic
CAFFETIN trio®		
paracetamol, caffeine, codeine	(500 mg+50 mg+10 mg) tablets, 10 and 500 tablets	N02BE51, combined analgesic
CAFFETIN®		
paracetamol, propyphenazone, caffeine, codeine	(250 mg+210 mg+50 mg+10 mg) tablets, 6, 10, 12 and 500 tablets	N02BE51, combined analgesic
CAFFETIN COLD®		
paracetamol, ascorbic acid, dextromethorphan, pseudoephedrine	(500 mg+60 mg+15 mg+30 mg) film-coated tablets, 10 tablets	N02BE51, cough & cold medication
CAFFETIN COLD® PLUS		
paracetamol, vitamin c (ascorbic acid + acerola), dextromethorphan, pseudoephedrine	(500 mg+60 mg (50 mg +10 mg) +15 mg+30 mg) film-coated tablets, 10 tablets	N02BE51, cough & cold medication



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
CAFFETIN COLD max[®]		
paracetamol, phenylephrine	(1000 mg + 12,2 mg) powder for oral solution 10 sachets with 5,15 g powder	N02BE51 paracetamol, combinations excl. psycholeptics
CAFFETIN[®] menstrual		
ibuprofen (in a form of lysinate)	200 mg film-coated tablets, 10 tablets	M01AE01, NSAID
CARDIOPIRIN[®]		
acetylsalicylic acid	100 mg gastro-resistant tablets, 30 tablets	B01AC06, platelet aggregation inhibitors
CEFACLOR ALKALOID[®]		
cefaclor	500 mg capsules, hard 16 capsules 125 mg/5ml and 250mg/5ml granules for oral suspension, 60 ml suspension	J01DC04, second-generation cephalosporins
CEFALEXIN ALKALOID[®]		
cefalexin	500 mg capsules, hard 16 and 100 capsules 250 mg/5ml powder for oral suspension, 100 ml suspension	J01DB01, first-generation cephalosporins
CEFAZ[®]		
ceftazidime	500 mg and 1 g powder for solution for injection 5 vials	J01DD02, third-generation cephalosporins
CHLORAMPHENICOL ALKALOID[®]		
chloramphenicol	50 mg/g ointment, 5 g	D06AX02, antibiotic for topical use
CHLORAMPHENICOL ALKALOID[®]		
chloramphenicol	10 mg/g eye ointment, 5 g	S01AA01, ophthalmological antibiotic
CINEDIL[®]		
cinnarizine	75 mg tablets, 50 tablets 75 mg tablets, 45 tablets	N07CA02, calcium channel blocker, antvertigo preparation

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
CIKLOSPORIN ALKALOID®		
ciclosporin	25 mg, 50 mg and 100 mg capsules, soft 50 capsules 100 mg/ml oral solution, 50 ml solution	L04AD01, immunosuppressant
CITERAL®		
ciprofloxacin	250 mg and 500 mg film-coated tablets, 10 tablets 100 mg/10ml concentrate for solution for infusion, 5 ampoules	J01MA02, quinolone for systemic use
CITERAL®		
ciprofloxacin	3 mg/ml eye and ear drops, solution 5 ml solution	S03AA07, antimicrobial quinolone, agent
CODEINI PHOSPHATIS ALKALOID®		
codeine	30 mg tablets, 10 tablets	R05DA04, antitussive
DECOTAL®		
diflucortolone	1 mg/g cream, 20 g 1 mg/g ointment, 20 g	D07AC06, potent corticosteroid dermatotherapeutic
DIABINESE®		
chlorpropamide Manufactured under the license of Pfizer Corporation	250 mg tablets, 30 tablets	A10BB02, oral antidiabetic
DIAZEPAM ALKALOID®		
diazepam	2 mg and 5 mg coated tablets, 30 tablets 10 mg/2ml solution for injection, 10 ampoules	N05BA01, anxiolytic
DIPROL®		
paracetamol	500 mg tablets, 10 and 500 tablets 120 mg/5ml oral suspension, 100ml suspension	N02BE01, analgesic and antipyretic
DOXYCYCLIN ALKALOID®		
doxycycline	100 mg capsules, hard 5 and 100 capsules	J01AA02, tetracycline antibiotic



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
DicloJet®		
diclofenac	75 mg gastro-resistant capsules, hard, 20 capsules	M01AB05, NSAID
Manufactured in cooperation with Astellas GmbH, Munchen, Germany		
Diclo Duo®		
diclofenac	75 mg modified, dual release capsules, hard, 20 capsules	M01AB05, NSAID
Manufactured in cooperation with Astellas GmbH, Munchen, Germany		
EGLONYL® forte		
sulpiride	200 mg tablets, 12 tablets	N05AL01, antipsychotic
Manufactured in cooperation with Sanofi Aventis, France		
EGLONYL®		
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	N05AL01, antipsychotic
Manufactured in cooperation with Sanofi Aventis, France		
EPIAL®		
carbamazepine	200 mg tablets, 50 tablets	N03AF01, antiepileptic
ETOLAC		
etodolac	200 mg film-coated tablets, 20 tablets	M01AB08, NSAID
FAMOSAN®		
famotidine	10 mg and 20 mg film-coated tablets, 20 tablets 40 mg film-coated tablets, 10 tablets	A02BA03, antiulcer drug
FLAGYL®		
metronidazole	500 mg vaginal pessaries, 10 pessaries	G01AF01, gynecological antiinfective and antiseptic
Manufactured in cooperation with Sanofi Aventis, France		

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
FLAGYL®		
metronidazole	250 mg film-coated tablets, 20 tablets 400 mg tablets, 20 tablets	J01XD01, P01AB01, antiinfective for systemic use, antiprotozoal
Manufactured in cooperation with Sanofi Aventis, France		
FLUFENAZIN ALKALOID®		
fluphenazine	1 mg coated tablets, 25 tablets 2.5 mg and 5 mg coated tablets, 100 tablets 2.5 mg/1ml solution for injection, 5 ampoules	N05AB02, antipsychotic
FLUOXETIN ALKALOID®		
fluoxetine	20 mg capsules, hard 30 capsules	N06AB03, antidepressant
FUROSEMID ALKALOID®		
furosemide	40 mg tablets, 10 tablets 20 mg/2ml solution for injection, 50 ampoules	C03CA01, diuretic
FURAL®		
nifuroxazide	100 mg capsules, hard, 30 capsules 200 mg capsules, hard, 20 capsules	A07AX03 intestinal antiinfective agent
FUREXA®		
cefuroxime	250 mg and 750 mg powder for injection 5 vials	J01DC02, second-generation cephalosporins
FUREXA®		
cefuroxime	1,5 g powder for solution for injection or infusion 5 vials	J01DC02, second-generation cephalosporins
GENTAMICIN ALKALOID®		
gentamicin	20 mg/2 ml, 40 mg/2ml, 80 mg/2 ml and 120 mg/2ml solution for injection, 10 ampoules	J01GB03, aminoglycoside antibiotic



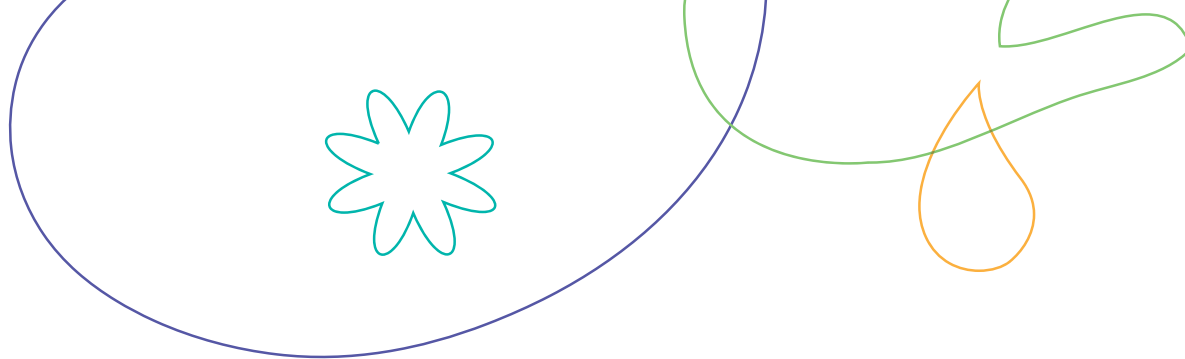
Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
GLIBEDAL®		
glibenclamide	5 mg tablets, 30 tablets	A10BB01, oral antidiabetic
GYNIPRAL®		
hexoprenaline	0.5 mg tablets, 20 tablets 0.01 mg/2ml solution for injection, 5 ampoules	G02CA, tocolytic
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
HEFEROL®		
ferrous fumarate	350 mg capsules, hard 30 capsules	B03AA02, antianaemic
HIDROHLOROTIAZID ALKALOID®		
hydrochlorothiazide	25 mg tablets, 20 tablets	C03AA03, diuretic
HOLLESTA®		
simvastatin	10 mg, 20 mg and 40 mg film-coated tablets, 30 tablets	C10AA01, hypolipaemic
INSTENON®		
etofylline, etamivan, hexobendine	(60 mg+50 mg+20 mg) coated tablets, 30 tablets	C04AX, peripheral vasodilator
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
INSTENON®		
etofylline, etamivan, hexobendine	(100 mg+50 mg+10 mg)/2ml solution for injection, 30 ampoules	C04AX, peripheral vasodilator
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
KALCIUM KARBONAT ALKALOID®		
calcium carbonate	1000 mg tablets, 50 tablets	A12AA04, antiphosphataemic, mineral supplement
KLINDAMICIN ALKALOID®		
clindamycin	150 mg and 300 mg capsules, hard 16 capsules 300 mg /2 ml and 600 mg/ 4 ml solution for injection, 10 ampoules	J01FF01, lincosamide antibiotic
KOMPENSAN®		
dihydroxy aluminium sodium carbonate	300 mg tablets, 20 tablets	A02AB04, antacid
Manufactured under the license of Pfizer Corporation		

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
LAMAL®		
lamotrigine	25 mg, 50mg, 100 mg and 200 mg tablets, 30 tablets	N03AX09, antiepileptic
LEGOFER®		
ferric proteinsuccinylate	40 mg/15 ml oral solution, 150 ml solution	B03AB09, antianaemic
Manufactured in cooperation with Italfarmaco S.p.A. Milan, Italy		
LEXILIUM®		
bromazepam	1.5 mg, 3 mg and 6 mg tablets, 30 tablets	N05BA08, anxiolytic
Manufactured in cooperation with F. Hoffman - La Roche Ltd. Basel, Switzerland		
LIDAPRIM®		
sulfametrole, trimethoprim	(400 mg+80mg) tablets, 20 tablets	J01EE03, combined sulphonamide & trimetoprim
Manufactured in cooperation with Nycomed Austria GmbH, Austria		
LIDAPRIM® for children		
sulfametrole, trimethoprim	(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		
LIDOKAIN HIDROHLORID ALKALOID®		
lidocaine	40 mg/2ml solution for injection, 100 ampoules	N01BB02, C01BB01 local anaesthetic, antiarrhythmic
LIDOCAIN-ADRENALIN ALKALOID®		
lidocaine, epinephrine	(40mg+0.025 mg)/2 ml solution for injection, 100 ampoules	N01BB52, local anaesthetic
LORATADIN ALKALOID®		
loratadine	10 mg tablets, 10 tablets 1 mg/1ml oral solution, 120 ml solution	R06AX13, antihistaminic



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
LOSARTAN ALKALOID®		
losartan	50 mg and 100 mg film-coated tablets, 30 tablets	C09CA01, angiotensin II antagonist
LUNATA®		
zolpidem	5 mg and 10mg film-coated tablets 10 tablets	N05CF02, hypnotics and sedatives
LYVAM®		
levetiracetam	250 mg, 500 mg, 750 mg and 1000 mg film-coated tablets 60 tablets	N03AX 14 other antiepileptics
MENDILEX®		
biperiden	2 mg tablets, 50 tablets	N04AA02, antiparkinsonic
METADON ALKALOID®		
methadone	10 mg/ml oral drops, solution 10 ml solution 10 mg/ml oral solution, 100 ml and 1000 ml solution	N07BC02, opioid analgesic; drug used in opioid dependance
METFORMIN ALKALOID®		
metformin	500 mg, 850 mg and 1000 mg film-coated tablets, 30 tablets	A10BA02, oral antidiabetic
MORFIN HIDROHLORID ALKALOID®		
morphine	20 mg/ml and 4 mg/ml solution for injection, 10 ampoules	N02AA01, opioid analgesic
NIFADIL® retard		
nifedipine	20 mg prolonged release film-coated tablets, 30 tablets	C08CA05, calcium channel blocker
NIFLAM® retard		
ketoprofen	200 mg film-coated tablets, 20 tablets	M01AE03, NSAID

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
NIFLAM®		
ketoprofen	50 mg capsules, hard 20 capsules 100 mg/2ml solution for injection and infusion 10 ampoules 100 mg suppositories, 12 suppositories	M01AE03, NSAID
NOVAMORF®		
morphine	10 mg and 20 mg sublingual tablets, 20 and 60 tablets 30 mg sublingual tablets, 20 tablets	N02AA01, opioid analgesic
NOZINAN®		
levomepromazine	25 mg and 100 mg film-coated tablets, 20 and 100 tablets	N05AA02, antipsychotic
Manufactured in cooperation with Sanofi Aventis, France		
NYPERO		
ropinirole	0,25 mg, 0,5 mg, 1 mg, 2 mg and 5 mg film-coated tablets, 21 tablets	N04BC04, dopamine agonists
NYMER		
nimesulide	100 mg tablets, 15 tablets	M01AX17 other antiinflammatory and antirheumatic agents, non-steroids
OMEZOL®		
omeprazole	20 mg gastro-resistant capsules, hard 14 capsules	A02BC01, antiulcer drug
PANCEF®		
cefixime	400 mg film-coated tablets, 5 and 10 tablets 100 mg/5ml granules for oral suspension, 60 ml and 100 ml	J01DD08, third-generation cephalosporins



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
PARACETAMOL ALKALOID®		
paracetamol	120 mg/5ml oral solution, 100 ml solution	N02BE01, analgesic, antipyretic
PARSEDIL®		
dipyridamole	75 mg coated tablets, 15 tablets	B01AC07, platelet aggregation inhibitor
PENTOKSIFILIN ALKALOID®		
pentoxifylline	400 mg prolonged release film-coated tablets, 20 tablets 100 mg/5 ml solution for injections, 5 ampoules	C04AD03, peripheral vasodilator, rheolytic
PHENOBARBITAL ALKALOID®		
phenobarbital	15 mg and 100 mg tablets, 30 tablets	N03AA02, antiepileptic
PHOLCODIN ALKALOID®		
pholcodine	10 mg capsules, hard 20 capsules 15 mg/15ml oral solution, 150 ml solution	R05DA08, antitussic
PHOLCODIN ALKALOID® for children		
pholcodine	4 mg/5ml oral solution, 60 ml solution	R05DA08, antitussic
PIMEF®		
cefepime	1 g and 2 g powder for solution for injection or infusion 5 vials	J01DE01, forth-generation cephalosporins
PROCULIN®		
naphazoline	0.3mg/ml eye drops, 10 ml solution	S01GA01, ophthalmic decongestant
PROPAFENON ALKALOID®		
propafenone	150 mg film-coated tablets, 40 tablets 35 mg/10 ml solution for injection, 10 ampoules	C01BC03, antiarrhythmic

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
PROPILTIOURACIL ALKALOID®		
propylthiouracil	50 mg tablets, 20 tablets 100 mg tablets, 45 tablets	H03BA02, thyrostatic
REGLAN®		
metoclopramide	10 mg tablets, 40 tablets 5 mg/5ml oral solution, 120 ml solution 10 mg/2 ml solution for injection, 30 ampoules	A03FA01, antiemetic
Manufactured in cooperation with Sanofi Aventis, France		
RELIKA®		
perindopril tert-butylamine	2 mg, 4 mg and 8 mg tablets 30 tablets	C09AA04 ACE inhibitors, plain
REMOXICAM®		
piroxicam	20 mg capsules, hard 20 capsules	M01AC01, NSAID
RISPERIDON ALKALOID®		
risperidone	1 mg, 2 mg, 3 mg and 4 mg film-coated tablets, 20 tablets	N05AX08, antipsychotic
SALBUTAMOL ALKALOID®		
salbutamol	2 mg tablets, 60 and 100 tablets 2mg/5ml oral solution, 150 ml solution 5mg/ml nebuliser solution, 20 ml solution	R03CC02, R03AC02, bronchodilator
SINEQUAN®		
doxepin	10 mg and 25 mg capsules, hard 30 capsules	N06AA12, antidepressant
Manufactured under the license of Pfizer Corporation		
SIZAP®		
olanzapine	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	N05AH03, antipsychotics
SKOPRYL®		
lisinopril	5 mg, 10 mg and 20 mg tablets, 20 tablets	C09AA03, ACE inhibitor



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
SKOPRYL plus®		
lisinopril, hydrochlorothiazide	{20 mg + 12.5mg} tablets, 20 tablets {20 mg + 25 mg} tablets, 20 tablets	C09BA03, combined antihypertensive
SOLCOSERYL®		
protein-free haemodialysate of calves' blood	8.3 mg/g eye gel, 5 g	S01XA, ophthalmic wound and ulcer treatment
Manufactured under the licence of Valeant Pharmaceuticals Switzerland GmbH, Switzerland		
SOLCOSERYL®		
protein-free haemodialysate of calves' blood	2.07 mg/g ointment, 20g 4.15 mg/g gel, 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, other peripheral vasodilators
Manufactured under the licence of Valeant Pharmaceuticals Switzerland GmbH, Switzerland		
SOLCOSERYL®		
protein-free haemodialysate of calves' blood polidocanol	{2.125mg+10mg}/g dental adhesive paste, 5 g	A01AD, local oral treatment
Manufactured under the licence of Valeant Pharmaceuticals Switzerland GmbH, Switzerland		
SUMETRIN®		
sumatriptan	50 mg film-coated tablets, 6 and 3 tablets	N02CC01, antimigraine preparation
SYNETRA®		
clopidogrel	75 mg film-coated tablets, 30 tablets	B01AC04, antithrombotic agent
TAMLOS®		
tamsulosin	0.4 mg modified release capsules, hard 30 capsules	G04CA02, drug used in benign prostatic hypertrophy
TIMOLOL ALKALOID®		
timolol	0.5% eye drops, 5 ml solution	S01ED01, antiglaucoma preparation



Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
TRAMADOL ALKALOID®		
tramadol	50 mg capsules, hard 20 capsules 50 mg/1ml solution for injection, 5 and 50 ampoules 100 mg/2ml solution for injection, 5 and 50 ampoules	N02AX02, opioid analgesic
TORVEX®		
atorvastatin	10 mg, 20 mg, 40 mg and 80 mg film-coated tablets, 30 tablets	C10AA05, hypolipaemic
TRICEF®		
cefepodoxime	100 mg film-coated tablets, 10 and 20 tablets 200 mg film-coated tablets, 10 and 20 tablets 40 mg/5ml powder for oral suspension 100 ml suspension	J01DD13, third-generation cephalosporins
ULCODIN®		
ranitidine	75 mg, 150 mg and 300 mg film-coated tablets, 20 tablets 50mg/2ml solution for injection, 5 ampoules	A02BA02, antiulcer drug
VASOFLEX®		
prazosin	1 mg tablets, 30 tablets 2 mg and 5 mg tablets, 60 tablets	C02CA01, selective α_1 -adrenergic blocker
Manufactured under the license of Pfizer Corporation		
VERAPAMIL ALKALOID® retard		
verapamil	240 mg prolonged release film-coated tablets, 20 tablets	C08DA01, calcium channel blocker
VERAPAMIL ALKALOID®		
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



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

Latest releases:

Registered name, INN (generic)	Presentation (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
ALKALAX-TAB®		
bisacodyl	5 mg gastro-resistant tablets, 20 tablets	A06AB02 contact laxatives
BlokMax® for kids		
ibuprofen	100mg/5 ml, oral suspension, 100 ml	M01AE01, NSAID
FURAL®		
nifuroxazide	200mg/5 ml, oral suspension, 90ml	A07AX 03 intestinal antiinfective agent
TRIGLID®		
fenofibrate	145 mg tablets, 30 tablets	C10AB05 lipid modifying agent, plain



Food Supplements

Registered name	Presentation (strength, pharmaceutical form, pack size)
ALKAKAPS Shark Oil	500 mg shark liver oil (min. 20% alkylglycerols), soft capsules 60 soft capsules
ALKAKAPS Menopaus Relieve	75 mg vegetable isoflavones complex, 40% (equivalent to 30 mg of pure isoflavones), soft capsules 30 soft capsules
ALKAKAPS Coenzyme Q10	10 mg coenzyme Q10 (ubidecarenone), soft capsules 60 soft capsules
ALKAKAPS Beta Carotene	6.67 mg betacarotene 30% (equivalent to 2 mg betacarotene, or 333 mcg vitamin A), soft capsules 90 soft capsules
ALKAKAPS Garlic	270 mg garlic oil extract, soft capsules 30 soft capsules
ALKAKAPS Omega 3	500 mg fish oil (including 165 mg EPA and 110 mg DHA) and 5 mg vitamin E, soft capsules 60 soft capsules

Food Supplements

Registered name	Presentation (strength, pharmaceutical form, pack size)
Vitamin A+D3 Alkaloid	2500 IU vitamin A (in a form of retinol palmitate) and 400 IU vitamin D3 (cholecalciferol), soft capsules 50 soft capsules
DIASTOP	35 mg Bacillus subtilis IP 5832, capsules 16 capsules



health 
above all



chemistry, cosmetics and botanicals

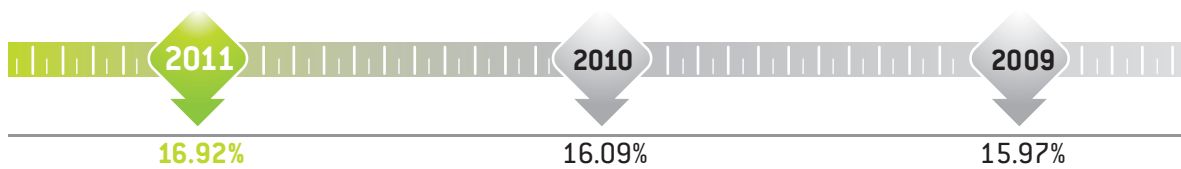




MARKETING AND SALES

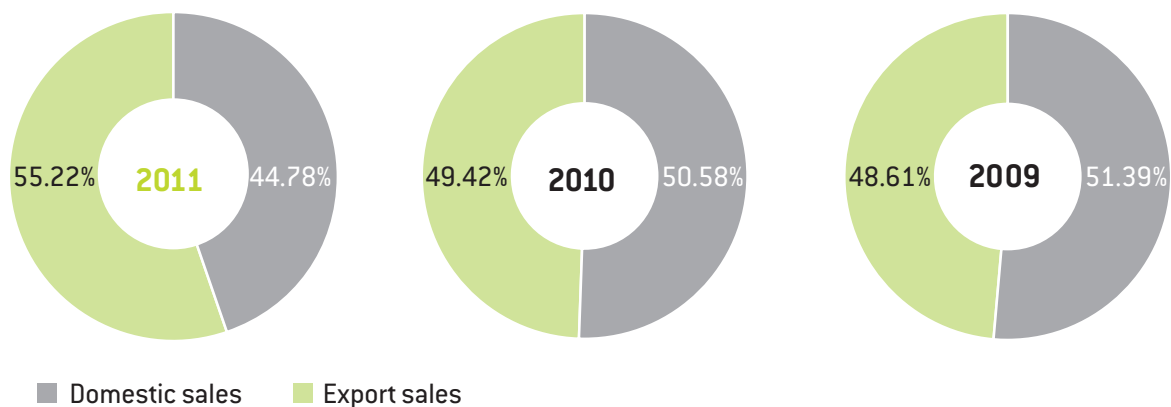
In 2011, PC Chemistry Cosmetics Botanicals had 184 employees working in the headquarters in Skopje. The total net sales of this Profit Centre amounted to MKD 1.140 billion, which is a share of 16.92% in the total sales of Alkaloid Group. In 2011, the products of the PC Chemistry Cosmetics Botanicals were available on the markets in 16 countries.

PC Chemistry Cosmetics Botanicals as a part of Alkaloid Group



In 2011 the sales level demonstrated an increase of 19.45% compared to the last year, i.e. an increase of 73.14% in the Chemistry segment, 5.80% in the Cosmetics and 11.89% in the Botanicals segment.

Sales per markets



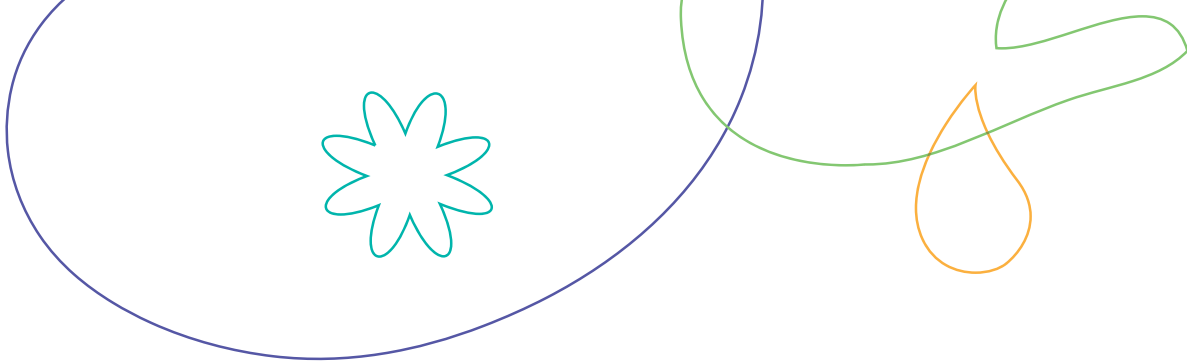
Sales per countries in 2011

Region/Country %

Macedonia	44.78
Albania	0.57
Bosnia and Herzegovina	8.21
Kosovo	5.80
Serbia	9.65
Croatia	5.17
Montenegro	2.19
EU & EFTA	18.44
USA	4.92
Other countries	0,27
Total export:	55.22

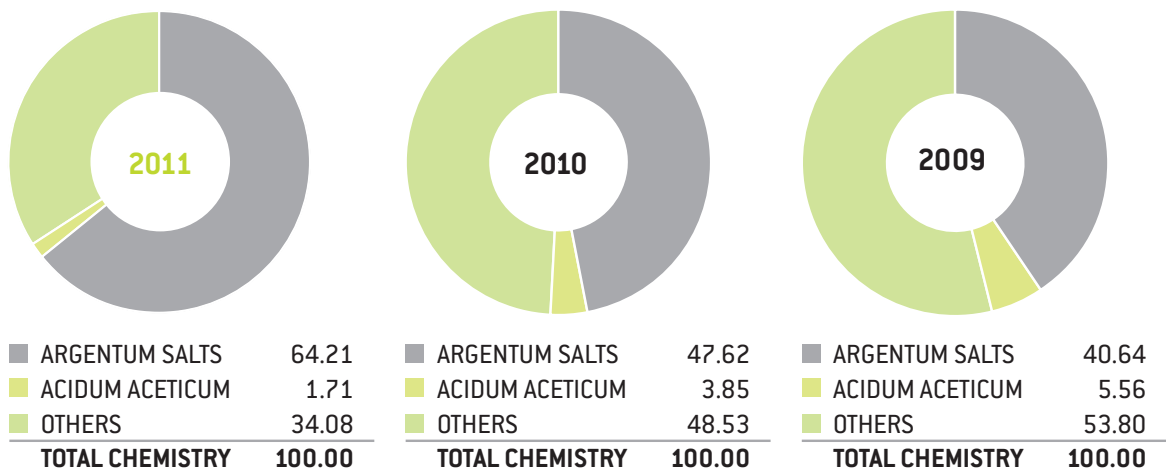
The participation of the three segments in the total sales of PC Chemistry Cosmetics Botanicals in 2011 was as follows:

Segment of CCB	% participation		
	2011	2010	2009
CHEMISTRY	26.96	18.60	16.69
Domestic market	7.20	8.07	8.58
Export market	19.76	10.53	8.11
COSMETICS	55.75	62,94	63.49
Domestic market	27.26	30.94	30.72
Export market	28.49	32.00	32.77
BOTANICALS	17.29	18.46	19.82
Domestic market	10.32	11.57	12.09
Export market	6.97	6.89	7.73

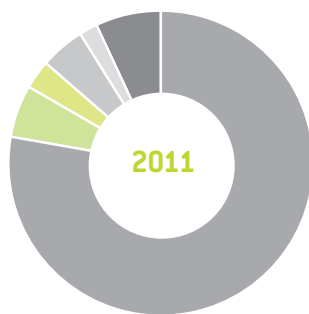


The sales structure per segments is presented below:

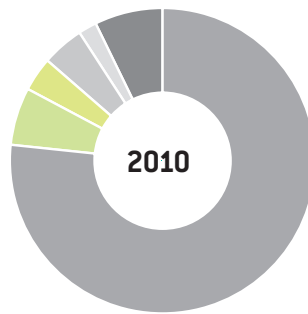
SALES STRUCTURE - CHEMISTRY



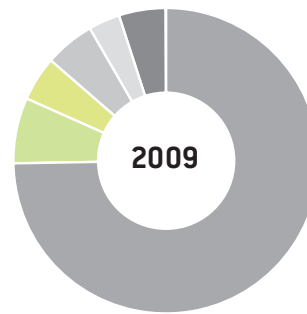
SALES STRUCTURE - COSMETICS



■ BECUTAN	77.80
■ SHAMPOOS	5.73
■ PERFUMES	3.09
■ GLOSS	4.52
■ SOAPS	1.96
■ OTHERS	6.90
TOTAL COSMETICS	100.00

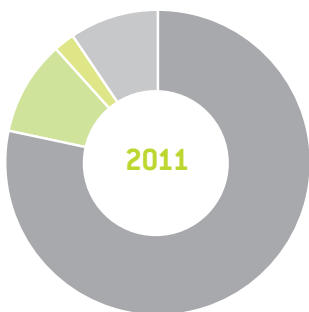


■ BECUTAN	76.85
■ SHAMPOOS	5.94
■ PERFUMES	3.79
■ GLOSS	4.32
■ SOAPS	2.11
■ OTHERS	6.99
TOTAL COSMETICS	100.00

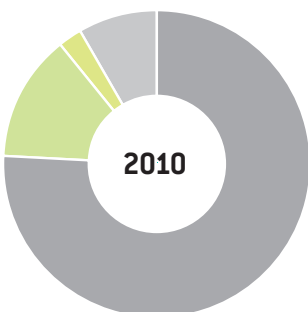


■ BECUTAN	74.91
■ SHAMPOOS	6.77
■ PERFUMES	4.89
■ GLOSS	5.29
■ SOAPS	3.16
■ OTHERS	4.98
TOTAL COSMETICS	100.00

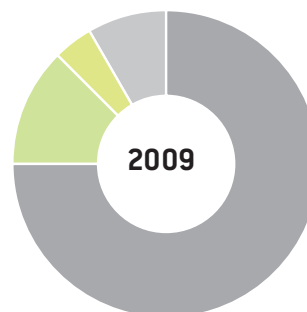
SALES STRUCTURE - BOTANICALS



■ TEAS	78.49
■ ZACHINAL (FOOD SEASONING)	9.93
■ MEDICAL HERBS	2.41
■ OTHERS	9.17
TOTAL BOTANICALS	100.00



■ TEAS	75.92
■ ZACHINAL (FOOD SEASONING)	13.30
■ MEDICAL HERBS	2.63
■ OTHERS	8.15
TOTAL BOTANICALS	100.00



■ TEAS	75.22
■ ZACHINAL (FOOD SEASONING)	12.29
■ MEDICAL HERBS	4.26
■ OTHERS	8.22
TOTAL BOTANICALS	100.00



REDESIGN OF BECUTAN COLLECTION

Becutan is an established brand identity in Macedonia and other markets in the region. The story about Becutan started back in 1978 with only 5 products intended for baby skincare. Today Becutan portfolio has more than 100 millions pieces of products sold, it contains 24 basic types of products with nearly 40 different forms, and it was awarded Superbrand in its category of products in three countries: Macedonia, Croatia and Bosnia and Herzegovina.

The issue about redesigning of Becutan collection was a major challenge and responsibility for everything that the brand traditionally represents.

According to the perception of consumers regarding the most recognizable attributes of the brand Becutan, despite the fragrance, the blue color, the baby-face drawing, the drop and the logo were all recognizable elements of the collection. The initial idea for this project was that this change would make a better positioning in the perception of consumers towards modernizing the image of the brand, as well as increase of the competitiveness level compared to other market players.



Becutan collection throughout the years

The strongest foundation for the brand's longstanding tradition is consumers' confidence, which has already been passing for 33 years from one generation to another. In all countries where the brand is present, Becutan stands for synonym for supreme care, intended for the most sensitive skin in the world.

Therefore, the process for redesigning of the collection started from the final users. Their attitudes, habits, preferences and emotional experiences provoked by elements that mean change in visual identity and functionality of Becutan collection have been analyzed in two stages.

Research results from the first phase have shown that the market definitely requires changes in the packaging design. The examinees felt oversaturated by the appearance of the products, both from the aspect of the design and in terms of functionality as well. The need to redesign the collection was particularly emphasized on the foreign markets, where we were threatened by assuming negative perceptions initiated by obsolete packaging design that may have reflected the general perception of the brand.



Proposals for market research

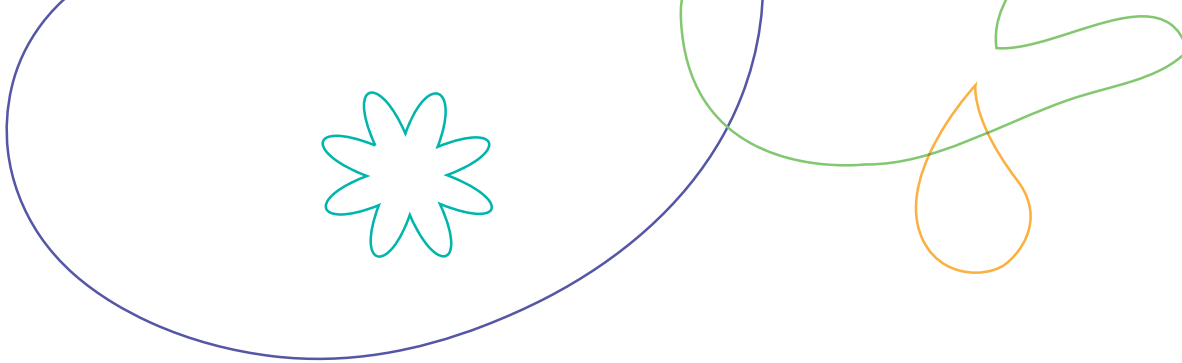
At this stage, none of the proposals was fully accepted, but we received significant guidance in which direction to develop the project.

In the first phase, we conducted a qualitative market research in 3 countries, which included around 130 examinees. We presented 5 different suggestions for creative design of the packaging.

Regarding the shape of the products, we were not far from what the customers required, we just needed to make small adaptations and retain the association of the drop in the liquid line shapes and their labels.

Light blue color, which is one of the first associations of the brand Becutan was to remain the predominant color in the collection. The logo, as one of the most recognizable attributes of the brand, underwent minimal modifications too. Studies have shown that the drawing of the baby-face should also be retained as it corresponds with the notion of Becutan in the general perception of the average buyer.

What the market has indicated at this stage, was the issue of clear visual differentiation between various products.



Taking into consideration the guidelines of the final users, in the second phase of the research we presented only one graphical design as proposal for the packaging of the products and 5 drawings for the baby-face element.



Becutan characters proposals presented at the market research

Since the very first launch of Becutan collection on the market, the baby-face drawing, placed on the label, has been a part of the visual identity of the brand. Its primary objective was to communicate the purpose of the product. By the time, the baby-face got much deeper dimensions in consumer's perception, and recent studies have shown that the consumers' personification of the brand was made through the baby-face.



The "baby - face" element throughout the years

In the second phase of the research, we have once again applied the methodology of target groups, with 100 examinees included.

What we now have as a final product from the Becutan collection redesign process is a symbiosis of summarized attitudes, preferences, perceptions, and emotions of the final users.

Each step taken was measured and evaluated by the final users. It was the only way to ensure that the 33 years of tradition packed into a new form, will be recognized and accepted by the consumers.



Part of the redesigned Becutan collection

The process of the overall design of the product, including surveying the habits, attitudes and preferences of consumers, technical performance and adaptation of machinery, lasted four years in total.

The launch of the new, redesigned collection together with the advertising campaign named "It must be love ..." took place in September 2011, on the occasion of the 75th anniversary of Alkaloid AD Skopje.

BE MY FRIEND

In line with our permanent commitment to corporate social responsibility and concern for the human health, in the diamond anniversary year Alkaloid initiated a humanitarian project aimed at the most vulnerable category of patients, children suffering from malignant diseases. The humanitarian action named “Be my friend”, was implemented in cooperation with the organization “Borka – For each new day” and the Pediatric Clinic at the Clinical Centre in Skopje.

The activities connected with this project started on 15 February 2012 and will last for 9 months. The concept of this action is primarily directed to monthly purchases of equipment, supplies, apparatus and materials intended for the Oncology Department of the Pediatric Clinic at the Clinical Centre in Skopje. The purpose of this humanitarian action is to facilitate the stay and the treatment of patients as well as the members of their families hospitalized therein in the course of the treatment stage. Parents of children suffering from cancer are welcome to use the psycho-social assistance in collaboration with support groups organized by NGO “Borka-for each new day.”

For the purposes of this project, Alkaloid AD will allocate a minimum of MKD 1.2 mil. effectuated from the sales of its brand “Becutan”.



chemistry
cosmetics
botanicals

SATTWA 20 YEARS TRADITION IN NEW PACKAGING

Quality products, proper and careful selection of raw materials, plant oils, extracts and vitamins incorporated in SATTWA collection contributed this brand to survive in the market successfully more than 20 years. Following the trends for skin care in women combined with the implementation of innovative inventions in cosmetology and the cooperation with leading dermatologists in the country helped us to create superior cosmetic skin care.

Skin care is a complex problem that requires persistence and proper attention. "Inspired by the Beauty, driven by innovation" was the title of the campaign for print and social media launched on the occasion of the new packaging of the collection.

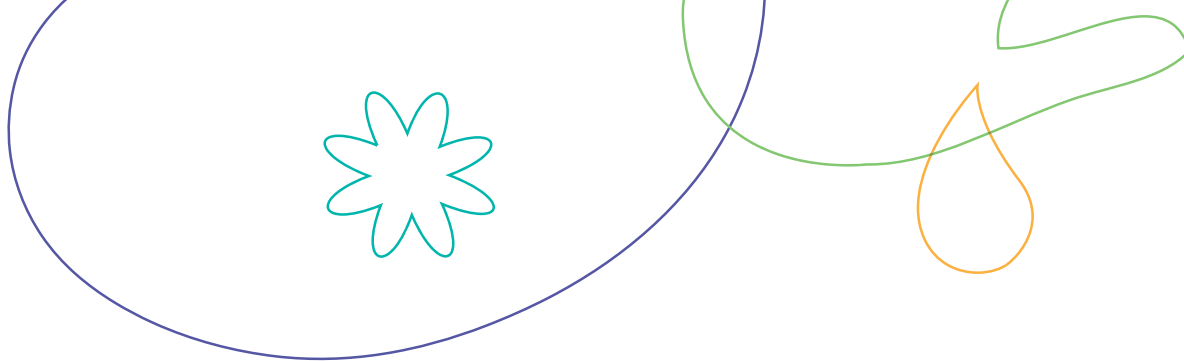
"Serving nourished look, with emphasis on self-confidence" - was the exact perception of Sattwa users in the process of redesigning and modernizing the collection. For the purposes of the campaign, we selected five female characters; women who pay high attention to their appearances, women with impeccable complexions, known to the Macedonian public and appropriate representatives of the age group for which the complementary line of the collection is designed.



IRENA SPIROVSKA, tv-presenter	NATASHA PETROVIKJ, actress	NADICA GJORGIEVA, former top model	BILJANA DEBARLIEVA, tv-presenter	ROZETA ARSOVA, tv-editor
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[Inspired by beauty...
incited by innovation.]


ALKALOID
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Health above all
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REDESIGN AND NEW CAMPAIGN FOR YOUNG DERM

Young derm is a collection intended for care of young problematic skin. It was first introduced on the market nearly 20 years ago and, it consists of 6 types of products intended for treating the “serious” teenage skin problems.

The dermatologically tested formula with proven efficiency supported by the expertise of Alkaloid in cooperation with the leading dermatologists in the country finally got a new image. The redesign process took about 10 months, interim which we conducted two qualitative market researches regarding the habits, attitudes, and preferences of the young, demanding, complicated and highly critical age group – teenagers at the age of 12 to 17, who participated to a great extent in the creation of the new image of the product: trendy and close to its target.

The challenge for creating the media campaign was enormous! The main goal was not only to promote the new packaging of the product, but also to raise interest among the youth.

Research has shown that the young population has great dreams. They live in dynamic surroundings, which is sometimes difficult to keep pace with due to the fast flow of information, but almost 90% of the examined teenagers stated that they do have their own idols whom they dream of meeting, taking a picture with and communicating. Therefore, the leading character in the new Young Derm campaign was chosen to be Yana Burchevska, a modest girl from next-door, an-almost Macedonian Idol and Toni Zen, the most famous Macedonian hip hopper. Video shooting took place on two locations, and except the stars, around fifty extras appeared. The campaign was entitled: Young Derm is my idol! Proven to be good :]

chemistry
cosmetics
botanicals

YOUNG
DERM

Is my idol...

Proven to be Good:)




ALKALOID
SKOPJE

Health above all
www.alkaloid.com.mk

Jana Burchevska (left) and Toni Zen (right) at the add for Young Derm. Source: Alkaloid Archive



IN 2011 ALKALOID STARTED COOPERATION WITH TWO US COMPANIES

Following the successful cooperation established back in 2005 between Alkaloid and Aveda (member of Estée Lauder Group) for their Comforting Tea, we initiated cooperation with two other US based companies.

In June 2011, we started cooperating with the American company Arbonne International for the Detox Tea intended for the markets of this company in the United States, the United Kingdom, Canada and the Pacific region.

From July 2011 we started cooperating with Swanson Health Products, a US based industry leader in vitamins, supplements and natural health care products. This cooperation was initiated with the Hibiscus Tea, followed by Peppermint tea, Chamomile tea, Red clover tea, Ginger tea, Dandelion root tea, Turmeric tea, Green tea, Green decaffeinated tea and Rooibos tea.

In the past 6 years, Alkaloid invested nearly EUR 2 mil. in the Botanicals segment allocated for equipping the production segment and implementation of appropriate know-how that resulted in obtaining various international certificates, such as Organic EU 2092/91; Organic USDA-NOP; Organic JAS; HACCP; FairWild etc.

Our special focus remains to be the market of the United States of America that is strictly regulated and highly demanding and being such, it poses a great challenge for the company. The products of Good Nature at the US market are placed in cooperation with a strong local representative, sold via www.amazon.com and we are also present on various fairs and exhibitions in US. In 2011 Good Nature participated at two renowned exhibitions, such as „Natural Products Expo West“ in Anaheim, Los Angeles and „World Tea Expo 2012“ in Las Vegas.

chemistry
cosmetics
botanicals



Herbal Science | Alkaloid Exhibition stands at US Fairs



Detox tea by Arbonne International



One of the tea varieties produced for the US Swanson Healthcare products

GOOD NATURE ENERGY – A NEW RANGE OF PRODUCTS IN THE GOOD NATURE BRAND

The new range of products GOOD NATURE ENERGY is created to satisfy the tastes of the most discerning consumers of healthy food.

As an excellent source of energy, with an array of vitamins, minerals, enzymes and fiber, the GOOD NATURE ENERGY products have substantial nutritional values and are a good energy boost.

All GOOD NATURE ENERGY products are made of high quality raw materials that underwent rigorous input control. The range consists of: roasted unshelled sunflower seeds, roasted pumpkin seeds, almonds, roasted salted unshelled almonds, pralinato almonds, mixtures of nuts and dry fruit, candies pineapple, candies papaya, candied strawberries, candies cranberries, prunes, exotic mix and banana chips, with tendency for expanding.

**GOOD
NATURE**
ENERGY



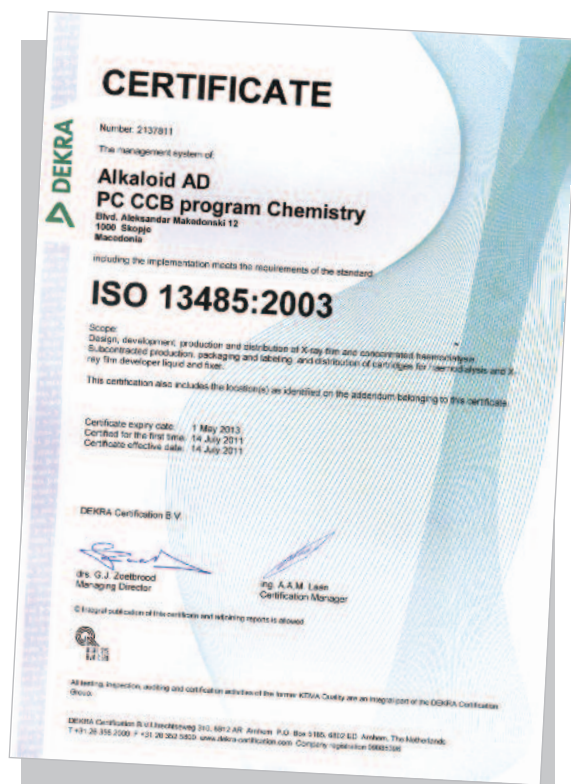
ISO 13485:2003 CERTIFICATE FOR THE CHEMISTRY PROGRAM OF PC CHEMISTRY, COSMETICS AND BOTANICALS

Alkaloid AD Profit Center Chemicals Cosmetics and Botanicals' program Chemistry - Medical Appliances, has acquired the Certificate for its management system by implementing and meeting the requirements of ISO 13485:2003.

The scope of this Certificate refers to the design, development, production and distribution of medical appliances: X-ray films and concentrated haemodialysis solutions, as well as subcontracted production, packaging, labeling and distribution of cartridges for haemodialysis and X-ray film developer liquid and fixers.

This certificate was issued following the audit performed by the renowned certification body DEKRA Certification B.V. from the Netherlands, one of the major certification bodies worldwide. The quality, know-how and services of DEKRA Certification B.V are a benchmark for quality of medical appliances production.

With this Certificate Alkaloid continues to build solid grounds for conquering new markets with this product portfolio.





health 
above all

A stylized hand graphic in shades of orange, red, and purple, with a white flower icon on the palm and a white heart on the wrist. It is positioned in the upper left corner of the page.

finances & shareholding





FINANCES

According to the occurrences, 2011 was a very special year from the economic aspect in the world as well as in our country.

The Euro-zone debt crisis was in the focus of the international markets and the economies. The conclusions of the EU Summit on bailout funds, banking unions and the most important, growth in the Euro-zone have indirect influence on the Macedonian economy in general and we expect these to reflect the general operations of Alkaloid.

Despite the Euro-zone crisis and the slight dose of optimism noted on the European financial markets, in the course of 2011, Alkaloid undertook substantial measures to assure its financial stability. We directed our efforts to in-depth analysis and costs control in the headquarters of the company in Macedonia and the subsidiaries abroad carefully monitoring the trade receivables and borrowings ratio. Our main concern was maintenance of the balance between the debt-ratio and the keeping on tracks the main orientation of the company for permanent growth and development.

All measures and precautions we undertook provided for positive financial and business results even in the course of this jubilee year 2011.

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



Cvetanka Simonovska
Chief Financial Officer /
Member of the Management Board



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.

STRUCTURE OF THE SHAREHOLDERS IN ALKALOID AD SKOPJE

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

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

STOCK EXCHANGE OPERATIONS

According to the records of the Macedonian Stock Exchange, the shares of Alkaloid in the course of 2011 were some of the most traded and most liquid ones. There were 3,254 transactions made, 82,353 shares were traded (which is 5.75% of the total share capital of Alkaloid AD Skopje), worth a total of EUR 5,669,680.

ALKALOID AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with 13.89% of the total turnover recorded on the first official market of the Stock Exchange. The share price of Alkaloid AD Skopje ranged from MKD 3,799 to MKD 4,600, with an average of MKD 4,233.13.

As at 31st December 2011, Alkaloid had 5,622 shareholders holding ordinary shares. The substantial number of shareholders is a sufficient indicator of the interest in the Company and its successful operations.

DIVIDEND

Since 1995, when the company was restructured, Alkaloid AD Skopje has regularly paid dividends to its shareholders on an annual basis. The net dividend per share for the year 2011 amounted to MKD 160.00

Net dividend per share (In MK Denars)

2011	2010	2009
160.00	150.00	136.00



ACKNOWLEDGEMENTS

The quality of the communication with the Macedonian Stock Exchange with the information published via SEI-Net, their structure, as well as the continual information exchange Alkaloid has with the Macedonian Stock Exchange were the reason for granting the prestigious award Crystal Bell for 2011 to Alkaloid AD Skopje for being the most transparently quoted company on the stock exchange.

Another special recognition Alkaloid received was the plaque granted on behalf of the Macedonian Securities and Exchange Commission for acknowledgment of the special contribution Alkaloid had in the development of the Macedonian Securities and Exchange Commission with the publishing of the relevant and timely information with this institution.

Gjorgji Jovanov,

Director / MB Member

CRYSTAL BELL 2011 GRANTED TO ALKALOID AD SKOPJE

The quality of the communication with the Macedonian Stock Exchange with the information published via SEI-Net, their structure as well as the continual information exchange Alkaloid has with the Macedonian Stock Exchange were the reason for granting the prestigious award Crystal Bell for 2011 to Alkaloid AD Skopje for being the most transparently quoted company on the stock exchange.

Among 10 companies that were included in this competition, Alkaloid received this award at the 13th National Conference of the Macedonian Stock Exchange. While grading the 10 quoted shareholding companies, the jury took into consideration the following:

- Sub-segment in which the company is quoted;
- Number of price sensitive information published via SEI-Net;
- Structure, quality and timeliness of the information published;
- Quality of continual communication with the Macedonian Stock Exchange.

Other criteria that were also taken into consideration included: the quality of the annual report of the company, the quality of the internet page of the company, the quality of the communication of the company with other regulatory bodies in the country, relations with the financial intermediaries and other investors, level and quality of corporate governance and social corporate responsibility and relationships with the media.

The jury was composed of representatives of the Macedonian Stock Exchange, institutional investors, expert public, regulatory bodies and representatives of the media. The award Crystal Bell was granted by the Macedonian Stock Exchange for the fifth time in a row and this is the second Crystal Bell Alkaloid AD Skopje received following the one in 2008.



Top: Mr. Viktor Stojchevski (left), Head of Business planning, controlling and reporting of Alkaloid AD receives the Crystal Bell 2011 award from Mr. Samir Latif (right), Member of the Nomination and Selection Commission
Bottom: Photo of the Crystal Bell 2011 statue
Source: Archives of the Macedonian Stock Exchange JSC and Alkaloid Archive



PLAQUE FROM THE SECURITIES AND EXCHANGE COMMISSION OF THE REPUBLIC OF MACEDONIA

On the occasion of marking the 20th anniversary since its establishment, the Macedonian Securities and Exchange Commission (SEC), during its solemn academy, granted a plaque to Alkaloid AD Skopje for being the most transparent company in the registry of shareholding companies with special reporting liabilities kept by SEC.

The transparency in the operations of the companies, the timely disclosure of price sensitive information via the electronic reporting system of SEC plays a relevant role in shaping the overall image of the capital market, the interest of the public about the work of the companies that shall further on stimulate the interest of the investors.

The plaque for Alkaloid was awarded to Mr. Zhivko Mukaetov, CEO/MB President of the company by the President of the Securities and Exchange Commission, Mrs. Marina Nakjeva-Kavrakova.



*Mrs. Marina Nakjeva-Kavrakova (left),
President of the Securities and Exchange
Commission hands the plaque for special con-
tribution to the CEO/MB President of Alkaloid AD
Skopje, Mr. Zhivko Mukaetov (right)
Source: Archive of SEC*



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consolidated financial report





INDEPENDENT AUDITORS' REPORT

Deloitte.

Deloitte DOO
Mit. Teodosij Gologanov 28
1000 Skopje
Republic of Macedonia

Tel: +389 (0)2 3111 300
Fax: +389 (0)2 3119 544
www.deloitte.com/mk

INDEPENDENT AUDITORS' REPORT

TO THE MANAGEMENT BOARD AND THE SHAREHOLDERS OF ALKALOID AD SKOPJE

We have audited the accompanying consolidated financial statements (page 4 to 41) of Alkaloid AD Skopje and its subsidiaries (hereinafter referred to as the "the Group"), which comprise the statement of consolidated financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of Alkaloid AD Skopje and its subsidiaries as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

29 February 2012

Deloitte DOO
Skopje, Macedonia

Deloitte doo

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Denar)

As at 31 December			
	Note	2011	2010
ASSETS			
Non-current assets			
Property, plant and equipment (PP&E)	6	3,847,724	3,745,904
Intangible assets	7	521,285	363,545
Deferred tax assets	18	14,849	10,557
Available-for-sale financial assets	9	4,442	5,695
Other non current assets	12	55,440	40,955
		4,443,740	4,166,656
Current assets			
Inventories	10	1,647,549	1,499,576
Trade receivables	11	2,238,474	2,176,305
Other current assets	12	269,858	195,500
Cash and cash equivalents	13	188,824	149,686
		4,344,705	4,021,067
TOTAL ASSETS		8,788,445	8,187,723
EQUITY			
Capital and reserves			
Share capital	14	2,206,391	2,206,548
Share premiums	14	493	734
Legal reserves		599,909	599,813
Other reserves	15	1,538,559	1,504,953
Retained earnings		2,608,105	2,284,072
Minority interests		1,239	1,275
		6,954,696	6,597,395
LIABILITIES			
Non-current liabilities			
Borrowings	16	60,823	66,636
Retirement benefit obligations	17	16,560	15,567
Deferred tax liabilities	18	8,436	27,521
		85,819	109,724
Current liabilities			
Trade and other payables	19	1,164,171	937,039
Income tax		9,600	13,201
Borrowings	16	574,159	530,364
		1,747,930	1,480,604
Total liabilities		1,833,749	1,590,328
TOTAL EQUITY AND LIABILITIES		8,788,445	8,187,723

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

These consolidated financial statements have been approved by the Managing Board on 22 February 2012.

Approved by:
Zhivko Mukaetov
General Manager



Cvetanka Simonovska
Finance Manager



CONSOLIDATED INCOME STATEMENT

(In thousands of Denar)

	Note	Year ended 31 December	
		2011	2010
Sales	5	6,738,068	5,934,328
Cost of sales		(3,448,514)	(2,968,612)
Gross profit		3,289,554	2,965,716
Research and development expenses		(45,543)	(76,484)
Selling and marketing expenses		(2,215,549)	(1,922,228)
Administrative expenses		(292,637)	(257,817)
Provision for other liabilities and charges	20	(993)	(2,693)
Other income	21	310,345	237,904
Other expenses	22	(328,530)	(273,215)
Operating profit		716,647	671,183
Finance expenses	26	(54,452)	(42,465)
Profit before income tax		662,195	628,718
Income tax	27	(45,942)	(54,379)
Profit for the year		616,253	574,339
Attributable to the:			
Shareholders of the Parent Company		616,290	574,392
Minority interests		(37)	(53)
Profit for the year		616,253	574,339
Earnings per share (In Denar)			
- Basic	28	433.19	403.70

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Denar)

	Note	Year ended 31 December	
		2011	2010
Profit for the year		616,253	574,339
Other comprehensive income:			
Fair value of investments	15	(946)	(85)
Deferred tax	15	-	(14,033)
Translation differences	15	7,031	37,614
Other comprehensive income, net of tax		6,085	23,496
Total comprehensive income for the year		622,338	597,835

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In thousands of Denar)

	Attributable to the Parent						Total Equity
	Share capital	Share premiums	Legal reserves	Other reserves	Retained earnings	Minority interests	
As at 1 January 2010	2,206,548	734	599,416	1,558,488	1,904,497	1,329	6,271,012
Fair value of investments (Note 9)	-	-	-	(85)	-	-	(85)
Deferred taxes (Note 18)	-	-	-	(14,033)	-	-	(14,033)
Dividends and tax of paid dividend and other allocation of profit (Note 29)	-	-	-	-	(251,398)	-	(251,398)
Revaluation transfer (Note 15)	-	-	-	(77,031)	77,031	-	-
Decrease previous year	-	-	-	-	(19,204)	-	(19,204)
Return of unpaid dividends	-	-	-	-	5,577	-	5,577
Profit for the year	-	-	-	-	574,392	(53)	574,339
Translation differences	-	-	397	37,614	(6,823)	(1)	31,187
As at 31 December 2010	2,206,548	734	599,813	1,504,953	2,284,072	1,275	6,597,395
Purchase of treasury shares	(157)	(241)	-	-	-	-	(398)
Fair value of investments (Note 9)	-	-	30	(946)	-	-	(916)
Deferred taxes (Note 18)	-	-	-	27,521	-	-	27,521
Dividends and tax of paid dividend and other allocation of profit (Note 29)	-	-	-	-	(275,071)	-	(275,071)
Decrease previous year	-	-	-	-	(11,639)	-	(11,639)
Return of unpaid dividends	-	-	-	-	2,823	-	2,823
Profit for the year	-	-	-	-	616,290	(37)	616,253
Translation differences	-	-	66	7,031	(8,370)	1	(1,272)
As at 31 December 2011	2,206,391	493	599,909	1,538,559	2,608,105	1,239	6,954,696

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

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Denar)

	Year ended 31 December	
	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	6,801,042	5,663,351
Cash paid to suppliers and employees	(6,071,337)	(5,198,313)
Cash generated from operations	729,705	465,038
Interest received	2,931	1,763
Income tax paid	(20,142)	(25,905)
Net cash generated from operating activities	712,494	440,896
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(350,568)	(332,695)
Payments for bank deposits	(20)	-
Dividends received	40	34
Other payments to employees	(47,698)	(5,579)
Net cash used in investing activities	(398,246)	(338,240)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,324,494	1,269,672
Repayments of borrowings	(1,294,601)	(1,138,885)
Interest paid	(49,158)	(42,837)
Purchase of treasury shares	(398)	-
Interest from investment in bonds	333	338
Compensation to shareholders and tax of paid dividend and other allocation of profit	(255,347)	(229,589)
Net cash provided by financing activities	(274,677)	(141,301)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	39,571	(38,645)
Cash and cash equivalents at beginning of year	149,686	187,838
Translation differences	(433)	493
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	188,824	149,686

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

Aleksandar Makedonski 12
1000 Skopje, Republic of Macedonia

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

2.2 Standards and Interpretations effective in the current period

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

- **Amendments to IFRS 1 “First-time Adoption of IFRS”- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters** (effective for annual periods beginning on or after 1 July 2010),
- **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 32 “Financial Instruments: Presentation”** – Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010),

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

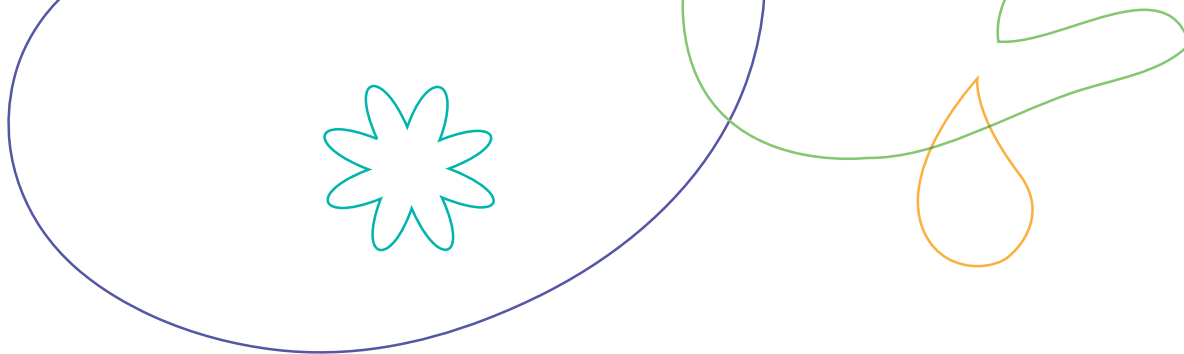
- **Amendments to various standards and interpretations “Improvements to IFRSs (2010)”** resulting from the annual improvement project of IFRS published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2010 or 1 January 2011 depending on standard/interpretation),
- **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 19 “Extinguishing Financial Liabilities with Equity Instruments”** (effective for annual periods beginning on or after 1 July 2010).

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

2.3 Standards and Interpretations in issue not yet adopted

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

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2015),
- **IFRS 10 “Consolidated Financial Statements”** (effective for annual periods beginning on or after 1 January 2013),
- **IFRS 11 “Joint Arrangements”** (effective for annual periods beginning on or after 1 January 2013),
- **IFRS 12 “Disclosures of Involvement with Other Entities”** (effective for annual periods beginning on or after 1 January 2013),
- **IFRS 13 “Fair Value Measurement”** (effective for annual periods beginning on or after 1 January 2013),
- **IAS 27 (revised in 2011) “Separate Financial Statements”** (effective for annual periods beginning on or after 1 January 2013),
- **IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures”** (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 1 “First-time Adoption of IFRS”** - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011),
- **Amendments to IFRS 7 “Financial Instruments: Disclosures”** - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011),



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- **Amendments to IFRS 7 “Financial Instruments: Disclosures”** - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”** – Mandatory Effective Date and Transition Disclosures,
- **Amendments to IAS 1 “Presentation of financial statements”** - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012),
- **Amendments to IAS 12 “Income Taxes”** - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012),
- **Amendments to IAS 19 “Employee Benefits”** - Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IAS 32 “Financial instruments: presentation”** - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),
- **IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”** (effective for annual periods beginning on or after 1 January 2013).

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

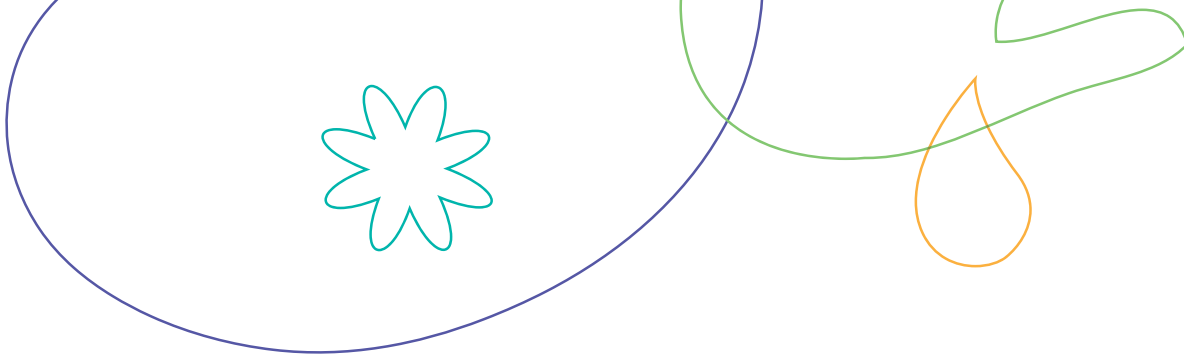
2.4 Subsidiaries (Continued)

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

	2011	2010
	% of ownership	% of ownership
Alkaloid DOO Zagreb, Croatia	100%	100%
Alkaloid DOO Beograd, Serbia	100%	100%
Alkaloid INT DOO Ljubljana, Slovenia	100%	100%
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	100%	100%
Alkaloidpharm SA Fribourg, Switzerland	100%	100%
Alkaloid EOOD Sofia, Bulgaria	100%	100%
ALK&KOS Shpk Prishtina, Kosovo	100%	100%
Alkaloid Kons DOOEL Skopje, Macedonia	100%	100%
Alkaloid USA LLC Columbus, Ohio USA	49%	49%
Fund "Trajce Mukaetov" Skopje, Macedonia	100%	100%
Alkaloid DOO Podgorica, Montenegro	100%	100%
OOO Alkaloid RUS Moscow, Russia	100%	100%
Alkaloid FARM DOO Ljubljana, Slovenia	100%	100%
Alkaloid Veleadrogerija DOO Beograd, Serbia	100%	-

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting

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

At 31 December 2011, the Company is organized on a worldwide basis into four reportable segments:

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting (Continued)

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

2.6 Leasing

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

2.7 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

- Assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting differences are recognized as a separate component of equity.

2.8 Property, plant and equipment

Property plant and equipment were initially recorded at cost. Land, buildings and part of equipment are stated at fair value, based on appraisal performed by external independent 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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment (Continued)

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

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

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

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

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

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

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

2.9 Intangible assets

Trademarks, licenses and software

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

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

Intangible assets acquired separately

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure

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

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

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

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

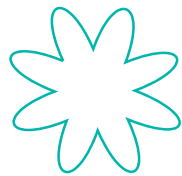
Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.10 Impairment of non-financial assets

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

2.11 Financial assets

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

Loans and receivables

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

Available-for-sale financial assets

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Inventories

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

2.13 Trade receivables

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

2.14 Cash and cash equivalents

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

2.15 Share capital

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

2.16 Borrowings

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

2.17 Income tax

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax

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

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

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

2.18 Employee benefits

Pension liabilities

The Group has both defined benefit and defined contribution plans.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits (Continued)

Termination benefits

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

Profit-sharing and bonus plans

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

2.19 Provisions

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

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

2.20 Revenue recognition

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

Sales of goods

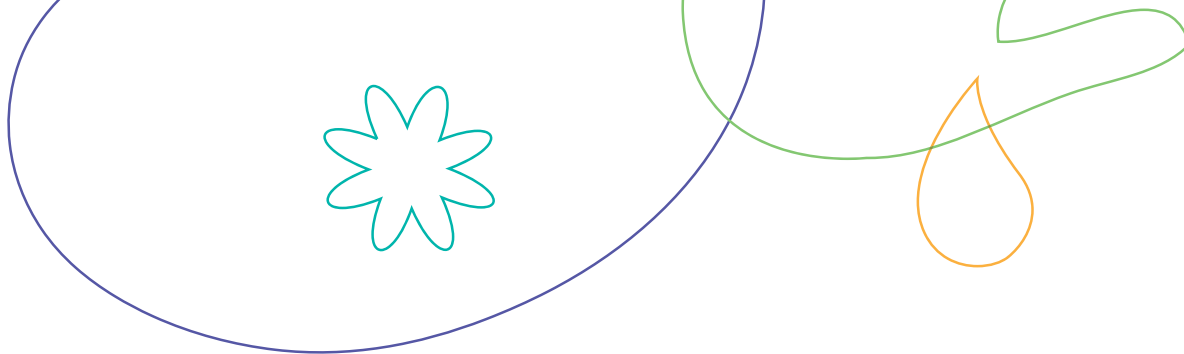
Sales of goods are recognized when a group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue recognition (Continued)

Dividend income

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

2.21 Dividends

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

Liquidity risk

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

Interest risk

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

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

3.2 Fair value estimation

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

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

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

3.3 Capital risk management

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



4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

Fair value of property, plant and equipment

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

Fair value of financial assets

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

Trade receivables

The Group assessed annually the fair value of trade receivables.

Estimates for accounting for employee benefits

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

5. SEGMENT REPORTING

Reportable segments - Products

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

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

Segments revenues and results

(In thousands of Denar)

	Segment revenues		Segment operating profit	
	2011	2010	2011	2010
Pharmaceutical products	5,597,696	4,979,655	611,244	591,888
Chemical products	307,431	177,560	57,515	24,384
Cosmetic products	635,754	600,876	36,737	49,927
Botanical products	197,187	176,237	11,151	4,984
Total	6,738,068	5,934,328	716,647	671,183
Finance expenses			(54,452)	(42,465)
Profit before tax			662,195	628,718
Income tax			(45,942)	(54,379)
Profit for the year			616,253	574,339

5. SEGMENT REPORTING (Continued)

Revenue reported above represents revenue generated from external customers.

Segment assets and liabilities

(In thousands of Denar)

Segment assets		
	2011	2010
Pharmaceutical products	7,552,636	7,075,425
Chemical products	362,419	294,440
Cosmetic products	521,050	501,546
Botanical products	352,340	316,312
Total assets	8,788,445	8,187,723
Segment liabilities		
	2011	2010
Pharmaceutical products	1,618,570	1,399,223
Chemical products	51,305	37,639
Cosmetic products	118,889	111,460
Botanical products	44,985	42,006
Total liabilities	1,833,749	1,590,328

Other segment information

(In thousands of Denar)

	Depreciation and amortization		Addition to non-current assets	
	2011	2010	2011	2010
Pharmaceutical products	285,686	247,781	522,271	320,317
Chemical products	5,829	5,470	35,258	6,424
Cosmetic products	10,822	10,709	19,947	4,832
Botanical products	9,112	9,327	1,472	2,156
Total liabilities	311,449	273,287	578,948	333,729

5. SEGMENT REPORTING (Continued)

Geographical information

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

(In thousands of Denar)

	Revenue from external customers		Non-current assets	
	2011	2010	2011	2010
Macedonia	2,793,477	2,485,019	4,289,497	4,034,852
Serbia	947,859	803,817	33,611	33,769
Croatia	716,726	675,663	22,471	13,581
Bosnia and Herzegovina	617,558	624,039	4,490	5,296
Other countries	1,662,448	1,345,790	18,940	21,951
Total	6,738,068	5,934,328	4,369,009	4,109,449

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

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

Information about major customers

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

In the sales of Cosmetics products, there is one major customer with participation of 13.7% (2010: 13.5%) in direct sales.

In the sales of Chemicals products, there is one major customer with participation of 58.5% (2010: 45.8%) in direct sales.

In the sales of Botanicals products, there is one major customer with participation of 28.1% (2010: 16.9%) in direct sales.

(In thousands of Denar)

Sales by category	2011	2010
Sales of goods	5,650,503	5,017,122
Sales of commodities	1,030,562	853,702
Revenue from services	104	2,801
Other revenue	56,899	60,703
	6,738,068	5,934,328

6. PROPERTY, PLANT AND EQUIPMENT

(In thousands of Denar)

	Land	Buildings	Equipment	Construction in progress	Total
Cost or valuation					
At 1 January 2010	917,920	1,970,502	1,885,140	29,932	4,803,494
Additions	455	216	38,877	128,852	168,400
Transfer from construction in progress	-	37,978	103,335	(141,313)	-
Disposals	(78,537)	-	(16,361)	-	(94,898)
Translation differences	-	291	(3,726)	-	(3,435)
As at 31 December 2010	839,838	2,008,987	2,007,265	17,471	4,873,561
Accumulated depreciation					
At 1 January 2010	-	33,621	888,453	-	922,074
Depreciation charge	-	50,061	172,070	-	222,131
Disposals	-	-	(13,967)	-	(13,967)
Translation differences	-	340	(2,921)	-	(2,581)
As at 31 December 2010	-	84,022	1,043,635	-	1,127,657
Net book value					
As at 31 December 2010	839,838	1,924,965	963,630	17,471	3,745,904

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(In thousands of Denar)

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

The land with surface of 117,888m², in accordance with the latest title deeds issued by AKN, is property of Alkaloid AD Skopje. The land with surface of 13,706m² is currently in procedure of transformation in accordance with the Law on Privatization and Lease of State-Owned Construction Land (Official Gazette of RM 4/2005, 13/2007, 165/2008, 146/2009).

According to Decisions U.no.26-198/1 and U.no.26-198/5, issued by the Ministry of Finance - Property and Legal Affairs Office, in accordance with the Law on Privatization and Lease of State-Owned Construction Land (Official Gazette of RM 4/2005, 13/2007, 165/2008 and 146/2009) the state-owned construction land with surface of 210,541m², KO Gjorce Petrov 4 - Vlae, noted in title deed No.9220 by AKN is now property of Alkaloid AD Skopje. The amount of Denar 100,515 thousand was fully paid.

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

7. INTANGIBLE ASSETS

(In thousands of Denar)

	Trademarks and licenses	Software and Internally generated intangibles	Other assets	Construction in progress	Total
Cost or valuation					
At 1 January 2010	120,208	122,222	12,813	94,963	350,206
Additions	975	884	5,541	157,929	165,329
Transfer from construction in progress	55,559	9,091	13,083	(77,733)	-
Disposals	(11)	(11,624)	(13,784)	-	(25,419)
Translation differences	(448)	1,301	191	(2,842)	(1,798)
As at 31 December 2010	176,283	121,874	17,844	172,317	488,318
Accumulated amortization					
At 1 January 2010	26,056	58,767	10,613	-	95,436
Charge for the year	26,429	23,243	1,484	-	51,156
Disposals	(5)	(11,624)	(10,235)	-	(21,864)
Translation differences	(654)	699	-	-	45
As at 31 December 2010	51,826	71,085	1,862	-	124,773
Net book value as at 31 December 2010	124,457	50,789	15,982	172,317	363,545
Cost or valuation					
At 1 January 2011	176,283	121,874	17,844	172,317	488,318
Additions	139	6,770	1,794	226,884	235,587
Transfer from construction in progress	68,918	155,998	6,553	(231,469)	-
Disposals	(3,260)	(627)	(1,600)	(1,356)	(6,843)
Translation differences	(44)	(190)	(40)	(5)	(279)
As at 31 December 2011	242,036	283,825	24,551	166,371	716,783
Accumulated amortization					
At 1 January 2011	51,826	71,085	1,862	-	124,773
Charge for the year	41,576	25,588	4,012	-	71,176
Disposals	(384)	-	-	-	(384)
Translation differences	(345)	(35)	313	-	(67)
As at 31 December 2011	92,673	96,638	6,187	-	195,498
Net book value as at 31 December 2011	149,363	187,187	18,364	166,371	521,285

8. FINANCIAL INSTRUMENTS

Capital risk management

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

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

(In thousands of Denar)

	2011	2010
Debt	634,982	597,000
Cash and cash equivalents	(188,824)	(149,686)
Net debt	446,158	447,314
Equity	6,954,696	6,597,395
Net debt to equity ratio	6.41%	6.78%

Categories of financial instruments and risk management objectives

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

8. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

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

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

(In thousands of Denar)

	Liabilities		Assets	
	2011	2010	2011	2010
EUR	885,477	330,541	2,157,663	1,067,298
USD	175,690	49,078	45,556	45,034
CHF	26,016	7,869	17,827	6,395
Other currencies	42,086	160,451	573,878	662,946

The Group is mainly exposed to Euro currency.

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

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

(In thousands of Denar)

	Increase of 10%		Decrease of 10%	
	2011	2010	2011	2010
EUR	(127,218)	(73,676)	127,218	73,676
USD	13,013	405	(13,013)	(405)
CHF	819	147	(819)	(147)
Other currencies	(53,179)	(50,250)	53,179	50,250
Profit and loss and equity	(166,565)	(123,374)	166,565	123,374

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

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

8. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

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

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

(In thousands of Denar)

	Increase of 10%		Decrease of 10%	
	2011	2010	2011	2010
Borrowings	5,277	4,246	(5,277)	(4,246)
Profit and loss and equity	(5,277)	(4,246)	5,277	4,246

If interest rates had been 10% higher the Group's profit for the year ended 31 December 2011 and retained earnings would decrease by Denar 5,277 thousands and opposite if

interest rates had been 10% lower the Group's profit for the year ended 31 December 2011 and retained earnings would increase by Denar 5,277 thousands.

8. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

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

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

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

(In thousands of Denar)

	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
2011					
Trade payables	619,317	216,552	118,977	23	954,869
Borrowings	9,901	43,037	521,221	60,823	634,982
	629,218	259,589	640,198	60,846	1,589,851
	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
2010					
Trade payables	457,835	267,268	28,341	-	753,444
Borrowings	8,698	16,728	504,938	66,636	597,000
	466,533	283,996	533,279	66,636	1,350,444

8. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

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

(In thousands of Denar)

	Less than	1 - 3	3 - 12	12 - 60	
2011	1 month	months	months	months	Total
Trade receivables	1,334,089	667,580	236,805	-	2,238,474
Available-for-sale financial assets	-	-	-	4,442	4,442
Cash and cash equivalents	188,824	-	-	-	188,824
	1,522,913	667,580	236,805	4,442	2,431,740
2010	Less than	1 - 3	3 - 12	12 - 60	Total
	1 month	months	months	months	
Trade receivables	959,891	990,914	225,392	108	2,176,305
Available-for-sale financial assets	-	-	-	5,695	5,695
Cash and cash equivalents	149,686	-	-	-	149,686
	1,109,577	990,914	225,392	5,803	2,331,686

Taxation risks

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

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In thousands of Denar)

	2011	2010
At 1 January	5,695	6,394
Additions	217	753
Disposals	(2,416)	(1,537)
Fair value adjustment	946	85
As at 31 December	4,442	5,695
Available-for-sale financial assets consist of:		
	2011	2010
Available-for-sale financial assets in non quoted companies	2,128	2,690
Available-for-sale financial assets in quoted companies	1,391	1,775
Available-for-sale financial assets in bonds	923	1,230
Available-for-sale financial assets in non related parties	4,442	5,695

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

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

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

10. INVENTORIES

(In thousands of Denar)

	2011	2010
Raw materials	577,078	600,522
Spare parts	505	1,747
Tools and consumable stores	2,188	2,664
Work in progress	122,694	141,069
Finished goods	689,764	599,919
Trading goods	255,320	153,655
	1,647,549	1,499,576

11. TRADE RECEIVABLES

(In thousands of Denar)

	2011	2010
Trade receivables	2,360,515	2,308,439
Less: Provision for impairment of receivables	(122,041)	(132,134)
Trade receivables - net	2,238,474	2,176,305
Changes in the provision are as follows:		
	2011	2010
At 1 January	132,134	135,475
Provision for the year	25,312	28,134
Collected bad and doubtful debts	(35,405)	(31,475)
As at 31 December	122,041	132,134
Ageing of impaired trade receivables are as follows		
	2011	2010
Up to 1 year	40,965	45,883
Over 1 year	81,076	86,251
At 31 December	122,041	132,134

12. OTHER CURRENT ASSETS

(In thousands of Denar)

	2011	2010
Prepayments	91,243	58,942
Receivables from employees	16,591	17,393
Prepaid VAT	122,340	90,784
Other receivables	95,124	69,336
Less: non-current portion	(55,440)	(40,955)
	269,858	195,500

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

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

(In thousands of Denar)

	2011	2010
Other assets	55,440	40,955

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

	2011	2010
	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.

13. CASH AND CASH EQUIVALENTS

(In thousands of Denar)

	2011	2010
Cash at banks	185,208	142,873
Cash in hands	3,456	3,211
Other	160	3,602
	188,824	149,686

14. SHARE CAPITAL

(In thousands of Denar)

	Number of shares	Ordinary shares	Treasury shares	Total	Share premiums
At 1 January 2010	1,422,696	2,220,127	(13,579)	2,206,548	734
Treasury shares purchased	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-
As at 31 December 2010	1,422,696	2,220,127	(13,579)	2,206,548	734
Treasury shares purchased	(100)	-	(157)	(157)	(241)
Sale of treasury shares	-	-	-	-	-
As at 31 December 2011	1,422,596	2,220,127	(13,736)	2,206,391	493

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

During 2011 the Entity acquired 100 of its own shares through Macedonian stock exchange and held as treasury shares. The total number of treasury shares is 8,757. The number of 3,287 shares is reserved for former proprietors of which 3,228 are priority shares and 59 are ordinary shares.

15. OTHER RESERVES

(In thousands of Denar)

	Property, plant and equipment	Available for-sale investments	Fund for shares	Total
At 1 January 2010	1,313,897	(1,047)	245,638	1,558,488
Revaluation transfer	(77,031)	-	-	(77,031)
Decrease	-	(85)	-	(85)
Deferred tax	(14,033)	-	-	(14,033)
Translation differences	37,614	-	-	37,614
As at 31 December 2010	1,260,447	(1,132)	245,638	1,504,953
Decrease	-	(946)	-	(946)
Deferred tax	27,521	-	-	27,521
Translation differences	7,031	-	-	7,031
As at 31 December 2011	1,294,999	(2,078)	245,638	1,538,559

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

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

16. BORROWINGS

(In thousands of Denar)

	2011	2010
Non-current borrowings	60,823	66,636
Current borrowings	574,159	530,364
	634,982	597,000

Bank borrowings in amount of Denar 338,557 thousands are secured by the equipment in amount of Denar 205,863 thousands

The maturity of the borrowings is as follows:

(In thousands of Denar)

	2011	2010
Up to 1 year	574,159	530,364
Between 1 to 3 years	60,823	66,636
	634,982	597,000

The borrowings are denominated in following currencies:

(In thousands of Denar)

	2011	2010
EUR	237,530	212,545
USD	-	334
MKD	397,452	384,121
Other	-	-
	634,982	597,000

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

(In %)

	31 December 2011		31 December 2010	
	EUR	MKD	EUR	MKD
Interest rates	6 month EURIBOR +3.75%	6.5 - 7%	7%	7 - 8.5%

17. RETIREMENT BENEFIT OBLIGATIONS

(In thousands of Denar)

	2011	2010
Retirement benefits	16,560	15,567

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 Denar)

	2011	2010
Beginning of the year	15,567	12,875
Increase in calculation	1,121	2,887
Retirement benefits	(128)	(195)
As at 31 December	16,560	15,567

The principal actuarial assumptions used were as follows:

(In %)

	2011	2010
Discount rate	5.41%	6.31%

18. DEFERRED TAX

(In thousands of Denar)

	2011	2010
Deferred tax assets	(14,849)	(10,557)
Deferred tax liabilities	8,436	27,521
	(6,413)	16,964

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

(In thousands of Denar)

	2011	2010
At 1 January	16,964	2,200
Net deferred tax in income statement	4,144	731
Income tax in equity	(27,521)	14,033
As at 31 December	(6,413)	16,964

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

(In thousands of Denar)

	Accruals	Fair value	Total
At 1 January 2010	(11,288)	13,488	2,200
Charged to Income statement	731	-	731
Charged to equity	-	14,033	14,033
As at 31 December 2010	(10,557)	27,521	16,964
Charged to Income statement	4,144	-	4,144
Charged to equity	-	(27,521)	(27,521)
As at 31 December 2011	(6,413)	-	(6,413)

18. DEFERRED TAX (Continued)

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

(In thousands of Denar)

	2011	2010
Retirement benefits	1,729	269
Accrued expenses	2,415	462
	4,144	731
	2011	2010
Land and buildings	(27,521)	14,033
	(27,521)	14,033

19. TRADE AND OTHER PAYABLES

(In thousands of Denar)

	2011	2010
Trade payables	954,869	753,444
Customer's prepayments	1,556	6,384
Payables to employees	53,930	63,229
Dividends	4,304	3,757
Other payables and accrued expenses	149,512	110,225
	1,164,171	937,039

20. PROVISION FOR OTHER LIABILITIES AND CHARGES

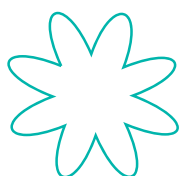
(In thousands of Denar)

	2011	2010
Provision for retirement benefits	993	2,693
	993	2,693

21. OTHER INCOME

(In thousands of Denar)

	2011	2010
Collected written-off receivables	3,079	12,789
Dividends income	40	34
Interest income	1,614	536
Foreign exchange transaction gains	195,420	112,234
Other income	110,192	112,311
	310,345	237,904



22. OTHER EXPENSES

(In thousands of Denar)

	2011	2010
Interest expenses	2,609	1,341
Foreign exchange transaction loss	228,504	130,301
Other expenses	97,417	141,573
	328,530	273,215

23. EXPENSES BY NATURE

(In thousands of Denar)

	2011	2010
Raw materials	1,758,383	1,535,443
Employee benefit expense	1,297,320	1,234,521
Depreciation and amortization	311,449	273,287
Energy	193,828	156,392
Impairment of trade receivables	25,312	28,134
Transportation	122,799	103,068
Changes in the inventories	(74,982)	62,626
Cost of trading goods	931,720	742,234
Other expenses	1,436,414	1,089,436
	6,002,243	5,225,141

24. EMPLOYEE BENEFIT EXPENSE

(In thousands of Denar)

	2011	2010
Gross salaries	1,103,646	1,064,133
Other employees benefits	193,674	170,388
	1,297,320	1,234,521
Number of employees as at 31 December	1,374	1,322

25. OPERATING LEASING

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

(In thousands of Denar)

Minimum operating leasing	2011	2010
	51,593	33,607
	51,593	33,607
Future non-cancellable obligations	2011	2010
Up to 1 year	41,851	45,784
Between 2 to 5 years	56,422	98,218
	98,273	144,002

26. FINANCE EXPENSES

(In thousands of Denar)

	2011	2010
Net foreign exchange transaction gains/(losses) on borrowings	(1,683)	(7)
Interest expense on borrowings	(52,769)	(42,458)
	(54,452)	(42,465)

27. INCOME TAX

(In thousands of Denar)

	2011	2010
Current income tax	41,798	53,648
Net deferred income tax (Note 18)	4,144	731
	45,942	54,379

27. INCOME TAX (Continued)

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

(In thousands of Denar)

	2011	2010
Profit before tax	662,195	628,718
Expenses not deductible for tax purposes	51,090	58,851
Tax allowances	(9,292)	(5,203)
Net deferred income tax	4,144	731
Income tax	45,942	54,379

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

28. EARNINGS PER SHARE

(In Denar)

	2011	2010
Basic earnings per share		
Profit attributable to shareholders (In Denar)	616,253,479	574,339,011
Average number of shares	1,422,596	1,422,696
Basic earnings per share (in Denar)	433.19	403.70

29. DIVIDENDS

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

The dividends approved by shareholders on 18 April 2011 were Denar 238,564 thousands. Tax of paid dividend and other allocation of profit was amounting Denar 36,507 thousands. Approved dividends in 2011 in respect of 2010 are paid and retained earnings are appropriately decreased.

30. COMMITMENTS

Capital expenditures contracted for acquisition of property, plant and equipment at balance sheet date but not yet incurred are in amount of Denar 7,406 thousands; (2010: Denar 104,536 thousands).

31. CONTINGENCIES

The Group has contingent liabilities with respect to issued guaranties to third parties in the amount of Denar 27,188 thousands (2010: Denar 32,332 thousands).

32. RELATED PARTY TRANSACTIONS

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

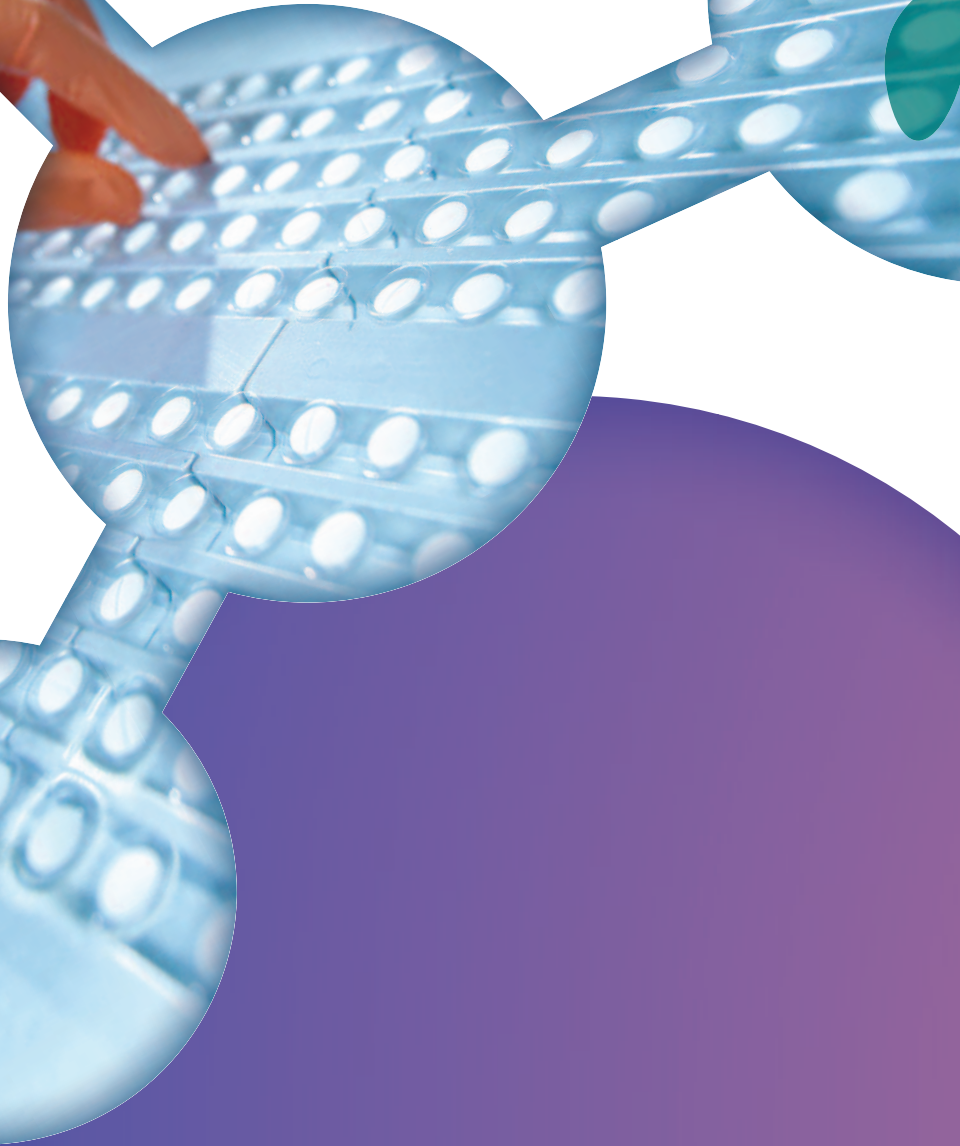
Key management compensations

No compensations were paid to the Management Board members. In 2011, the amount of Denar 4,032 thousands was paid to the Supervision Board members (2010: Denar 3,584 thousands). Total key management compensations amounting Denar 185,857 thousands (2010: Denar 216,930 thousands).

33. EXCHANGE RATES OF PRINCIPAL CURRENCIES

Closing rates:

	31.12.2011	31.12.2010
EUR	61.50	61.50
USD	47.53	46.31
CHF	50.60	49.30



health 
above all



contacts





CONTACTS SUBSIDIARIES

ALKALOID AD Skopje

Blvd. Aleksandar Makedonski 12, 1000 Skopje;
R. Macedonia
Telephone: + 389 2 310 40 00
Facsimile: + 389 2 310 40 14
e-mail: alkaloid@alkaloid.com.mk
www.alkaloid.com.mk

CHIEF EXECUTIVE OFFICER / MB PRESIDENT

Zhivko Mukaetov
Telephone: + 389 2 310 40 01
Facsimile: + 389 2 310 40 04
e-mail: zmukaetov@alkaloid.com.mk

Elefterija Davceva

Personal Assistant to the CEO / MB President
Telephone: + 389 2 310 40 01
Facsimile: + 389 2 310 40 04
e-mail: edavceva@alkaloid.com.mk

FINANCES

Cvetanka Simonovska
CFO / MB Member
Telephone: + 389 2 310 40 07
Facsimile: + 389 2 310 40 81
e-mail: csimonovska@alkaloid.com.mk

SHAREHOLDERS, PROPERTY ISSUES

Gjorgi Jovanov
Director / MB Member
Tel: + 389 2 310 4 003
Facsimile: + 389 2 310 40 04
e-mail: gjovanov@alkaloid.com.mk

GENERAL AFFAIRS

Kire Icev
Director / MB Member
Telephone / Facsimile: + 389 2 310 40 43
e-mail: kicev@alkaloid.com.mk

INTERNAL AUDIT DEPARTMENT

Danilo Jovanovic
Telephone: + 389 2 310 4 119
e-mail: djovanovic@alkaloid.com.mk

LOGISTICS & SALES OPERATIONS

Zoran Kostovski
Chief Operation Officer
Telephone: + 389 2 310 40 35
Facsimile: + 389 2 310 40 36
e-mail: zkostovski@alkaloid.com.mk

PURCHASING AND INVESTMENTS

Dejan Krzhovski
Telephone: + 389 2 310 40 77
Facsimile: + 389 2 310 40 28
e-mail: dkrzovski@alkaloid.com.mk

BUSINESS PLANNING, CONTROLLING AND REPORTING

Viktor Stojchevski
Telephone: + 389 2 310 43 05
e-mail: vstojcevski@alkaloid.com.mk

QUALITY ASSURANCE

Miroslava Ilievska
Telephone: + 389 2 310 40 91
Facsimile: + 389 2 310 40 05
e-mail: milievska@alkaloid.com.mk

LEGAL & PERSONNEL AFFAIRS

Nikola Kolevski

Telephone: + 389 2 310 40 75

Facsimile: + 389 2 317 24 66

e-mail: nkolevski@alkaloid.com.mk

HUMAN RESOURCES

Nikola Eftimov

Telephone: + 389 2 310 40 44

Facsimile: + 389 2 317 16 44

e-mail: neftimov@alkaloid.com.mk

INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

Nikola Dimovski

Telephone: + 389 2 310 40 57

e-mail: ndimovski@alkaloid.com.mk

MARKETING COMMUNICATIONS

Dushko Markovski

Telephone: + 389 2 310 40 26

Facsimile: + 389 2 317 16 44

e-mail: dmarkovski@alkaloid.com.mk

PC PHARMACEUTICALS

PRODUCTION PHARMACEUTICALS

Milkica Gligorova

Director / MB Member

Telephone/Fax: + 389 2 310 40 05

e-mail: mgligorova@alkaloid.com.mk

GLOBAL REGULATORY & MEDICAL AFFAIRS, DRUG SAFETY, INTELLECTUAL PROPERTY

Natasha Nasteva

Telephone: + 389 2 310 42 49

Facsimile: + 389 2 310 40 21

e-mail: nnasteva@alkaloid.com.mk

RESEARCH&DEVELOPMENT

Sonja Ugarkovich

Telephone + 389 2 310 4 049

Facsimile: + 389 2 310 4 134

e-mail: sugarkovic@alkaloid.com.mk

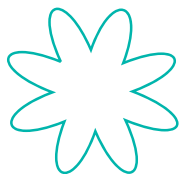
QUALITY CONTROL

Hristina Babunovska

Telephone: + 389 2 310 40 65

Facsimile: + 389 2 310 40 05

e-mail: hbabunovska@alkaloid.com.mk



SALES DIVISIONS

SALES IN MACEDONIA, KOSOVO, ALBANIA

Vladimir Indov

Telephone: + 389 2 310 4 061

Facsimile: + 389 2 310 4 056

e-mail: vindov@alkaloid.com.mk

Regional Operating Manager for the Republic of Macedonia

Biljana Taneva

Telephone: + 389 2 310 4 232

Facsimile: + 389 2 310 4 056

e-mail: btaneva@alkaloid.com.mk

ALKALOID CONS LTD

Marija Petrushevska

Telephone: + 389 2 320 44 60

Facsimile: + 389 2 320 44 61

e-mail: meripetrusevska@alkaloid.com.mk

BOTANICAL PHARMACY

Biljana Lazareska

Telephone: + 389 2 323 79 75

e-mail: blazareska@alkaloid.com.mk

Regional Operating Manager for Albania and Kosovo

Ilir Veseli

Telephone: + 389 2 310 40 53

Fax: + 389 2 310 42 25

e-mail: iveseli@alkaloid.com.mk

SALES IN SERBIA, MONTENEGRO, BiH, CROATIA

Neven Sukarovski

Telephone: + 385 16 311 920

Facsimile: + 385 16 311 922

e-mail: neven.sukarovski@alkaloid.hr

Regional Operating Manager for Serbia, Montenegro, BiH, Croatia

Ognjen Trajkovski

Telephone: + 389 2 310 40 53

Facsimile: + 389 2 310 42 25

e-mail: otrajkovski@alkaloid.com.mk

SALES IN RUSSIA, CIS, EU, BUSSINES DEVELOPMENT

Emil Micajkov

Telephone: + 389 2 3104 388

e-mail: emicajkov@alkaloid.com.mk

Regional Operating Manager for Russia, CIS and Ukraine

Dragan Gjorgjevski

Telephone: + 389 2 310 40 22

Facsimile: + 389 2 310 42 25

e-mail: dgjorgjevski@alkaloid.com.mk

Regional Operating Manager for the EU Countries

Natasha Nikolovska

Telephone: + 389 2 310 40 22

Facsimile: + 389 2 310 42 25

e-mail: nnikolovska@alkaloid.com.mk

Regional Operating Manager for Business Development

Tatjana Ivanoska - Filipovska
Telephone: + 389 2 310 43 72
Fax: + 389 2 310 42 25
e-mail: tivanoska@alkaloid.com.mk

MEDICAL PROGRAM

Ilija Kovachevski
Telephone: + 389 2 310 40 74
Facsimile: + 389 2 310 40 27
e-mail: ikovacevski@alkaloid.com.mk

RX DIVISION

Dimitar Stojmenovski
Telephone: + 389 2 310 40 37
Facsimile: + 389 2 310 42 25
e-mail: dstojmenovski@alkaloid.com.mk

OTC DIVISION, HEALTHCARE PRODUCTS

Milosh Radulovich
Telephone: + 389 2 310 42 67
Facsimile: +389 2 310 42 25
e-mail: mradulovic@alkaloid.com.mk

PC CHEMISTRY COSMETICS BOTANICALS

Nikola Mizo
Telephone: + 389 2 310 40 02
Facsimile: + 389 2 310 40 27
e-mail: nmizo@alkaloid.com.mk

Sales Cosmetics and Botanicals

Domestic market
Rosa Jovanovska
Telephone: + 389 2 310 40 42
Facsimile: + 389 2 317 55 31
e-mail: rjovanovska@alkaloid.com.mk

Sales Cosmetics and Botanicals Export Sales

Goran Matich
Telephone: + 389 2 310 40 33
Facsimile: + 389 2 310 40 27
e-mail: gmatic@alkaloid.com.mk

Sales Chemistry

Ljube Danilovski
Telephone: + 389 2 310 40 19
Facsimile: + 389 2 310 40 27
e-mail: ljdanilovski@alkaloid.com.mk

PRODUCTION COSMETICS & R&D

Dobriila Sekulovska - Popovska
Telephone: + 389 2 203 79 29
Facsimile: + 389 2 203 72 16
e-mail: dsekulovska@alkaloid.com.mk

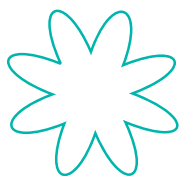
PRODUCTION BOTANICALS

Andrijana Mucheva
Telephone / Facsimile + 389 2 246 15 61
e-mail: amuceva@alkaloid.com.mk
Maja Stefkova
Telephone: + 389 2 2465 361
e-mail: mstefkova@alkaloid.com.mk

PRODUCTION CHEMISTRY

[X-Ray Films and Hemodialysis solutions]

Filip Godzo
Telephone: + 389 2 203 79 53
e-mail: fgodjo@alkaloid.com.mk



SUBSIDIARIES

UNITED STATES OF AMERICA Alkaloid USA LLC.

6535 West Campus Oval
Suite 130, New Albany,
Ohio 43054, USA
Telephone/Facsimile:
+ 1 614 939 9488; + 1 614 939 9498
e-mail: vstavroff@alkaloid.com.mk;
e-mail: vstavroff@alkaloidusa.com
Contact person: Vera Stavroff

SWITZERLAND Alkaloidpharm SA

Rue Georges-Jordil 4
1700 Fribourg, Switzerland
Telephone: + 41 26 323 41 90
Facsimile: + 41 26 323 41 72
e-mail: info@alkaloid.ch
Contact person: Natasha T. Milkovska

RUSSIAN FEDERATION ALKALOID-RUS LLC

2 nd Bld.33 Usacheva str. Bld 2. fl. 6
119048 Moscow, Russia
Telephone / Facsimile: + 7495 502 92 97
Contact persons: Alojzij Pungarsek
e-mail: apungarsek@alkaloid.com.mk
Gjorgi Angelovski
e-mail: gangelovski@alkaloid.com.mk

SLOVENIA

ALKALOID - INT d.o.o. LJUBLJANA

Slanrdova ulica 4,
1231 Ljubljana – Crnuce, Ljubljana, Slovenija
Telephone: + 386 1 3004 290
Facsimile: + 386 1 3004 291
e-mail: info@alkaloid.si
Contact person: Emil Micajkov

ALKALOID - FARM d.o.o. LJUBLJANA

Slanrdova ulica 4,
1231 Ljubljana – Crnuce, Ljubljana, Slovenija
Telephone: + 386 1 3004 290
Facsimile: + 386 1 3004 291
e-mail: alma.b@alkaloid.si
Contact person: Alma Bunic

CROATIA

Alkaloid d.o.o.
Ul. Grada Vukovara 226f
10000 Zagreb, Croatia
Telephone: + 385 16 311 920
Facsimile: + 385 16 311 922
e-mail: neven.sukarovski@alkaloid.hr
Contact person: Neven Sukarovski

SERBIA

Alkaloid d.o.o.
Ul. Prahovska 3
11000 Beograd, Serbia
Telephone / Facsimile:
+ 381 11 3679 070
+ 381 11 3679 071
e-mail: office@alkaloid.co.rs
Contact person: Igor Petrov

ALKALOID WHOLESALES

d.o.o. Beograd

Ul. Prahovska 3

11000 Beograd, Serbia

Telephone / Facsimile:

+ 381 11 3679 070

+ 381 11 3679 071

e-mail: veldrogerija@alkaloid.co.rs

Contact person: Igor Petrov

MONTENEGRO

Alkaloid d.o.o. Podgorica

Blvd. Svetog Petra Cetinskog 1A/V

20 000 Podgorica, Montenegro

Telephone / Facsimile:

+ 382 20 246 207

+ 382 20 246 208

e-mail: alkaloid@t-com.me

Contact person: Vladislav Stanishich

BOSNIA AND HERZEGOVINA

Alkaloid d.o.o.

Isevic sokak 4-b

Saraevo, BiH

Telephone / Facsimile:

+ 387 33 475 790

+ 387 33 475 791

e-mail: alkaloid@bih.net.ba

Contact person: Boris Jotevski

BULGARIA

Alkaloid e.o.o.d Sofia

2. Rikardo Vakarini str. Fl.3 ap 10

1404 Sofia, Bulgaria

Telephone: + 35 92 80 81 081

Facsimile: + 35 92 95 89 367

e-mail: office@alkaloid.bg

Contact person: Goran Kadiev

ALBANIA

ALKALOID Rep. Office

Str. Brigada 8 3/6, 5th floor, apt.19

Tirana, Albania

Telephone: + 355 42 223 599

Facsimile: + 355 42 233 320

e-mail: ademiraga@alkaloid.al

Contact person: Arben Demiraga

KOSOVO

ALK&KOS Pharmaceuticals

Magjistrálja Prishtine – Shkup (km. i shtate)

Laplje Selo,

10000 Prishtina, Kosovo

Tel. ++ 381 38 606 0081

e-mail: dismaili@alkaloid.com.mk

Contact person: Dritan Ismaili

ROMANIA

Alkaloid Romanian Rep. Office

Blv. Lacul Tei No. 109, BI 13-A, Sc.D, Ap 158, Sector 2

70000 Bucharest, Romania

Telephone / Facsimile: + 40 21 24 22 88 4

e-mail: alexandru.arsenescu@alkaloid.ro

Contact person: Aleksandru Arsenescu

UKRAINE

Alkaloid Rep. Office, Ukraine

Of. 81, 38/41 Horiva str.,

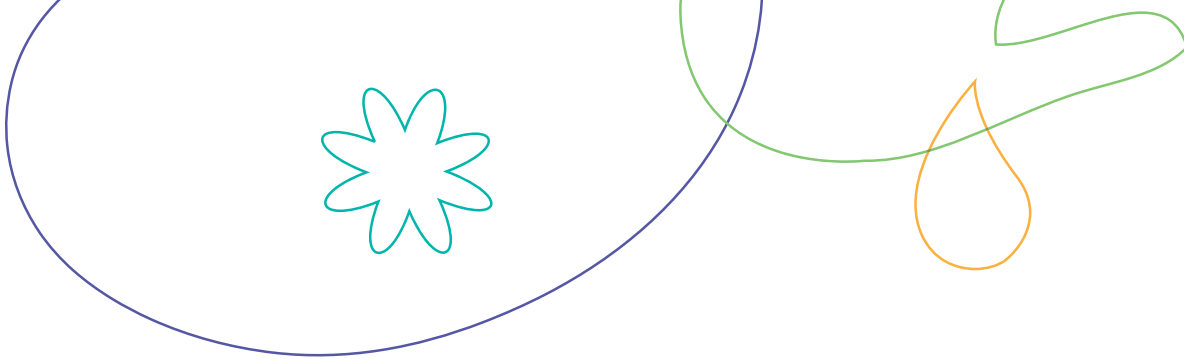
04071, Kiev, Ukraine

Telephone: + 38(044) 393 21 21

Facsimile: + 38(044) 393 21 20

e-mail: info@alkaloid.com.ua

Contact person: Goran Atanasovski



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