



PHARMACEUTICAL CHEMICAL COSMETICAL INDUSTRY

**ANNUAL REPORT
ON THE PERFORMANCE OF ALKALOID AD SKOPJE
FOR THE PERIOD JANUARY - DECEMBER 2018**

February 2019

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1. General information

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 Company is:

Aleksandar Makedonski 12 1000 Skopje, Republic of Macedonia.

Major business activity: Alkaloid AD Skopje produces and sells wide range of pharmaceutical, chemical and cosmetic products, as well as goods from herbal origin. According to the Trade Registry, Alkaloid AD Skopje can perform wholesale operations and foreign trading with food and non food products.

The main scope is production of pharmaceutical products.

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

The annual report on the performance of Alkaloid AD Skopje has been prepared in accordance with the Trade Company Law ("Official Gazette of the Republic of Macedonia" no. 28/04, 84/05, 25/07, 87/08, 17/09, 23/09, 42/10, 48/10, 8/11, 21/11, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14, 88/15, 192/15, 6/16, 30/16, 61/16, 64/18 and 120/18) and the Rulebook for accounting ("Official Gazette of the Republic of Macedonia" no. 159/09, 164/10 and 107/11). The report is prepared in accordance with the concept of purchase price, excluding the land property, construction buildings and available-for-sale financial assets, which are presented by their market value.

The presentation of the financial statements in accordance with the Trade Companies Law and the Rulebook for Accounting requires management to make best estimates and reasonable assumptions that affect the amounts presented in the financial statements. These estimations and assumptions are based on reasonable information available, as of the date of preparation of the financial statements. However, actual results may vary from these estimates.

2. Financial risk management

Financial risk factors

The Company'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 interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The financial risk management is performed by the Company's financial department, based on Decisions from Managing board.

Market risk

a) Foreign exchange risk

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

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

2. Financial risk management (continued)

b) Price risk

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

Credit risk

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

Liquidity risk

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

Interest risk

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

The Company's interest rate risk arises from borrowings. The Company 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.

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 Company is the last traded price.

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

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

3. Additions to non-current assets

Additions to non-current assets include additions to property, plant and equipment and Intangibles.

Additions to non-current assets - segment reporting

Segments	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Pharmacy	1,009,876	96	774,989	93	130
Chemistry Cosmetics Botanicals	39,084	4	56,578	7	69
Total:	1,048,960	100	831,567	100	126

4. Dividends

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

The dividends for 2017 approved by shareholders on 2 April 2018 were Denar 386,465 thousands. Approved dividends are paid and retained earnings are appropriately decreased.

5. Borrowings

Borrowings	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Non-current	218,935	63	268,624	57	82
Current	130,956	37	200,078	43	65
Total:	349,891	100	468,702	100	75

The maturity of the borrowings is as follows:

Maturity	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Up to 1 year	130,956	37	200,078	43	65
Between 1 to 3 years	218,935	63	268,624	57	82
Total:	349,891	100	468,702	100	75

6. Major transactions

According to the Trade Company Law, Alkaloid AD Skopje has no major transactions in 2018.

7. Related party transactions

The Company has no ultimate parent. The shares are widely held.

Alkaloid AD Skopje has investments in eighteen subsidiaries and one foundation in Macedonia and abroad. Sales and purchases of goods and services between related parties are based on regular market terms and prices.

Investments in subsidiaries and associates

Subsidiary	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Alkaloid DOO Zagreb, Croatia	15,439	4	15,439	4	100
Alkaloid DOO Beograd, Serbia	62,566	17	62,566	17	100
Alkaloid INT DOO Ljubljana, Slovenia	866	-	866	-	100
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	39	-	39	-	100
Alkaloidfarm SA Fribourg, Switzerland	4,285	1	4,285	1	100
Alkaloid EOOD Sofia, Bulgaria	2,748	1	2,748	1	100
ALK&KOS Shpk Prishtina, Kosovo	307	-	307	-	100
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	308	-	308	-	100
Alkaloid Kons DOOEL Skopje, Macedonia	130,154	35	130,154	35	100
Alkaloid USA LLC Columbus, Ohio US	3,873	1	3,873	1	100
Fund "Trajce Mukaetov" Skopje, Macedonia	3,000	1	3,000	1	100
Alkaloid DOO Podgorica, Montenegro	-	-	-	-	-
OOO Alkaloid RUS, Moscow, Russia	119,359	32	119,359	32	100
Alkaloid FARM DOO Ljubljana, Slovenia	461	-	461	-	100
Alkaloid Veledrogerija DOO Beograd, Serbia	7,720	2	7,720	2	100
Alkaloid ILAC TLS Istanbul, Turkey	2,616	1	2,616	1	100
ALKA-LAB DOO Ljubljana, Slovenia	18,485	5	18,485	5	100
Alkaloid Shpk Tirana, Albania	308	-	308	-	100
Alkaloid Kiev CO. LTD., Ukraine	2,157	-	2,157	-	100
Total:	374,691	100	374,691	100	100

All subsidiaries are 100% owned by the Company, except investment in Alkaloid USA with the equity share of 49%. Although the investment of Alkaloid AD Skopje in Alkaloid USA LLC Columbus, Ohio USA is 49%, the Company exercises control

The Company has representative offices in Russia, Bosnia and Herzegovina and Ukraine. The operational results of the representation offices are included in the financial statements of the Company.

Sale of goods and services

Subsidiary	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Alkaloid DOO Belgrade, Serbia	292,177	10	143,967	6	203
Alkaloid DOO Zagreb, Croatia	-	-	14,759	1	-
Alkaloid INT DOO Ljubljana, Slovenia	1,237,262	42	997,889	40	124
Alkaloid EOOD Sofia, Bulgaria	-	-	-123	-	-
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	211,462	7	197,861	8	107
Alkaloidpharm SA Fribourg, Switzerland	28	-	128	-	22
Alkaloid Kons DOOEL Skopje, Macedonia	185,497	6	171,495	7	108
OOO Alkaloid RUS, Moscow, Russia	223,872	8	350,266	14	64
Alkaloid Veledrogerija DOO Beograd, Serbia	798,177	27	600,454	24	133
Alkaloid ILAC TLS Istanbul, Turkey	-	-	3,882	-	-
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	6,735	-	6,623	-	102
Total:	2,955,210	100	2,487,201	100	119

Purchase of goods and services

Subsidiary	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Alkaloid DOO Belgrade, Serbia	14,346	2	15,227	2	94
Alkaloid DOO Zagreb, Croatia	12,466	1	9,338	2	133
Alkaloid DOO Ljubljana INT, Slovenia	26,305	3	35,093	6	75
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	106,601	12	94,167	15	113
Alkaloid EOOD Sofia, Bulgaria	1,106	-	50,649	8	2
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	19,849	2	30,710	5	65
Alkaloidpharm SA Fribourg, Switzerland	472,588	51	181,570	29	260
Alkaloid Kons DOOEL Skopje, Macedonia	2,070	-	2,057	-	101
Alkaloid DOO Podgorica, Montenegro	42,410	5	40,426	7	105
Fund "Trajce Mukaetov" Skopje, Macedonia	8,802	1	9,372	2	94
OOO Alkaloid RUS, Moscow, Russia	92,267	10	82,527	13	112
Alkaloid Veledrogerija DOO Beograd, Serbia	4,084	-	3,985	1	102
Alkaloid ILAC TLS Istanbul, Turkey	9,887	1	9,574	2	103
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	2,680	-	2,600	-	103
Alkaloid Shpk Tirana, Albania	3,681	-	3,814	1	97
Alkaloid Kiev CO. LTD., Ukraine	107,528	12	44,800	7	240
Total:	926,670	100	615,909	100	150

Accounts receivables

Subsidiary	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Alkaloid DOO Belgrade, Serbia	188,393	15	72,723	6	259
Alkaloid DOO Zagreb, Croatia	-	-	14,758	1	-
Alkaloid DOO Ljubljana INT, Slovenia	322,087	26	342,360	29	94
Alkaloid EOOD Sofia, Bulgaria	-	-	131	-	-
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	74,364	6	80,163	7	93
Alkaloid Kons DOOEL Skopje, Macedonia	46,824	4	61,511	5	76
OOO Alkaloid RUS, Moscow, Russia	219,445	18	333,153	29	66
Alkaloid Veleadrogerija DOO Beograd, Serbia	360,486	30	247,376	21	146
Alkaloid ILAC TLS Istanbul, Turkey	4,393	-	7,001	1	63
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	2,493	-	2,481	-	100
Total:	1,218,485	100	1,161,657	100	105

Accounts payables

Subsidiary	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Alkaloid DOO Belgrade, Serbia	2,874	2	241	-	1,193
Alkaloid DOO Zagreb, Croatia	1,682	1	1,896	1	89
Alkaloid DOO Ljubljana INT, Slovenia	25,292	14	18,085	14	140
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	11,575	6	13,684	10	85
Alkaloid EOOD Sofia, Bulgaria	126	-	4,987	4	3
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	3,971	2	4,815	4	82
Alkaloidpharm SA Fribourg, Switzerland	128,770	69	69,892	53	184
Alkaloid Kons DOOEL Skopje, Macedonia	398	-	933	1	43
Alkaloid DOO Podgorica, Montenegro	6,860	4	6,904	5	99
Alkaloid Veleadrogerija DOO Beograd, Serbia	801	-	1,006	1	80
Alkaloid ILAC TLS Istanbul, Turkey	1,370	1	-	-	-
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	838	-	708	1	118
Alkaloid Shpk Tirana, Albania	615	-	123	-	500
Alkaloid Kiev CO. LTD., Ukraine	1,163	1	8,005	6	15
Total:	186,335	100	131,279	100	142

Prepayments and short-term loans

Subsidiary	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Alkaloid DOO Beograd, Serbia	1,929	100	1,928	3	100
Alkaloidpharm SA Fribourg, Switzerland	-	-	66,410	97	-
Total:	1,929	100	68,338	100	3

8. Share capital

	Number of shares	Ordinary shares	Treasury shares	Total	Share premium
At 1 January 2017	1,416,612	2,220,127	23,032	2,243,159	-
Purchase of treasury shares	-	-	-	-	-
At 31 December 2017	1,416,612	2,220,127	23,032	2,243,159	-
Purchase of treasury shares	-	-	-	-	-
At 31 December 2018	1,416,612	2,220,127	23,032	2,243,159	-

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

The total number of treasury shares is 14,741. The number of 3,287 shares is reserved for former proprietors of which 3,228 are priority shares and 59 are ordinary shares.

Earning per share

	(In MKD)		
	2018	2017	IND
	Amount	Amount	18/17
Profit attributable to shareholders (in denars)	848,199,255	765,954,710	111
Number of shares	1,416,612	1,416,612	100
Basic earning per share (in denars):	598.75	540.69	111

9. Key management compensations

No compensations were paid to the Management Board members in 2018 and 2017.

In 2018, the amount of Denar 4,209 thousands were paid to the Supervisory Board members (2017: Denar 4,207 thousands).

10. Production and sales
Production in tons

Segment	(In tons)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Pharmacy	989	7	932	7	106
Chemistry Cosmetics Botanicals	13,878	93	12,923	93	107
Total:	14,867	100	13,855	100	107

The total amount produced for 2018 is 14,867 tons, which indicates 7% growth compared to last years' production amount of 13,855 tons.

Total sales of goods and services

Market	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Domestic market	2,756,152	37	2,654,759	38	104
Foreign market	4,749,962	63	4,277,417	62	111
Total:	7,506,114	100	6,932,176	100	108

The total sales revenues for 2018 are 7,506,114 thousand denars which indicates 8% growth compared to the sales revenues from 2017 (6,932,176 thousand denars). The growth in total sales revenues is a result from the increase of sales revenues on domestic market for 4%, and the increase on foreign market sales for 11%.

The largest portion of total sales revenues, 63% is generated on foreign markets.

Total sales - segment reporting

Segment	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Pharmacy	6,081,354	81	5,535,481	80	110
Chemistry Cosmetics Botanicals	1,424,760	19	1,396,695	20	102
Total:	7,506,114	100	6,932,176	100	108

The largest portion in total sales revenues, amounting 6,081,354 thousand is generated on the Pharmacy segment with 81%, which compared to last years' 5,535,481 thousand denars is an increase of 10%.

Domestic market sales - segment reporting

Segment	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Pharmacy	2,061,350	75	1,989,983	75	104
Chemistry Cosmetics Botanicals	694,802	25	664,776	25	105
Total:	2,756,152	100	2,654,759	100	104

Total sales revenues on domestic market are 2,756,152 thousand denars, which compared to last years' 2,654,759 have increased for 4%.

The largest portion in total sales revenues is generated on the Pharmacy segment, amounting 2,061,350 thousand denars or 75%.

Foreign market sales - segment reporting

Segment	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Pharmacy	4,020,003	85	3,545,498	83	113
Chemistry Cosmetics Botanicals	729,959	15	731,919	17	100
Total:	4,749,962	100	4,277,417	100	111

Total sales revenues on foreign market are 4,749,962 thousand denars, which compared to last years' 4,277,417 have increased for 11%.

The largest portion in total sales revenues is generated on the Pharmacy segment, amounting 4,020,003 thousand denars or 85%.

Foreign market sales by regions/countries

Region/Country	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
South Eastern Europe	2,900,023	61	2,482,014	58	117
Albania	70,364	1	87,096	2	81
Bosnia and Herzegovina	794,301	17	778,615	18	102
Kosovo	311,528	7	295,803	7	105
Serbia	1,503,110	32	1,097,115	26	137
Monte Negro	220,720	5	223,385	5	99
Russia and CIS	436,768	9	459,867	11	95
Russia	223,872	5	350,266	8	64
Georgia	16,308	-	10,814	-	151
Armenia	12,172	-	10,644	-	114
Azerbaijan	148	-	-	-	-
Ukraine	184,268	4	88,143	2	209
Western Europe (EU and EFTA)	1,270,045	27	1,216,372	28	104
Bulgaria	144,254	3	175,274	4	82
Croatia	467,735	10	464,260	11	101
Germany	48,070	1	74,103	2	65
Spain	8,587	-	-	-	-
Romania	103,834	2	87,665	2	118
Slovenia	101,739	2	172,953	4	59
Czech	17,716	-	13,187	-	134
Poland	59,253	1	18,737	-	316
Slovakia	-	-	2	-	-
Hungary	119,854	3	28,110	1	426
Lithuania	863	-	831	-	104
Finland	1,085	-	-	-	-
Great Britain	194,915	4	175,440	4	111
Netherlands	-	-	250	-	-
Sweden	-	-	48	-	-
Greece	2,112	-	-	-	-
Switzerland	28	-	5,512	-	1
Other countries	143,126	3	119,164	3	120
Jordan	4,594	-	2,465	-	186
USA	124,792	3	102,367	2	122
Turkey	11,187	-	14,310	-	78
Other countries	2,553	-	22	-	-
Total:	4,749,962	100	4,277,417	100	111

The largest portion of 61% of the total sales in foreign markets is generated in the South Eastern Europe region.

Total revenues

Revenues	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
1. Revenues from sales of goods and services	7,506,114	95	6,932,176	95	108
-Domestic market	2,756,152	35	2,654,758	37	104
Sales of goods	1,970,140	25	1,922,166	26	102
Sales of commodities	733,154	9	677,659	9	108
Other sales revenues	52,858	1	54,933	1	96
-Foreign market	4,749,962	60	4,277,418	59	111
Sales of goods	4,030,568	51	3,626,175	50	111
Sales of commodities	656,056	8	587,029	8	112
Other sales revenues	63,338	1	64,214	1	99
2. Other operating income	378,642	5	323,338	4	117
Collected written off receivables	747	-	646	-	116
Income from previous years	1,424	-	5,316	-	27
Dividends income	162,256	2	153,546	2	106
Interest income	211	-	822	-	26
Foreign exchange transaction gains	115,624	1	114,012	2	101
Other income	98,380	1	48,996	1	201
3. Finance income	1,132	-	13,279	-	9
Foreign exchange transaction gains on borrowings	1,132	-	13,278	-	9
Interest income on borrowings	-	-	1	-	-
Total:	7,885,888	100	7,268,793	100	108

Total revenues for 2018 amounting 7,885,888 thousand denars have increased for 8%, compared to last years' 7,268,793 thousand denars.

The largest portion of 95% in the total revenues belongs to the sales revenues, which compared to last year have increased for 8%.

Other operating income has a portion of 5% in total revenues. Compared to last year other operating income has increased for 17%.

Finance income only includes income on borrowings. The portion of finance income in total revenue is insignificant.

Sales by category

Sales revenue	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Sales of goods	6,000,708	80	5,548,341	80	108
Sales of commodities	1,389,210	19	1,264,688	7	110
Other sales revenues	116,196	2	119,147	2	98
Total:	7,506,114	100	6,932,176	100	108

Total expenses by nature

Expenses	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
1. Changes in the inventories	-124,834	-2	-53,454	-1	234
2. Raw and other materials	2,500,111	36	2,194,210	34	114
Raw materials	2,326,040	33	2,032,118	32	114
Energy	148,304	2	134,430	2	110
Spare parts	19,640	-	22,467	-	87
Written off small items	6,127	-	5,195	-	118
3. Cost of commodities	936,713	13	853,429	13	110
4. Services	368,906	5	417,719	6	88
Transport	153,127	2	192,437	3	80
Maintenance	55,510	1	48,181	1	115
Rent	28,323	-	30,114	-	94
Utilities	131,946	2	146,987	2	90
5. Depreciation and amortization	550,876	8	480,967	7	115
6. Provision for impaired trade receivables	321	-	1,314	-	24
7. Employee benefits	1,377,581	20	1,317,604	20	105
Gross salaries	1,150,069	17	1,101,439	17	104
Food allowances	36,053	1	32,126	1	112
Holiday allowances	74,018	1	68,978	1	107
Termination benefits	18,889	-	24,498	-	77
Short-term benefits	96,341	1	88,700	1	109
Retirement benefits	745	-	429	-	174
Other expenses	1,466	-	1,434	-	102
8. Other operating expenses	1,347,068	19	1,218,937	19	111
Cost of business trips	45,315	1	42,871	1	106
Advertising and marketing	731,260	10	677,559	11	108
Insurance	30,870	-	28,515	-	108
Taxes and contributions	28,772	-	21,015	-	137
Bank charges and memberships	12,562	-	15,247	-	82
Interest	3	-	139	-	2
Exchange differences from receivables and payables	177,658	3	104,641	2	170
Expenses from previous years	16,068	-	11,087	-	145
Other expenses	304,560	4	317,863	5	96
9. Finance costs (borrowings)	12,306	-	14,780	-	83
Foreign exchange transaction losses on borrowings	1,170	-	2,671	-	44
Interest expense on borrowings	11,136	-	12,109	-	92
Total:	6,969,048	100	6,445,506	100	108

The Total expenses for 2018 amounting 6,969,048 thousand denars have increased 8% compared to last years' 6,445,506 thousand denars.

The largest portion in the total expenses belongs to Raw and other materials, 36%. Employee benefits have a portion of 20%, Other operating expenses have a portion of 19%. Finance costs include only expenses on borrowings. The portion of finance costs in total expenses is insignificant.

Income statement - expenses by nature

Income statement	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Total revenues	7,885,888	100	7,268,793	100	108
Domestic market	2,756,152	35	2,654,758	37	104
Foreign market	4,749,962	60	4,277,418	59	111
Other operating income	378,642	5	323,338	4	117
Finance income	1,132	-	13,279	-	9
Total expenses	-6,969,048	88	-6,445,506	89	108
Inventories	124,834	-2	53,454	-	234
Raw materials	-2,500,111	32	-2,194,210	30	114
Cost of commodities	-936,713	12	-853,429	12	110
Services expenses	-368,906	5	-417,719	6	88
Gross salaries	-1,150,069	13	-1,101,439	15	104
Depreciation and amortization	-550,876	7	-480,967	7	115
Provision for impaired trade receivables	-321	-	-1,314	-	24
Other operating expenses	-1,574,580	20	-1,435,102	20	110
Finance cost	-12,306	-	-14,780	-	83
Profit before income tax	916,840	12	823,287	11	111
Income tax	-68,641	1	-57,332	1	120
Profit for the year	848,199	11	765,955	11	111

Profit before income tax for 2018 is 916,840 thousand denars, which compared to last years' 823,287 thousand denars has increased for 11%. The portion of profit before income tax in the total revenue in 2018 is 12%.

The calculated Income tax for 2018 is 68,641 thousand denars, which compared to last years' 57,332 thousand denars has increased for 20%.

Profit for the year 2018 is 848,199 thousand denars, which compared to last years' 765,955 thousand denars has increased for 11%. The portion of net income in the total revenue in 2018 is 11%.

Income statement - expenses by function

Income statement	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Sales	7,506,114	95	6,932,176	95	108
Cost of sales	-4,604,215	-58	-4,207,768	-58	109
Gross profit	2,901,899	37	2,724,408	37	107
Research and development expenses	-86,125	-1	-76,421	-1	113
Selling and marketing expenses	-1,638,232	-21	-1,632,818	-22	100
Administrative expenses	-371,897	-5	-356,110	-5	104
Provisions for liabilities and charges	-292	-	-2,438	-	12
Other income	378,642	5	323,338	4	117
Other expenses	-255,981	-3	-155,171	-2	165
Operating profit	928,014	12	824,788	11	113
Net foreign exchange transaction (losses) / gains	-38	-	10,607	-	0
Net interest	-11,136	-	-12,108	-	92
Profit before income tax	916,840	12	823,287	11	111
Income tax	-68,641	-1	-57,332	-1	120
Profit for the year	848,199	11	765,955	11	111

The income statement by function model presents the expenses as: Production costs, Research and development expenses, Selling and marketing expenses and Administrative expenses. The finance costs are presented in net values.

The largest portion in total revenues 58% belongs to Cost of sales, which have increased for 9%.

Selling and marketing expenses have a portion of 21% in total revenues. Compared to last year Selling and marketing expenses are on the same level.

Administrative expenses have a portion in total revenues of 5% and have increased for 4% compared to last year.

Balance sheet

	(In 000 MKD)				
	2018		2017		IND
	Amount	%	Amount	%	18/17
Assets					
Non-current assets					
Property, plant and equipment	4,564,972	41	4,212,549	40	108
Intangibles	1,598,027	14	1,452,689	14	110
Investments in subsidiaries and associates	374,691	3	374,691	1	100
Available-for-sale financial assets	6,819	-	5,110	-	133
Other non-current receivables	13,056	-	80,296	1	16
Deferred tax assets	17,817	-	17,817	-	100
Total non-currents assets:	6,575,382	59	6,143,152	58	107
Current assets					
Inventories	2,110,233	19	2,049,857	19	103
Trade receivables	2,033,479	18	2,079,731	20	98
Other receivables	201,845	2	211,020	2	96
Cash and cash equivalents	189,540	2	77,220	1	245
Total current assets:	4,535,097	41	4,417,828	42	103
Total assets:	11,110,479	100	10,560,980	100	105
Equity and liabilities					
Equity					
Share capital	2,197,095	20	2,197,095	21	100
Legal reserves	596,146	5	596,146	6	100
Other reserves	1,123,819	10	1,122,110	11	100
Retained earnings	5,246,235	47	4,776,836	45	110
Total equity:	9,163,295	82	8,692,187	82	105
Liabilities					
Current liabilities					
Trade and other payables	1,554,327	14	1,364,578	13	114
Current borrowings	130,956	1	200,078	2	65
Income taxes	13,506	-	6,345	-	213
Total current liabilities:	1,698,789	15	1,571,001	15	108
Non-current liabilities					
Non-current borrowings	218,935	2	268,624	3	82
Deferred tax liabilities	-	-	-	-	-
Non-current provisions	29,460	-	29,168	-	101
Total non-current liabilities:	248,395	2	297,792	3	83
Total liabilities:	1,947,184	18	1,868,793	18	104
Total equity and liabilities:	11,110,479	100	10,560,980	100	105

Performance indicators

Indicators	(In %)		
	2018	2017	18/17
Revenue / expense ratio	113.16	112.77	100
Net profit margin	10.76	10.54	102
EBITDA (%)	19.70	18.84	105
Current ratio	2.67	2.81	95
Net debt to equity ratio	0.04	0.05	71
Return of equity	9.26	8.81	105
Return of assets	7.63	7.25	105

Number of employees on 31 December

Segment	2018		2017		IND
	%	18/17	%	18/17	18/17
Pharmacy	817	53	754	53	108
Chemistry Cosmetics Botanicals	195	13	199	14	98
Corporate unit	528	34	477	33	111
Total:	1,540	100	1,430	100	108

The total number of employees on 31 December 2018 is 1,540, which compared to 2017 is an increase of 8%.

Alkaloid AD Skopje