



PHARMACEUTICAL CHEMICAL COSMETICAL INDUSTRY

**ANNUAL REPORT
ON THE PERFORMANCE OF ALKALOID AD SKOPJE
FOR THE PERIOD JANUARY - DECEMBER 2019**

February 2020

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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, 120/18, 195/2018, 225/2018 and 239/2018) 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)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Pharmacy	873,340	92	1,009,876	96	86
Chemistry Cosmetics Botanicals	76,588	8	39,084	4	196
Total:	949,928	100	1,048,960	100	91

4. Dividends

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

The dividends for 2018 approved by shareholders on 8 April 2019 were Denar 458,033 thousands. Approved dividends are paid and retained earnings are appropriately decreased.

5. Borrowings

Borrowings	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Non-current	288,057	53	218,935	63	132
Current	258,487	47	130,956	37	197
Total:	546,544	100	349,891	100	156

The maturity of the borrowings is as follows:

Maturity	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Up to 1 year	258,487	47	130,956	37	197
Between 1 to 3 years	288,057	53	218,935	63	132
Total:	546,544	100	349,891	100	156

6. Major transactions

According to the Trade Company Law, Alkaloid AD Skopje has no major transactions in 2019.

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	2019		2018		IND
	Amount	%	Amount	%	19/18
Alkaloid DOO Beograd, Serbia	173,256	51	62,566	20	277
Alkaloid DOO Zagreb, Croatia	15,439	5	15,439	5	100
Alkaloid INT DOO Ljubljana, Slovenia	866	-	866	-	100
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	39	-	39	-	100
Alkaloid EOOD Sofia, Bulgaria	2,748	1	2,748	1	100
ALK&KOS Shpk Prishtina, Kosovo	307	-	307	-	100
Alkaloidfarm SA Fribourg, Switzerland	4,285	1	4,285	1	100
Alkaloid USA LLC Columbus, Ohio US	3,873	1	3,873	1	100
Alkaloid Kons DOOEL Skopje, Macedonia	130,154	39	130,154	42	100
Alkaloid DOO Podgorica, Montenegro	-	-	-	-	-
Fund "Trajce Mukaetov" Skopje, Macedonia	3,000	1	3,000	1	100
OOO Alkaloid RUS, Moscow, Russia	119,359	35	119,359	38	100
Alkaloid FARM DOO Ljubljana, Slovenia	461	-	461	-	100
Alkaloid Veleadrogerija DOO Beograd, Serbia	7,720	2	7,720	2	100
Alkaloid ILAC TLS Istanbul, Turkey	2,616	1	2,616	1	100
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	308	-	308	-	100
ALKA-LAB DOO Ljubljana, Slovenia	43,081	13	18,485	6	233
Alkaloid Shpk Tirana, Albania	308	-	308	-	100
Alkaloid Kiev CO. LTD., Ukraine	2,157	1	2,157	1	100
Total:	336,721	100	312,125	100	108

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

In 2019 the company has increased its investment in two of its subsidiaries, in ALKA-LAB DOO Ljubljana, Slovenia by Denar 24,596 thousand equivalent to EUR 0.4 million and in Alkaloid DOO Beograd, Serbia by Denar 110,690 thousand equivalent to EUR 1.8 million.

The Company has representative offices in Russia 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)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Alkaloid DOO Belgrade, Serbia	165,347	5	292,177	10	57
Alkaloid INT DOO Ljubljana, Slovenia	1,204,657	36	1,237,262	42	97
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	212,673	6	211,462	7	101
Alkaloidpharm SA Fribourg, Switzerland	20	-	28	-	71
Alkaloid Kons DOOEL Skopje, Macedonia	193,369	6	185,497	6	104
OOO Alkaloid RUS, Moscow, Russia	633,362	19	223,872	8	283
Alkaloid Veleđrogerija DOO Beograd, Serbia	916,901	28	798,177	27	115
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	6,100	-	6,735	-	91
Total:	3,332,429	100	2,955,210	100	113

Purchase of goods and services

Subsidiary	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Alkaloid DOO Belgrade, Serbia	16,692	2	14,346	1	116
Alkaloid DOO Zagreb, Croatia	11,918	1	12,466	1	96
Alkaloid DOO Ljubljana INT, Slovenia	105,486	13	72,622	7	145
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	116,811	14	106,601	11	110
Alkaloid EOOD Sofia, Bulgaria	1,933	-	1,106	-	175
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	5,808	1	19,849	2	29
Alkaloidpharm SA Fribourg, Switzerland	216,382	27	472,588	49	46
Alkaloid Kons DOOEL Skopje, Macedonia	2,941	-	2,070	-	142
Alkaloid DOO Podgorica, Montenegro	48,056	6	42,410	4	113
Fund "Trajce Mukaetov" Skopje, Macedonia	9,423	1	8,802	1	107
OOO Alkaloid RUS, Moscow, Russia	94,828	12	92,267	9	103
Alkaloid Veleđrogerija DOO Beograd, Serbia	5,259	1	4,084	-	129
Alkaloid ILAC TLS Istanbul, Turkey	9,203	1	9,887	1	93
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	2,880	-	2,680	-	107
ALKA-LAB DOO Ljubljana, Slovenia	236	-	-	-	-
Alkaloid Shpk Tirana, Albania	4,498	1	3,681	-	122
Alkaloid Kiev CO. LTD., Ukraine	158,120	20	107,528	11	147
Total:	810,474	100	972,987	100	83

Accounts receivables

Subsidiary	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Alkaloid DOO Belgrade, Serbia	24,776	2	188,393	15	13
Alkaloid DOO Ljubljana INT, Slovenia	298,213	20	322,087	26	93
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	47,676	3	74,364	6	64
Alkaloid Kons DOOEL Skopje, Macedonia	62,535	4	46,824	4	134
OOO Alkaloid RUS, Moscow, Russia	539,439	36	219,445	18	246
Alkaloid Veledrogerija DOO Beograd, Serbia	536,674	35	360,486	30	149
Alkaloid ILAC TLS Istanbul, Turkey	2,519	-	4,393	-	57
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	2,490	-	2,493	-	100
Total:	1,514,322	100	1,218,485	100	124

Accounts payables

Subsidiary	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Alkaloid DOO Belgrade, Serbia	1,155	-	2,874	2	40
Alkaloid DOO Zagreb, Croatia	3,239	1	1,682	1	193
Alkaloid DOO Ljubljana INT, Slovenia	57,125	22	25,292	14	226
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	16,247	6	11,575	6	140
Alkaloid EOOD Sofia, Bulgaria	126	-	126	-	100
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	1,671	1	3,971	2	42
Alkaloidpharm SA Fribourg, Switzerland	156,457	61	128,770	69	122
Alkaloid Kons DOOEL Skopje, Macedonia	1,006	-	398	-	253
Alkaloid DOO Podgorica, Montenegro	7,941	3	6,860	4	116
Alkaloid Veledrogerija DOO Beograd, Serbia	1,133	-	801	-	141
Alkaloid ILAC TLS Istanbul, Turkey	-	-	1,370	1	-
Alkaloid Bilna apteka DOOEL Skopje, Macedonia	979	-	838	-	117
ALKA-LAB DOO Ljubljana, Slovenia	236	-	-	-	-
Alkaloid Shpk Tirana, Albania	301	-	615	-	49
Alkaloid Kiev CO. LTD., Ukraine	9,498	4	1,163	1	817
Total:	257,114	100	186,335	100	138

Prepayments and short-term loans

Subsidiary	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Alkaloid DOO Beograd, Serbia	1,929	100	1,929	100	100
Total:	1,929	100	1,929	100	100

Interests

Subsidiary	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Alkaloidpharm SA Fribourg, Switzerland	2,325	100	-	-	-
Total:	2,325	100	-	100	-

8. Share capital

	Number of shares	Ordinary shares	Treasury shares	Total	Share premium
At 1 January 2018	1,416,612	2,220,127	-23,032	2,197,095	-
Purchase of treasury shares	-	-	-	-	-
At 31 December 2018	1,416,612	2,220,127	-23,032	2,197,095	-
Purchase of treasury shares	-7,016	-	-10,713	-10,713	-65,060
At 31 December 2019	1,409,596	2,220,127	-33,745	2,186,382	-65,060

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.

During 2019, the Company acquired 7,016 of its own shares through Macedonian stock exchange and held as treasury shares. The total number of treasury shares is 21,757. The number of 3,287 treasury shares is reserved for former proprietors out of which 3,228 are priority shares and 59 are ordinary shares.

Earning per share

	(In MKD)		
	2019	2018	IND
	Amount	Amount	19/18
Profit attributable to shareholders (in denars)	1,007,811,167	848,199,255	119
Number of shares	1,415,132	1,416,612	100
Basic earning per share (in denars):	712.17	598.75	119

9. Key management compensations

No compensations were paid to the Management Board members in 2019 and 2018.

In 2019, the amount of Denar 4,402 thousands were paid to the Supervisory Board members (2018: Denar 4,209 thousands).

10. Production and sales

Production in tons

Segment	2019		2018		IND
	Amount	%	Amount	%	19/18
Pharmacy	1,146	7	989	7	116
Chemistry Cosmetics Botanicals	14,135	93	13,878	93	102
Total:	15,281	100	14,867	100	103

The total amount produced for 2019 is 15,281 tons, which indicates 3% growth compared to last years' production amount of 14,867 tons.

Total sales of goods and services

Market	2019		2018		IND
	Amount	%	Amount	%	19/18
Domestic market	2,778,870	33	2,756,152	37	101
Foreign market	5,649,139	67	4,749,962	63	119
Total:	8,428,009	100	7,506,114	100	112

The total sales revenues for 2019 are 8,428,009 thousand denars which indicates 12% growth compared to the sales revenues from 2018 (7,506,114 thousand denars). The growth in total sales revenues is a result from the increase of sales revenues on domestic market for 1%, and the increase on foreign market sales for 19%.

The largest portion of total sales revenues, 67% is generated on foreign markets.

Total sales - segment reporting

Segment	2019		2018		IND
	Amount	%	Amount	%	19/18
Pharmacy	6,880,030	82	6,081,354	81	113
Chemistry Cosmetics Botanicals	1,547,979	18	1,424,760	19	109
Total:	8,428,009	100	7,506,114	100	112

The largest portion in total sales revenues, amounting 6,880,030 thousand is generated on the Pharmacy segment with 82%, which compared to last years' 6,081,354 thousand denars is an increase of 13%.

Domestic market sales - segment reporting

Segment	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Pharmacy	2,143,420	77	2,061,350	75	104
Chemistry Cosmetics Botanicals	635,450	23	694,802	25	91
Total:	2,778,870	100	2,756,152	100	101

Total sales revenues on domestic market are 2,778,870 thousand denars, which compared to last years' 2,756,152 have increased for 1%.

The largest portion in total sales revenues is generated on the Pharmacy segment, amounting 2,143,420 thousand denars or 77%.

Foreign market sales - segment reporting

Segment	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Pharmacy	4,736,609	84	4,020,003	85	118
Chemistry Cosmetics Botanicals	912,530	16	729,959	15	125
Total:	5,649,139	100	4,749,962	100	119

Total sales revenues on foreign market are 5,649,139 thousand denars, which compared to last years' 4,749,962 have increased for 19%.

The largest portion in total sales revenues is generated on the Pharmacy segment, amounting 4,736,609 thousand denars or 84%.

Foreign market sales by regions/countries

Region/Country	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
South Eastern Europe	2,940,583	52	2,900,023	61	101
Albania	66,704	1	70,364	1	95
Bosnia and Herzegovina	807,740	14	794,301	17	102
Kosovo	346,577	6	311,528	7	111
Serbia	1,480,071	26	1,503,110	32	98
Monte Negro	239,491	4	220,720	5	109
Russia and CIS	940,786	17	436,768	9	215
Russia	633,601	11	223,872	5	283
Georgia	18,845	-	16,308	-	116
Armenia	28,604	1	12,172	-	235
Azerbaijan	-	-	148	-	-
Ukraine	259,736	5	184,268	4	141
Western Europe (EU and EFTA)	1,474,811	26	1,270,045	27	116
Bulgaria	168,259	3	144,254	3	117
Croatia	491,903	9	467,735	10	105
Germany	75,689	1	48,070	1	157
Spain	253	-	8,587	-	3
Romania	168,224	3	103,834	2	162
Slovenia	153,206	3	101,739	2	151
Czech	17,482	-	17,716	-	99
Poland	33,934	1	59,253	1	57
Slovakia	215	-	-	-	-
Hungary	59,277	1	119,854	3	49
Lithuania	1,742	-	863	-	202
Finland	1,623	-	1,085	-	150
Great Britain	281,279	5	194,915	4	144
Netherlands	300	-	-	-	-
Sweden	-	-	-	-	-
Greece	15,194	-	2,112	-	719
Switzerland	6,231	-	28	-	#####
Other countries	292,959	5	143,126	3	205
Jordan	8,381	-	4,594	-	182
USA	268,203	5	124,792	3	215
Turkey	12,467	-	11,187	-	111
Other countries	3,908	-	2,553	-	153
Total:	5,649,139	100	4,749,962	100	119

The largest portion of 52% of the total sales in foreign markets is generated in the South Eastern Europe region.

Total revenues

Revenues	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
1. Revenues from sales of goods and services	8,428,009	97	7,506,114	95	112
-Domestic market	2,778,870	32	2,756,152	35	101
Sales of goods	1,969,757	23	1,970,140	25	100
Sales of commodities	746,447	9	733,154	9	102
Other sales revenues	62,666	1	52,858	1	119
-Foreign market	5,649,139	65	4,749,962	60	119
Sales of goods	4,794,655	55	4,030,568	51	119
Sales of commodities	778,135	9	656,056	8	119
Other sales revenues	76,349	1	63,338	1	121
2. Other operating income	246,610	3	378,642	5	65
Collected written off receivables	-	-	747	-	-
Income from previous years	2,030	-	1,424	-	143
Dividends income	69,464	1	162,256	2	43
Interest income	525	-	211	-	249
Foreign exchange transaction gains	115,367	1	115,624	1	100
Other income	59,224	1	98,380	1	60
3. Finance income	878	-	1,132	-	78
Foreign exchange transaction gains on borrowings	878	-	1,132	-	78
Interest income on borrowings	-	-	-	-	-
Total:	8,675,497	100	7,885,888	100	110

Total revenues for 2019 amounting 8,675,497 thousand denars have increased for 10%, compared to last years' 7,885,888 thousand denars.

The largest portion of 97% in the total revenues belongs to the sales revenues, which compared to last year have increased for 12%.

Other operating income has a portion of 3% in total revenues. Compared to last year other operating income has decreased for 35%.

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)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Sales of goods	6,764,412	80	6,000,708	80	113
Sales of commodities	1,524,582	18	1,389,210	19	110
Other sales revenues	139,015	2	116,196	2	120
Total:	8,428,009	100	7,506,114	100	112

Total expenses by nature

Expenses	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
1. Changes in the inventories	-290,645	-4	-124,834	-2	233
2. Raw and other materials	2,830,146	38	2,500,111	36	113
Raw materials	2,645,380	35	2,326,040	33	114
Energy	163,828	2	148,304	2	110
Spare parts	17,857	-	19,640	-	91
Written off small items	3,081	-	6,127	-	50
3. Cost of commodities	1,009,397	13	936,713	13	108
4. Services	415,037	5	368,906	5	113
Transport	165,529	2	153,127	2	108
Maintenance	69,172	1	55,510	1	125
Rent	33,728	-	28,323	-	119
Utilities	146,608	2	131,946	2	111
5. Depreciation and amortization	634,187	8	550,876	8	115
6. Provision for impaired trade receivables	219	-	321	-	68
7. Employee benefits	1,559,534	21	1,377,581	20	113
Gross salaries	1,286,885	17	1,150,069	17	112
Food allowances	44,808	1	36,053	1	124
Holiday allowances	101,242	1	74,018	1	137
Termination benefits	14,290	-	18,889	-	76
Short-term benefits	110,000	1	96,341	1	114
Retirement benefits	774	-	745	-	104
Other expenses	1,535	-	1,466	-	105
8. Other operating expenses	1,376,439	18	1,347,068	19	102
Cost of business trips	48,682	1	45,315	1	107
Advertising and marketing	692,898	9	731,260	10	95
Insurance	33,192	-	30,870	-	108
Taxes and contributions	38,989	1	28,772	-	136
Bank charges and memberships	13,036	-	12,562	-	104
Interest	1	-	3	-	33
Exchange differences from receivables and payables	77,527	1	177,658	3	44
Expenses from previous years	27,976	-	16,068	-	174
Other expenses	444,138	6	304,560	4	146
9. Finance costs (borrowings)	12,395	-	12,306	-	101
Foreign exchange transaction losses on borrowings	871	-	1,170	-	74
Interest expense on borrowings	11,524	-	11,136	-	103
Total:	7,546,709	100	6,969,048	100	108

The Total expenses for 2019 amounting 7,546,709 thousand denars have increased 8% compared to last years' 6,969,048 thousand denars.

The largest portion in the total expenses belongs to Raw and other materials, 38%. Employee benefits have a portion of 21%, Other operating expenses have a portion of 18%. 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)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Total revenues	8,675,497	100	7,885,888	100	110
Domestic market	2,778,870	32	2,756,152	35	101
Foreign market	5,649,139	65	4,749,962	60	119
Other operating income	246,610	3	378,642	5	65
Finance income	878	-	1,132	-	78
Total expenses	-7,546,709	-87	-6,969,048	-88	108
Inventories	290,645	3	124,834	2	233
Raw materials	-2,830,146	-33	-2,500,111	-32	113
Cost of commodities	-1,009,397	-12	-936,713	-12	108
Services expenses	-415,037	-5	-368,906	-5	113
Gross salaries	-1,286,885	-15	-1,150,069	-15	112
Depreciation and amortization	-634,187	-7	-550,876	-7	115
Provision for impaired trade receivables	-219	-	-321	-	68
Other operating expenses	-1,649,088	-19	-1,574,580	-20	105
Finance cost	-12,395	-	-12,306	-	101
Profit before income tax	1,128,788	13	916,840	12	123
Income tax	-120,977	-1	-68,641	-1	176
Profit for the year	1,007,811	12	848,199	11	119

Profit before income tax for 2019 is 1,128,788 thousand denars, which compared to last years' 916,840 thousand denars has increased for 23%. The portion of profit before income tax in the total revenue in 2019 is 13%.

The calculated Income tax for 2019 is 120,977 thousand denars, which compared to last years' 68,641 thousand denars has increased for 76%.

Profit for the year 2019 is 1,007,811 thousand denars, which compared to last years' 848,199 thousand denars has increased for 19%. The portion of net income in the total revenue in 2019 is 12%.

Income statement - expenses by function

Income statement	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Sales	8,428,009	97	7,506,114	95	112
Cost of sales	-5,078,027	-59	-4,604,215	-58	110
Gross profit	3,349,982	39	2,901,899	37	115
Research and development expenses	-109,931	-1	-86,125	-1	128
Selling and marketing expenses	-1,723,781	-20	-1,638,232	-21	105
Administrative expenses	-420,697	-5	-371,897	-5	113
Provisions for liabilities and charges	-10,063	-	-292	-	3,446
Other income	246,610	3	378,642	5	65
Other expenses	-191,815	-2	-255,981	-3	75
Operating profit	1,140,305	13	928,014	12	123
Net foreign exchange transaction (losses) / gains	7	-	-38	-	-18
Net interest	-11,524	-	-11,136	-	103
Profit before income tax	1,128,788	13	916,840	12	123
Income tax	-120,977	-1	-68,641	-1	176
Profit for the year	1,007,811	12	848,199	11	119

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 59% belongs to Cost of sales, which have increased for 10%.

Selling and marketing expenses have a portion of 20% in total revenues. Compared to last year Selling and marketing expenses have increased for 5%.

Administrative expenses have a portion in total revenues of 5% and have increased for 13% compared to last year.

Balance sheet

	(In 000 MKD)				
	2019		2018		IND
	Amount	%	Amount	%	19/18
Assets					
Non-current assets					
Property, plant and equipment	5,196,692	41	4,189,647	39	124
Intangibles	1,729,210	14	1,598,027	15	108
Investments in subsidiaries and associates	509,977	4	374,691	3	136
Available-for-sale financial assets	7,411	-	6,819	-	109
Other non-current receivables	114,566	1	13,056	-	877
Deferred tax assets	-	-	17,817	-	-
Total non-currents assets:	7,557,856	60	6,200,057	58	122
Current assets					
Inventories	2,369,208	19	2,110,233	20	112
Trade receivables	2,435,007	19	2,033,479	19	120
Other receivables	172,762	1	201,845	2	86
Cash and cash equivalents	139,182	1	189,540	2	73
Total current assets:	5,116,159	40	4,535,097	42	113
Total assets:	12,674,015	100	10,735,154	100	118
Equity and liabilities					
Equity					
Share capital	2,186,382	17	2,197,095	20	100
Share premiums	-65,060	-1	-	-	-
Legal reserves	596,146	5	596,146	6	100
Other reserves	1,686,780	13	879,136	8	192
Retained earnings	5,686,873	45	5,115,593	48	111
Total equity:	10,091,121	80	8,787,970	82	115
Liabilities					
Current liabilities					
Trade and other payables	1,949,435	15	1,554,327	14	125
Current borrowings	258,487	2	130,956	1	197
Income taxes	47,392	-	13,506	-	351
Total current liabilities:	2,255,314	18	1,698,789	16	133
Non-current liabilities					
Non-current borrowings	288,057	2	218,935	2	132
Deferred tax liabilities	-	-	-	-	-
Non-current provisions	39,523	-	29,460	-	134
Total non-current liabilities:	327,580	3	248,395	2	132
Total liabilities:	2,582,894	20	1,947,184	18	133
Total equity and liabilities:	12,674,015	100	10,735,154	100	118

Performance indicators

Indicators	(In %)		
	2019	2018	19/18
Revenue / expense ratio	114.96	113.16	102
Net profit margin	11.62	10.76	108
EBITDA (%)	21.05	19.70	107
Current ratio	2.27	2.67	85
Net debt to equity ratio	0.05	0.04	136
Return of equity	10.68	9.70	110
Return of assets	8.61	7.97	108

Number of employees on 31 December

Segment	2019		2018		IND
	%	%	%	%	19/18
Pharmacy	866	52	817	53	106
Chemistry Cosmetics Botanicals	211	13	195	13	108
Corporate unit	576	35	528	34	109
Total:	1,653	100	1,540	100	107

The total number of employees on 31 December 2019 is 1,653, which compared to 2018 is an increase of 7%.

Alkaloid AD Skopje