ANNUAL REPORT 2019

ALKALOID
SKOPJE

KEY FINANCIAL INDICATORS

			(In 000 MKD)
	Amount 2019	Amount 2018	Index 19/18
Total Revenues	11,347,834	10,087,049	112.50
Sales	11,102,808	9,783,286	113.49
Gross Profit	5,128,663	4,428,951	115.80
Earnings before interest, taxes, depreciation and amortization (EBITDA)	2,023,050	1,555,517	130.06
Operating Profit	1,215,948	982,749	123.73
Profit Before Tax	1,183,830	968,766	122.20
Net Profit	1,010,779	862,411	117.20
Total Assets	14,054,157	11,596,951	121.19
Equity	10,282,081	8,969,966	114.63
Net Cash Flow	(76,463)	219,422	-
Investments in Assets (PPE&IA)	1,416,603	1,081,737	130.96
Number of Employees	2,227	2,022	110.14
Sales per Employee	4,986	4,838	103.04
Current Ratio	2.04	2.45	83.30
Long-term Debt	3.0%	3.2%	96.02
ROE Return on Equity	10.50	9.86	106.48
EPS Basic Earnings per Share (In MKD)	714.3	608.8	117.33
DPS Net Dividend per Share (In MKD)	324.00	272.00	119.12
Total Number of Shares	1,431,353	1,431,353	100.00
1 EUR/1 MKD (Average)	61.5053	61.5111	99.99

FINANCIAL HIGHLIGHTS

			(In 000 EUR)
	Amount 2019	Amount 2018	Index 19/18
Total Revenues	184,502	163,987	112.51
Sales	180,518	159,049	113.50
EBITDA	32,892	25,288	130.07
EBIT Earning Before Interest and Taxes	19,770	15,977	123.74
Net Profit	16,434	14,020	117.21
EPS Earnings per Share	11,61	9.90	117.34

HIGHLIGHTS

2019

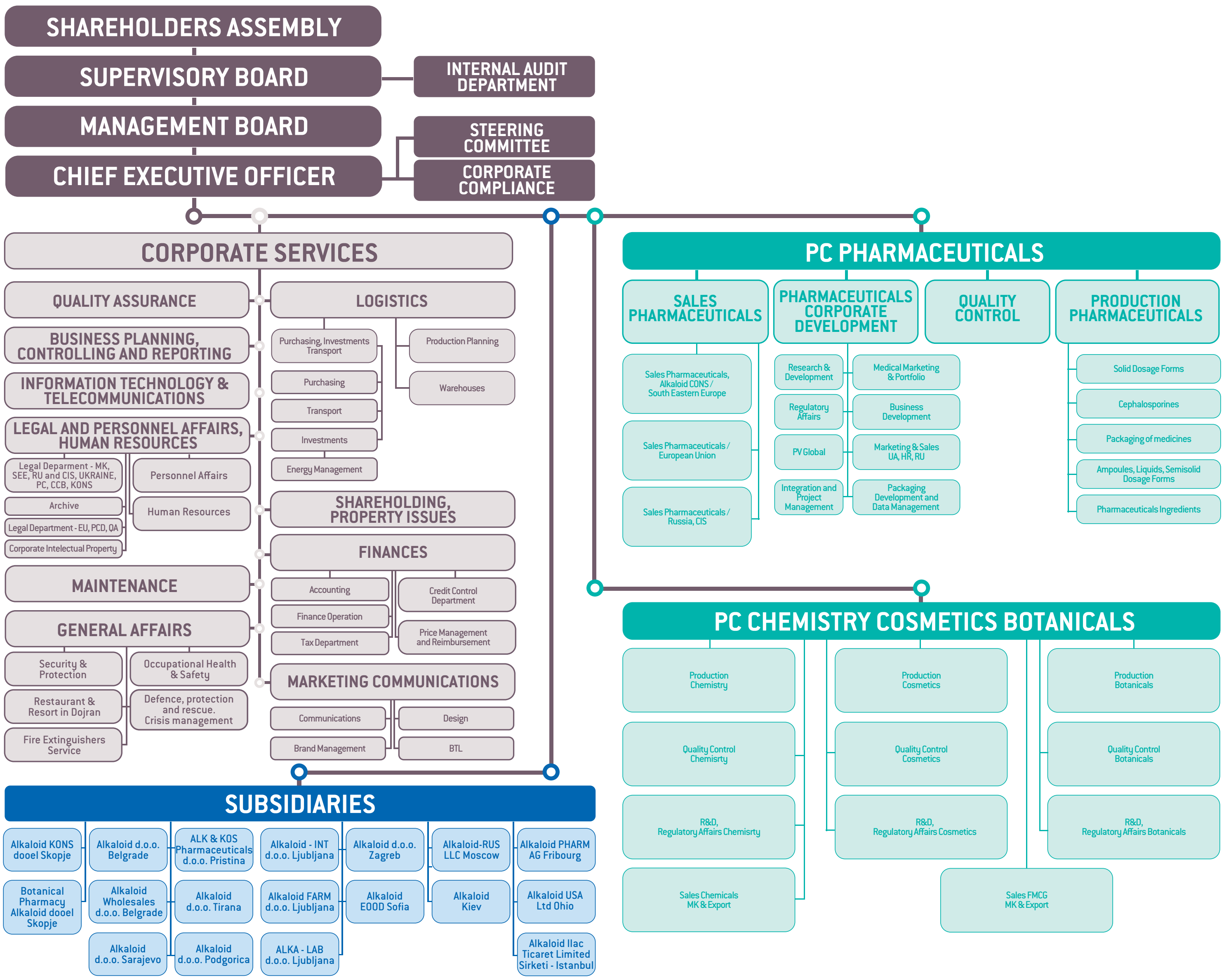
“Trajche Mukaetov” Foundation granted 42 new scholarships for the academic year 2018/2019 to students of medicine and pharmacy at the University “Sts. Cyril and Methodius”.

9th charity picnic collected MKD 1.25 Mil. donated to to the Citizens' Association 02 Initiative to support their efforts to protect and provide a clean and healthy environment.

EU GMP Certificate confirmed for solid and liquid dosage forms, semi-solids and cephalosporins

In July 2019, Alkaloid started an investment worth EUR 11 Mil. for reconstruction and upgrading of its pharmaceutical facilities.

ORGANIZATIONAL CHART ALKALOID AD SKOPJE 2019



CORPORATE INFORMATION

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

In 2019, the Supervisory Board of Alkaloid AD Skopje operated as follows:

Prof. D-r Miodrag Micajkov

President of the Supervisory Board

Ph.D. in Law
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 Dzhonov

Member of the Supervisory Board

MD, Dr. Sci. med.
Professor and former Dean of the Faculty of Medicine at "Sts. Cyril and Methodius University" in Skopje. Member of the Board since 1998.

Bojancho Kralevski

Member of the Supervisory Board

B.Sc. in Chemical Engineering.
Employed at 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 documents of the Company. The authorizations of the Supervisory Board are set forth in the Law on Trade Companies and the Statute of Alkaloid AD Skopje.

In the course of year 2019, the Supervisory Board held 9 (nine) sessions and passed 20 (twenty) Decisions.

During its formal sessions, the Supervisory Board reviewed and discussed all important issues that fell within the scope of its competences, including the unaudited standalone financial reports and unaudited consolidated financial reports for year 2019, as well as those for the period 1 January to 31 March 2019; 1 January to 30 June 2019; 1 January to 30 September 2019 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 decisions accordingly.

Thereafter, upon the rendered assessment and elaborations given by the CEO and MB President of Alkaloid AD Skopje and the management representatives from the respective expert services, the Supervisory Board asserted to approve the unaudited standalone financial statements and unaudited consolidated financial statements as well as the unaudited unconsolidated and unaudited consolidated Balance sheet of the Company for year 2019.

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 2019. The Supervisory Board thus assessed that the operations of the Company and its management were carried out successfully in the course of the fiscal year 2019, as indicated in the presented positive financial results of the Company.

The Supervisory Board positively assessed the cooperation with the President and the Members of the Management Board whose sole purpose was to build mutual attitudes aimed at realization of the set plans for successful development of the Company for 2019.

The Supervisory Board reviewed the documents of the Company regarding its financial operation and status of assets and securities pertaining to the year 2019, and upon inspection, asserted that the results of the Company in this respect are also positive and in compliance with the existing legislation.

The Supervisory Board also reviewed the business plan of the company pertaining to the year 2020 in all its aspects thus assessed that it was qualitatively well compiled, based on realistic expectations and clearly defines the targets on all levels of management of the company thus providing integration of all efforts in the achievement of the common goals of the company.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board reviewed the semi-annual report of the Internal Audit Department containing the activities of this independent organizational unit in the course of the period from January to June 2019. The Supervisory Board asserted the referenced semi-annual report thus assessing that the same is adequate, efficiently compiled and elaborated in accordance with the Law on Additions and Amendments to the Law on Trade Companies.

Pursuant to the annual plan for internal audit for year 2019 of the Internal Audit Department, the Supervisory Board reviewed and adopted the Quarterly reports for the period January-March, April-June, July-September and October-December 2019. The findings were discussed with the directors of the organizational units; they were subject to testing and subsequently fully approved.

The Internal Audit Department compiled an annual operations plan for internal audit activities scheduled for year 2020. The finding identified were directed to improvement of the efficiency in the operations. The Supervisory Board reviewed the plan and approved it.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board reviewed and passed a decision for approval of the annual report of the Internal Audit Department for the year 2019. The annual report contained the subject of audit with a description of the undertaken activities by sector according to the audit schedule for 2019 including anticipated duration for conducting the inspections. 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, of high quality and objective, giving overall presentation of the rendered audits thus approved the aforementioned report and enclosed it to the Shareholders' Assembly.

Pursuant to Article 480, Section 2 of the Law on Trade Companies, the Supervisory Board reviewed the Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports for the year ended 31 December 2019 and the Independent Auditors' Report along with the opinions issued by the independent auditor Deloitte LTD 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 2019 are well prepared in all material aspects, in accordance with the valid accounting regulations in the Republic of Macedonia.

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

Following the review of the Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports, the Independent Auditors' Report issued by the independent auditor Deloitte LTD, the Proposal Annual Statement of Accounts of the Company, Annual Performance Report for the period January – December 2019 and the Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for 2019, 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 2019;
• Annual Statement of Accounts (Balance Sheet) of the Company for year 2019;
• Annual Performance Report for the period January – December 2019, Consolidated Annual Report of the company for 2019;
•Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for year 2019.

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 dividends for year 2019 (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 2019 were in the frame of the competences set forth in the Law of Trade Companies and the Statute of Alkaloid AD Skopje.

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. 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. Responsible for the overall production operations in PC Pharmaceuticals.

Viktor Stojchevski

Member of the Management Board and Chief Financial Officer of the Company

Holds a B. Sc. Degree in Economics.
Member of the Board since January 2013.
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.
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.
Responsible for the overall operations of the general services department.

CORPORATE INFORMATION

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 hereinbellow presenting the operations of the Management Board in the course of the year 2019.

Within the reporting period, the Management Board performed its activities within the framework of its competences and in compliance with the Law on Trade Companies and the Statute of the Company; passing decisions concerning the business policy and managing the overall operations of the Company.

The Management Board held its sessions on regular basis and in the course of 2019; 43 (fourty-three) sessions were held on which 159 (one-hundred-and-fifty-nine) important decisions/ conclusions were passed including:

- Decision for making an inventory listings and establishment of commissions for making inventory listings of the fixed assets and the sources of assets, as well as adopting the compiled report on inventory listings of Alkaloid AD Skopje;
- Decision on submitting Annual Statement of Accounts (Balance sheet) and the Draft Annual Report on the operations of the Company (Standalone and Consolidated);
- Decisions to approve the Balance sheets of the companies founded by ALKALOID AD Skopje for the year 2019.

At the meetings, the Management Board was conducting monthly reviews of the Income Statements of ALKALOID AD Skopje done by cost centre and the Report on the current operations of ALKALOID CONS LTD – Skopje.

Upon MB President's invitation, the sessions were attended by executives from the Finance Department, Logistics and Alkaloid CONS.

The Management Board passed decisions/conclusion concerning specific tasks for the managers of the profit centers of Alkaloid AD Skopje and the manager of Alkaloid Cons Ltd. Skopje directed towards engagement of maximum efforts for fulfillment of the set objectives, intensification of settlement of outstanding debts, control of stocks as well as reduction of costs.

Pursuant to the Law on Trade Companies, the Management Board reviewed and discussed the unaudited standalone unconsolidated and unaudited consolidated Financial Reports for year 2019, as well as those pertaining to the period 1 January to 31March 2019; 1 January to 30 June 2019, 1 January to 30 September 2019 thus assessed 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 a decision for approval of the basis of the Business Plan for the company for 2020. The Management Board assessed that the Business plan is based on realistic expectations and compiled thoroughly encompassing the capacities and risk management policies on the existing and potentially new markets, thus gave directions for its implementation.

Pursuant to Article 375, Section 3 and Article 366, Section 3 of the Law on Trade companies, the Management Board passed a decision for assigning operation managers with special authorizations and responsibilities at the company during 2020.

The Management Board passed Decisions for approval of the financial report of the Foundation "Trajche Mukaetov" - Skopje for year 2019 and approved the work program of this Foundation for the year 2020. The Program states the amount, method, terms and procedures for utilizing the Foundation's funds aimed at providing scholarships and donations and financing talented students, researchers and scientific projects in the fields of medicine and pharmacy.

Regarding the operations of the companies abroad founded by ALKALOID AD Skopje, the Management Board took a number of

important decisions:
• Decisions for appointing new directors at the subsidiaries founded by ALKALOID AD Skopje: ALKA-LAB DOO Ljubljana, ALKALOID DOO Belgrade, ALKALOID Wholesale DOO Belgrade, ALKALOID DOO Sarajevo, ALKALOID DOO Zagreb, ALKALOID DOO Podgorica, ALKALOID PHARM Fribourg, LLC ALKALOID Kiev, Ukraine, ALK&KOS Pharmaceuticals Pristina and Ilac Ticared Limited Sirketi Istanbul, Turkey;
• Decision for appointing new director at ALKALOID Sh.P.K. Tirana;
• Decision for increasing the founding investment at ALKA-LAB DOO Ljubljana and ALKALOID DOO Belgrade.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Management Board received the Semi-Annual and Annual Report of operations for the year 2019 from the Internal Audit Department of Alkaloid AD, an independent organizational unit in the company, containing the following information:
- Description of rendered activities;
- Findings/Recommendations for rendered individual revisions;
- Consulting activities;
- Information on the Internal Audit Department.

The Management Board thus passed a decision for approval of the work for year 2019 of the independent organizational unit, the Internal Audit Department.

ALKALOID AD Skopje, as a founder and the sole cofounder of ALKALOID CONS LTD Skopje carries out the responsibilities of the following corporate bodies:
• Management Board of the founder, as an Assembly of Company's Cofounders;
• Controller, as a supervisory body of the Company.

In the course of year 2019, the Management Board of ALKALOID AD Skopje, in the capacity of Assembly of Cofounders of ALKALOID CONS LTD Skopje, held 10 (ten) meetings and passed 20 (twenty) Decisions among which were the following:
• Decision for inventory listing and sources of inventory of Alkaloid CONS LTD Skopje;
• Decision for approval of the compiled report on inventory listings and sources of inventory listing of Alkaloid CONS LTD Skopje;
• Decision for approval of the balance sheet, the annual report of the company and the unaudited standalone financial reports of the company;
• Decision for approval of the Audit Report and the Financial Reports for the year ended 31 December 2019 and the Independent Auditors' Report along with the opinions issued by the independent auditor Deloitte LTD Skopje;
• Decision for re-election of director of the company; etc.

ALKALOID AD Skopje, as a founder and the sole cofounder of ALKALOID HERBAL PHARMACY LTD Skopje carries out the responsibilities in the Management Board of the founder, as an Assembly of Company's Cofounders;

The Assembly of Cofounders of ALKALOID HERBAL PHARMACY LTD Skopje, in the course of 2019 held 6 (six) meetings and passed 6 (six) Decisions among which were the following:
• Decision for inventory listing and commissions for inventory listing;
• Decision for approval of the Annual report of the company; etc.

The work of the Management Board in the course of the year 2019 was within the frame of the competences determined by the Law on Trade Companies and the Statute of Alkaloid AD Skopje.

ADDRESS OF THE CEO/MB PRESIDENT OF ALKALOID AD SKOPJE

Year 2019 was marked by various challenges in the geopolitical currents and these challenges inevitably translated into the national economy performances both. The business results of Alkaloid as well as the economic climate in our country cannot be perceived separately from the global trends and the events in the region.

RESULTS

Despite all objective and subjective challenges, the company managed to generate positive financial results in its operations employing extraordinary efforts and precautions in its everyday operations.

We achieved total consolidated sales of MKD 11.102.808.123, which represents a growth of 13% compared to last year. Our individual net profit amounted to MKD 1.015.259.965 , growing 18%.

35% of our sales were effectuated in the domestic market, whereas 65% were export sales, out of which 33% intended for the SEE markets, 20% for the Western European markets, 9% for Russia and CIS and 3% were for the remaining markets.

STOCK EXCHANGE OPERATIONS

According to the records of the Macedonian Stock Exchange, the shares of Alkaloid in the course of 2019 were once again amongst the most traded and the most liquid ones.

Alkaloid AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with traded MKD 858.143.446, which is 16.61% of the total turnover recorded on the first official market of the Stock Exchange in 2019.

The share price of Alkaloid AD Skopje ranged from MKD 8.200 to MKD 11.901, with an average of MKD 9.501, which represents a growth of 18.11% of the average price of the share compared to 2018.

NEW VENTURES

2019 was also marked with the trend of expansion of the marketing authorizations and initiation of new projects. Alkaloid did more than 59 out-license and in-license projects worldwide. We obtained 131 marketing authorizations for pharmaceutical products and 347 for medical devices and food supplements.

INVESTMENTS

In line with the company policy for continuous investments, we remained firmly on the track during 2019 too. Investments in production facilities, research and development, new technologies, know how, qualified personnel and entry into new markets will remain high on our agenda.

In 2019, the overall investments of the Company amounted to 1.091.632.000 MK Denars.

Some of the major investment projects during the year included adapting and upgrading the pharmaceutical production facilities for solid dosage forms, increasing the share capital in our subsidiaries in Belgrade and Ljubljana as well as initializing an energy efficiency project for gasification of our production site in municipality of Gjorche Petrov.

CORPORATE SOCIAL RESPONSIBILITY

Socially responsible activities, as one of the company's main features and top priority in the operative agenda, continued with strong intensity in the course of 2019.

Ninth year in a row, the employees of the company, under the auspices of the Foundation "Trajche Mukaetov" joined together in another charity event to raise MKD 1.255.844 intended for the Citizens' Association 02 Initiative for environmental protection.

Twelfth year in a row, the Foundation "Trajche Mukaetov" grants scholarships to talented students of medicine and pharmacy at the state university "Sts. Cyril and Methodius". Seventy-nine of the 500 scholarship holders (74 graduated students in pharmacy and 5 in medicine), already started their careers at Alkaloid in the departments of the profit center Pharmaceuticals.

PROSPECTS

The uncertainty of the year to come is a great challenge and responsibility that all management bodies and the overall personnel at the company should bear. The economic progress, according to certain forecasts will once again be in the shade of the geopolitics. We expect to face many challenges both, locally and globally. Having all that in mind, we must be more flexible, respond rapidly, and always be prepared to take the smartest decisions.

We must adapt to all the changes: as individuals, with our teams and as company in general. Alkaloid aims to remain an outstanding example of superior quality of processes, well-trained and motivated staff, standards that are compatible with world regulations in industry and products that are highly competitive and legitimately present in nearly 40 countries worldwide.

TRAJCHE MUKAETOV FOUNDATION AWARDS 42 NEW SCHOLARSHIPS

Twelfth year in a row, "Trajche Mukaetov" Foundation granted new scholarships for the academic year 2018/2019, to 22 students from the Faculty of Pharmacy and 20 students from the Faculty of Medicine at the University "Sts Cyril and Methodius" from Skopje. The scholarship, amounting to 6.500 Denars, is granted for a period of 12 months. Pursuant to the announced public call for submitting scholarship applications, the selection of scholarship holders for the current academic year was made by the Management Board of the Foundation, as per the preliminary list proposed by the respective committees for granting scholarships. The Board for granting scholarships is composed of representatives of the Foundation, the two faculties, as well as of representatives of the students.

According to the program policies for supporting young and ambitious talents, starting from the academic 2009/2010, "Trajche Mukaetov" Foundation also grants one-off premiums to the valedictorians from the faculties of Medicine and Pharmacy at "Sts Cyril and Methodius" University in the amount of EUR 1.200, paid in Macedonian Denars countervalue. This year, one-off premiums were awarded to: Mario Ignjatovic from the Faculty of Pharmacy, Elif Vrajnko from the Medical Faculty, Stefan Pandilov from the Medical Faculty, Vlatko Karanfilovski from the Medical Faculty – all of them scholarship holders of Trajche Mukaetov Foundation, as well as Nikola Manev from the Medical Faculty. All valedictorians had GPA of 10.00.

"It is a great pleasure for me that this year, exceptionally talented students have applied for this scholarship, and therefore, we decided to approve 42 instead of 40 applications of students from the Faculty of Medicine and Faculty of Pharmacy at the University Sts. Cyril and Methodius. Thereby, we achieved a quota of 500 scholarship holders in 12 years. I am truly glad that the Foundation Trajche Mukaetov and the company Alkaloid were part of the success story of 374 graduated students of pharmacy and medicine. I am also truly surprised by the presented GPA of the valedictorians this year. For the first time since the establishment of this one-off premium, we have 5 valedictorians in the generation, all with 10.00 GPA. One of these valedictorians will soon start his career at the Company and by the end of November 2019, total of 81 scholarship students will be part of the company processes. I honestly hope that this stimulating and awarding young talents will contribute to great results and higher achievements in the sphere of the Macedonian healthcare and pharmacy" – said President of the Foundation and CEO/MB President of Alkaloid, Mr. Zhivko Mukaetov.

Starting from the academic year 2007/2008, the Foundation granted 500 scholarships to students of pharmacy and medicine, including the new 42 students from the academic year 2018/2019. Out of the total number of scholarship holders, 197 students of pharmacy and 177 students of medicine have already graduated. As of year 2009; 79 scholarship holders (74 pharmacy and 5 medicine graduated students) have started their careers at Alkaloid AD Skopje in the departments of the profit center Pharmaceuticals.

The Foundation "Trajche Mukaetov" was established in 2007 with a decision of the Management Board at Alkaloid AD Skopje and the founder is the company itself. It is aimed at sponsoring, donating and funding talented students of medicine and pharmacy, as well as providing financial support for projects in these two fields.

HUMANITARIAN HAPPENING

The responsible mission of the humanitarian happening continued 9th year in a row.
Over 3000 employees, their families and/or friends gathered at the humanitarian picnic organized by Alkaloid, under the auspices of the Foundation "Trajche Mukaetov".
This event collected MKD 1.255.844 intended for the Citizens' Association 02 – initiative for environmental protection.
"The problem with the high level of pollution concerns all of us. If clean environment means better HEALTH and represents collective responsibility than our partner at this event, the 02 initiative is a legitimate selection. I am convinced that today's donation will be used for a noble cause: improvement of the quality of the environment and the quality of life for us all!" – said CEO/MB President and President of the Foundation, Mr. Zhivko Mukaetov on the occasion.
The representative and one of the founders of the initiative, Mrs. Eli Pesheva, said that the support from Alkaloid is a proof that the proceedings with the pollution problem are going in the right direction, not only theoretically but also in practice.
"We have big problems with polluted air, water, soil… there is no segment that is clean, healthy and safe for the citizens, above all, for our children. As volunteering activists, we are trying to work on raising the public awareness but also motivating and inspiring individuals and authorized institutions to treat the consequences of the pollution, which is characteristic for all seasons of the year, not only during winter time. Thanks to the support of Alkaloid, we believe that we can come out with good projects and activities and every one of us can be useful and responsible for the sake of the environment. Together, we can set good example for the generations to come! – said Mrs. Pesheva.
02 is environmental conservation initiative, which works in favor of clean air, soil, water – free from industrial black spots, illegal landfills, but clean rivers and conserved nature. The primary goal of this initiative is to oppose every destructive action directed towards the environment, aiming at practical and responsible decisions representing the citizens' rights for clean and healthy environment.


АЛКАЛОИД
СКОПЈЕ
ТРАЈЧЕ
МУКАЕТОВ

SHAREHOLDING

The nominal 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 in compliance with the existing legislation and is kept with the Central Depositary for Securities of the Republic of Macedonia – are considered shareholders. All shareholders enjoy equal status and have the right to vote at the Company's Shareholding Assembly with one vote per each ordinary share, and they also have the right to a dividend.

99.77% (1,428,125) of the shares are ordinary shares of which 59 shares 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.

Gjorgi Jovanov,
MB Member/Director of Shareholding Operations and Property Issues

STRUCTURE OF THE SHAREHOLDERS IN ALKALOID AD SKOPJE

Legal entities and private individuals / Ordinary shares	1,428,125	99.77%
Former proprietors / Preference shares	3,228	0.23%

According to the records of the Macedonian Stock Exchange, the shares of Alkaloid in the course of 2019 were amongst the most traded and most liquid ones. There were 2,722 transactions made, 91,663 shares were traded (which is 6.4% of the total share capital of Alkaloid AD Skopje), worth a total of EUR 13,953,648.

ALKALOID AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with 16.6% of the total turnover recorded on the first official market of the Stock Exchange in 2019. The share price of Alkaloid AD Skopje ranged from MKD 8,200 to MKD 11,901, with an average of MKD 9,508.11 which is 18% up compared to the average in 2018.

As at 31st December 2019, Alkaloid had 4,984 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 2019 amounted to MKD 324.00.

Net dividend per share (In MK Denars)

2019	2018	2017
324.00	272.00	243.00

INVESTMENTS

Continuous development and growth, following of the latest trends and achievements in the pharmaceutical industry are one of the main reasons Alkaloid remained on the course of continuous investments in the past two decades, allocating over EUR 200 Mil. in various company segments.

Investments in production facilities, research and development, new technologies, know how, qualified personnel and entry into new markets will remain high on the company agenda.

In the course of 2019, Alkaloid invested MKD 1.091.632.000.

One of the major investments worth EUR 11 Mil., intended for the solid dosage forms pharmaceutical facilities was initiated in July 2019. Therein, EUR 3.5 Mil. are intended for complete technological equipping of the Department for packaging of solid dosage forms, covering area of 2 000 m²; EUR 5.2 Mil. are intended for building two new floors intended for production of solid dosage forms and accompanying rooms for technical-technological equipment with total area of 5 000 m². Prospectively, the purpose of this investment would be to increase the production output of solid dosage forms up to 50%.

In order to improve the energy efficiency, Alkaloid initiated the project for gasification of the production site Gjorche Petrov, an investment worth more than EUR 1 Mil.

In July 2019, Alkaloid AD Skopje completed two more investment ventures by increasing the share capital in its subsidiaries. First was ALKA-LAB DOO Ljubljana in the Republic of Slovenia, where the share capital was increased for EUR 400.000, intended to expand the capacity of the chemical testing laboratory. Similar to this one, in October 2019, Alkaloid increased the share capital in its subsidiary, Alkaloid DOO Belgrade, by investing EUR 1.8 Mil. intended to expand the production capacities of Alkaloid's production plant in the Republic of Serbia.

These investments are in line with the company policy for investments in capital projects, and considering the triple increase in the consolidated incomes from sales in the past 15 years, these efforts shall continue in future, so as to provide more intensive placements and ensure continuous growth.

HUMAN RESOURCE MANAGEMENT

In the course of 2019, Alkaloid AD Skopje was once again on the list of most desired employers in the country. The department for Human Resource Management faced many challenges while compensating among the ambitious plan for new employments and the conditions on the national labor market in the sense of discrepancy in the actual demands of the company vs the labor market's offers.

The segment of recruitment and selection in the course of 2019, noted 226 new employments allocated as follows:

New Employments in 2019:

PC/OU	Number of employees
Alkaloid AD	222
Alkaloid CONS DOOEL - Skopje	4
Total:	226

Employments at Alkaloid Group in 2019 counted as follows:

Employments	
Total Alkaloid AD	1.653
Alkaloid CONS Ltd.	41
Alkaloid Herbal Pharmacy Ltd. Skopje	4
Subsidiaries abroad	529
TOTAL:	2.227

Qualification structure of the employees at Alkaloid AD Skopje

Degree of education	Number of employees
PhD	11
MA or Specialists	142
University Degree	578
Higher Degree	22
High School Degree	827
Qualified Worker	59
Semi-qualified Worker	13
Non-qualified Worker	1
Degree of education	1653

Accent was put on recruitments through public announcements, usage of social networks for attracting new recruitments as well as implementation of internship programs.

Employees Training and Development

In the course of 2019, the company realized numerous internal and external trainings of its employees in order to extend and promote their professional knowledge, skills and competences. In average, each employee got 100.86 hours of training per year. For the new employments, we continued to organize the trainings in accordance with mentorship and development programs, which the HR department updated and segmented according to the needs of the business operations. We completed 5 orientation events for 80 new recruitments in various organizational units, introducing the staff with the company history, its values, strategic goals, ethical and business conduct etc. Our educational center in Dojran hosted 4 team building sessions.

Talent Management System (TMS)

Within the scope of the TMS, in the course of 2019, the company realized 82 complimentary development activities (trainings, conferences, post skills, best practices etc.). Within the TMS, 56.3% of the personal development plans were realized. We implemented 108 development activities (trainings, conferences, examples of best practices etc.).

PC/OU	No. of employees in the TMS
PC Pharmaceuticals	15
PC Chemistry, Cosmetics and Botanicals	22
Corporate Services	45
Total:	**82**

As result of the assessment of the potentials and the level of preparedness of the employees included in this program during the year, two promotions occurred at managing positions.

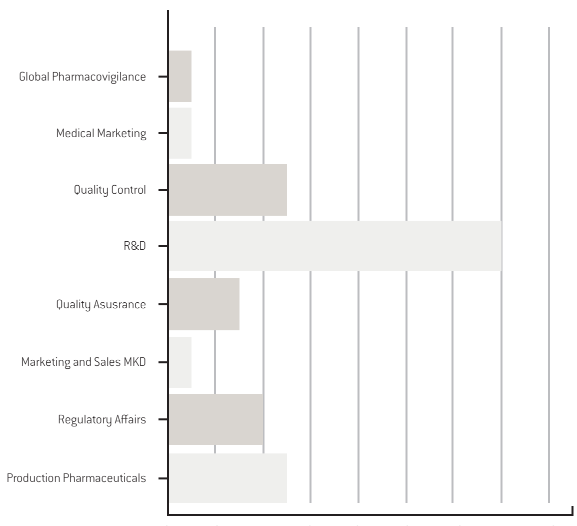
Total number of promotions at Alkaloid AD in 2019	**658**

In the course of 2019, 37 employees left the company on their own demand and based on retirements.

Employee outflow	**2,24%**

Internship

Besides the students at the Faculty of Pharmacy and the Institute of Chemistry of the Faculty of Natural Sciences, both at the University Sts. Cyril and Methodius, during 2019 more students joined the internship program at Alkaloid AD: students from the Medical Faculty and the Faculty of Metallurgy and Technology from the University Sts. Cyril and Methodius from Skopje.
Besides the university students, the internship program was expanded to the high school students, in cooperation with the administration of the City of Skopje i.e. students from the medical high school D-r Panche Karagjozov and students from the chemical high school Marija Kiri Sklodovska.
The internship program lasts for 2 months and the students are acquiring valuable experience at the company with practical tasks in real processes.
As result of this program, 18 interns from the University and 6 interns form the high schools have started their careers at Alkaloid AD Skopje.



Acknowledgements

Within the scope of the competition for socially responsible practices of the companies, announced by the Macedonian Ministry of Economy, Alkaloid was granted the acknowledgment in the category: Investment in the community for the internship program entitled "Program for Young Talents".

Skopje Wizz Air Marathon

For the fourth time, united under the competitive spirit and endeavors for healthier life, the employees of Alkaloid actively participated at the "Skopje Wizz Air Marathon 2019".
With special accent on the product "Magnesium 400+B-complex", the employees and the visitors gathered around the exhibition stand of Alkaloid to get a free sample and to learn more about the benefits of these products from the medical representatives.
The team "Health Above All" composed of 259 Alkaloid employees dressed in equipment specially designed for this occasion, jointly participated in the race promoting the team spirit of the company in the best possible way. When the team spirit blends with sports, success is inevitable.
The participants from Alkaloid competed in all disciplines of the Marathon:
212 participated at the 5K race; 3 teams of 4 participats took the marathon relay, 32 participated at the half marathon and 3 at the marathon. Alkaloid's women team, won the 3rd place in the 5K race.

ALKALOID KONS LTD DOMESTIC DAUGHTER COMPANY OF ALKALOID AD SKOPJE

Back in 1979, Alkaloid Pharmaceuticals established a department in charge of cooperation with foreign companies in terms of contracts for representation, distribution, as well as consignment stocks.

Its long-standing successful operation and the experience accumulated in this area during the years provided a solid basis for foundation of Alkaloid KONS LTD, and import-export company for trade and services that officially started its operations in 2004 with only 5 employees. Year after year, the growth of Alkaloid KONS LTD, the only domestic daughter company of Alkaloid AD Skopje, became impressive both in terms of sales volume and in terms of business portfolio.

Presently, Alkaloid KONS LTD employs 41 people, cooperates with more than 20 non-domicile companies and distributes more than 2.000 pharmaceutical products.

ALKALOID KONS DOOEL Skopje has cooperation with the following companies:

• Medtronic Trading NL B.V	Netherlands
• MSD B.V	Netherlands
• SANOFI AVENTIS	France
• GENZYME EUROPE B.V	Netherlands
• SHIRE PHARMACEUTICALS IRELAND LIMITED (now part of TAKEDA)	Ireland
• BIOMARIN INTERNATIONAL LIMITED	Ireland
• ALCON PHARMACEUTICALS LTD	Switzerland
• GETINGE GROUP South East Europe d.o.o	Serbia
• SWIX Biopharma	Switzerland
• NOVARTIS PHARMA SERVICES INC.	Switzerland
• PFIZER EXPORT B.V.	Netherlands
• VEDRA INTERNATIONAL AD	Bulgaria
• PRIZMA D.O.O	Serbia
• LEMIS-HANDELS GmbH	Austria
• FRESENIUS MEDICAL CARE	Germany
• RECORDATI RARE DISEASES	France
• BETAMED d.o.o	Croatia
• ELEPHANT PHARMA d.o.o	Serbia
• HEART MEDICAL	Netherlands

ENVIRONMENTAL PROTECTION

Environmental protection is one of the highest priorities in the business strategy of Alkaloid. The company continuously follows and implements the latest achievements in this area, trying to contribute to healthier and cleaner environment in which we all live. As a socially responsible corporation, Alkaloid integrates the System for Environmental Management into the Integrated Management System (IMS), pursuant to the standards ISO 14001:2015, ISO 9001:2015 and the guidelines of Good Manufacturing Practice.

qualityaustria
Succeed with Quality

CERTIFICATE

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH awards this qualityaustria certificate to the following organisation:

ALKALOID AD Skopje
MK – 1000 Skopje, Blvd. Aleksandar Makedonski 12
Sites: ALKALOID AD SKOPJE, Corporate services, MK-1000 Skopje, Aleksandar Makedonski 12
ALKALOID AD SKOPJE, PC Pharmaceuticals, MK-1000 Skopje, Aleksandar Makedonski 12
ALKALOID AD SKOPJE, PC Chemistry, Cosmetics and Botanicals, MK-1000 Skopje, Aleksandar Makedonski 12

Research & development, production, quality control, storage, sales and distribution of: Medicinal products and API, Medical devices, Food, Cosmetic products, Chemicals, Disinfectants, Biocides, Liquid mineral fertilizers and other Fast moving consumer goods

The validity of the qualityaustria certificate will be maintained by annual surveillance audits and one renewal audit after three years.

This qualityaustria certificate confirms the application and further development of an effective

QUALITY MANAGEMENT SYSTEM
complying with the requirements of standard
ISO 9001:2015

Registration No.: 01035/1
Date of initial issue: 07 May 1997
Valid until: 18 June 2023

Vienna, 20 October 2020

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH, AT-1010 Vienna, Zelinkagasse 10/3

Konrad Scheiber, General Manager
Dr. Mag. Anni Koubek, Specialist representative

The current validity of the certificate is documented exclusively on the internet under http://www.qualityaustria.com/en/cert EAC: 3; 12

qualityaustria
Succeed with Quality

CERTIFICATE

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH awards this qualityaustria certificate to the following organisation:

ALKALOID AD Skopje
MK – 1000 Skopje, Blvd. Aleksandar Makedonski 12
Sites: ALKALOID AD SKOPJE, Corporate services, MK-1000 Skopje, Aleksandar Makedonski 12
ALKALOID AD SKOPJE, PC Pharmaceuticals, MK-1000 Skopje, Aleksandar Makedonski 12
ALKALOID AD SKOPJE, PC Chemistry, Cosmetics and Botanicals, MK-1000 Skopje, Aleksandar Makedonski 12

Research & development, production, quality control, storage, sales and distribution of: Medicinal products and API, Medical devices, Food, Cosmetic products, Chemicals, Disinfectants, Biocides, Liquid mineral fertilizers and other Fast moving consumer goods

The validity of the qualityaustria certificate will be maintained by annual surveillance audits and one renewal audit after three years.

This qualityaustria certificate confirms the application and further development of an effective

ENVIRONMENTAL MANAGEMENT SYSTEM
complying with the requirements of standard
ISO 14001:2015

Registration No.: 00114/1
Date of initial issue: 31 March 2000
Valid until: 18 June 2023

Vienna, 20 October 2020

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH, AT-1010 Vienna, Zelinkagasse 10/3

Konrad Scheiber, General Manager
Dr. Axel Dick, MSc, Specialist representative

The current validity of the certificate is documented exclusively on the internet under http://www.qualityaustria.com/en/cert EAC: 3; 12

Photo: Certificate of conformity with standard ISO 14001:2015

Alkaloid constantly monitors and controls its technological processes in order to insure environmental protection, including increase of energy efficiency and energy saving. We constantly monitor the environmental aspects, i.e. the emissions of gas in order to minimize the greenhouse effects and CO2 emission. For that purpose, the company switched to using natural gas instead of crude oil for processes at its production site in Gjorche Petrov. In order to improve the quality of the wastewater, and maintain the levels into the prescribed parameters, we have revised the sewage system.

Special attention during the production processes is paid to the selection of waste and its efficient recycling, which noted nearly 20% improvement compared to the previous year. Proper handling with the toxic waste material is of crucial importance for Alkaloid. This type of waste is passed onto an authorized company for further treatment and handling.

Based on the positive experience obtained in 2018 with the pilot project on energy efficiency (s.c. Energy Management System (EnMS), made in cooperation with the United Nations Organization for Industrial Development (UNIDO), which is directed towards increasing the efficiency in the energy, waters and materials consumption; the company transferred into creating a special department for Energy Management that is in charge for implementation of this system across the profit centers of the company. The results are presented in the table bellow.

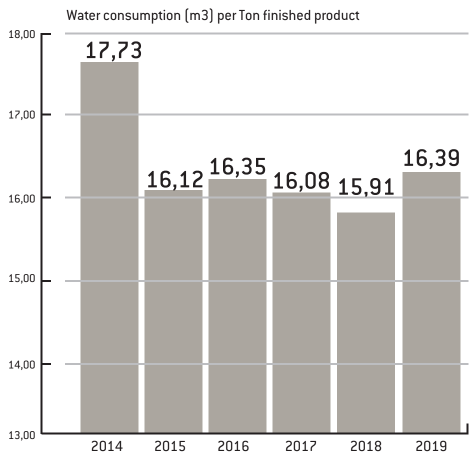
Overview od The List of Efficiency Project-Measures

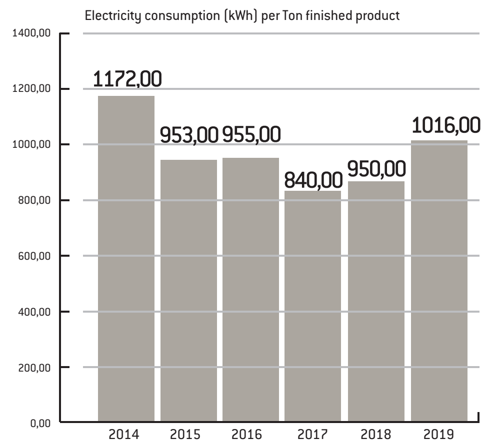
Start Date	Project-Measure No.	EE Measure	Savings					Spendings	
			Monetary (EUR/year)	Energy (MWh/year)	Water (m3/y)	% of total Energy	% of total Water	Total Energy (MWh/year)	Total Water (m3/y)
2018	20	Total	72,166	2,219	0	5,40%	0,00%	41,103	469,874
	5	Realized	46,378	1,359	0	3.31%	0.00%		
2019	37	Total	56,602	23,240	194,900	55.47%	45.49%	41,895	428,485
	12	Realized	308,708	3,720	100,000	8,88%	23.34%		

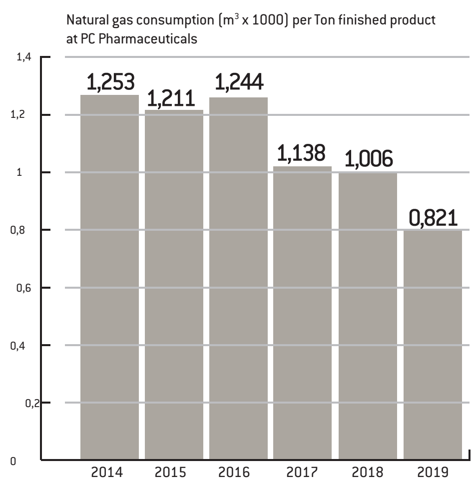
In the course of 2018, with 20 undertaken measures, out of which 5 were completed, we saved 1,359 MWh of energy per year, which amounts to EUR 46.378.

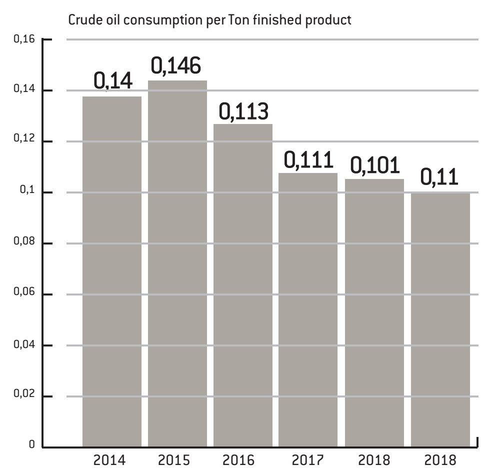
In the course of 2019, out of 37 undertaken and 12 completed measures, EUR 308.708 or 720 MWh of energy and 100,000 м3 of water were saved throughout the year.

The positive trends for energy consumption for year 2019 are presented in the graphs bellow. The consumption of natural gas is decreased and the consumption of water, electrical energy, oil and crude oil marks optimized trend taking into consideration the increase in the production for 2.77%.


Water consumption (m3) per Ton finished product
18,00
17,00
16,00
15,00
14,00
13,00
17,73
16,12
16,35
16,08
15,91
16,39
2014
2015
2016
2017
2018
2019


Electricity consumption (kWh) per Ton finished product
1400,00
1200,00
1000,00
800,00
600,00
400,00
200,00
0,00
1172,00
953,00
955,00
840,00
950,00
1016,00
2014
2015
2016
2017
2018
2019


Natural gas consumption (m³ x 1000) per Ton finished product at PC Pharmaceuticals
1,4
1,2
1
0,8
0,6
0,4
0,2
0
1,253
1,211
1,244
1,138
1,006
0,821
2014
2015
2016
2017
2018
2019


Crude oil consumption per Ton finished product
0,16
0,14
0,12
0,1
0,08
0,06
0,04
0,02
0
0,14
0,146
0,113
0,111
0,101
0,11
2014
2015
2016
2017
2018
2018

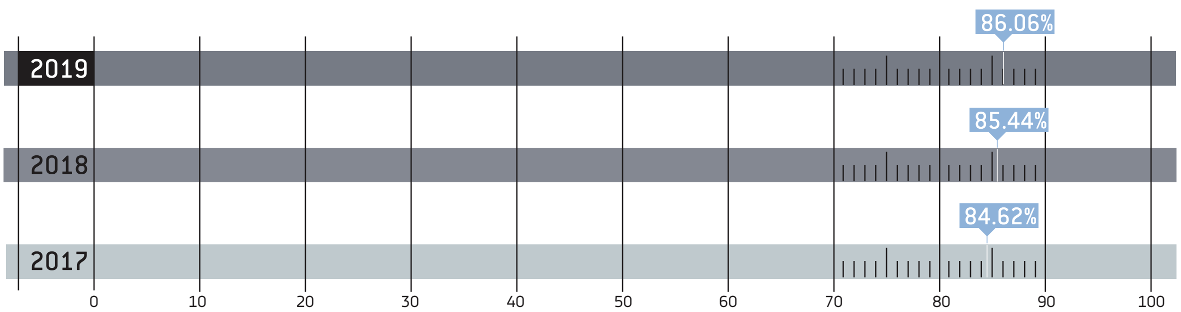
PC
PHARMACEUTICALS

MARKETING AND SALES

In the course of 2019, the total net sales of PC Pharmaceuticals amounted to 9.55 billion MK denars (EUR 155.36 million), which is a share of 86.06% in the total sales of Alkaloid Group.
The products of this profit center were available in the markets of 29 countries.

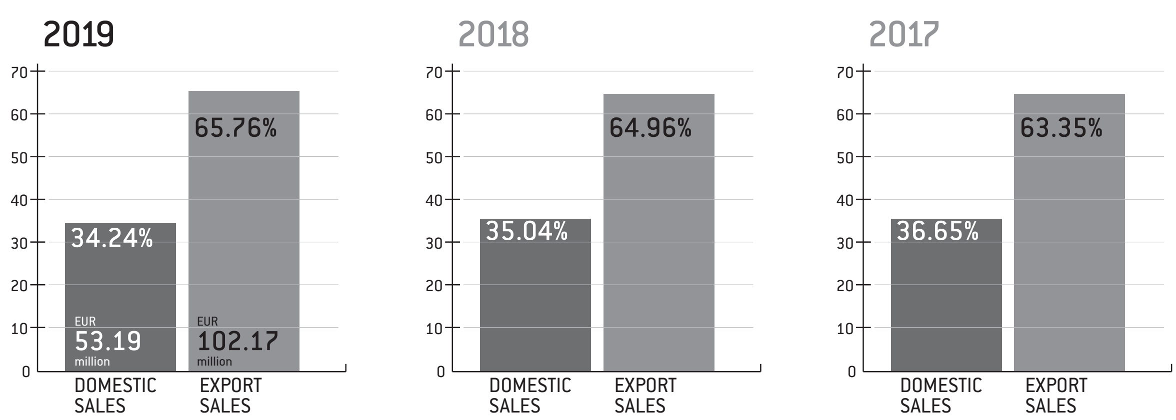
We did more than 44 out-license and in-license projects worldwide. We obtained 163 marketing authorizations for pharmaceutical products and 97 for medical devices and food supplements.

PC Pharmaceuticals as a part of Alkaloid Group



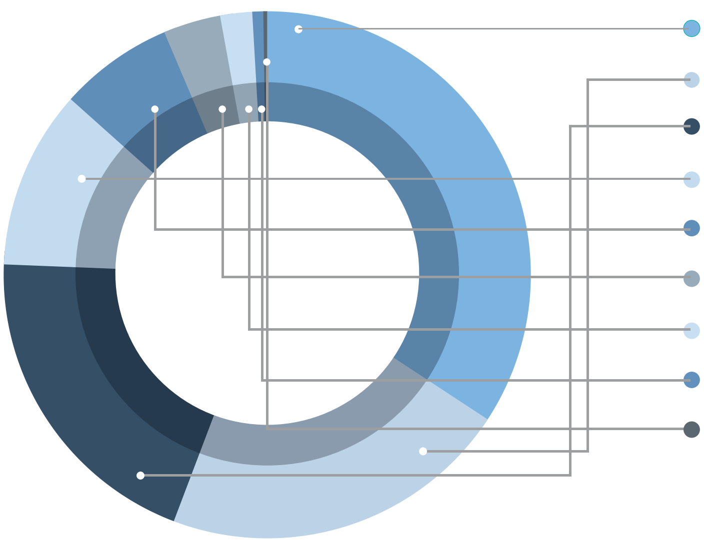
In 2019, the sales level noted an increase of 14.32% compared to last year. This was primarily due to the increase in the domestic sales by 11.69%, and the increase in the export sales by 15.74% compared to 2018.

Sales per markets



PC PHARMACEUTICALS

Sales per countries 2019 in%:



Region/Country	
Macedonia	34.24
EU & EFTA	21.53
Serbia	19.86
Russia & CIS	10.98
Bosnia and Herzegovina	7.00
Kosovo	3.52
Montenegro	1.96
Albania	0.67
Other countries	0.24
Total export:	**65.76**
Total sales:	**100.00**

Top 5 products of PC Pharmaceuticals

Sales of top 5 products for the year 2019 (% participation in the total sales of PC Pharmaceuticals):

	% participation		
	2019	2018	2017
PANCEF (Cefixime)	14.51	12.26	11.37
CAFFETIN	7.07	7.97	7.88
ANALGIN (Metamizole)	4.57	5.63	5.53
BUPRENORFIN	4.08	4.29	3.78
BRONLES (Carbocisteine)	4.02	2.95	3.01

ALKALOID'S EU GOOD MANUFACTURING PRACTICE CERTIFICATES CONFIRMED

Following the rendered inspection on behalf of the Public Agency of the Republic of Slovenia for Medicines and Medical Devices (JAZMP) carried out at the pharmaceutical production facilities of Alkaloid AD Skopje, the certificates for compliance with the principles of Good Manufacturing Practice were confirmed. The same were renewed with validity of 3 years and pertain to the facilities for production of solid dosage forms (tablets and capsules), liquid dosage forms for internal and external use, semisolid dosage forms and the cephalosporins in accordance with the Directive 2003/94/EC and Article 111(4) from the Directive 2001/83/EC.

This regular audit and assessment of the Pharmaceutical Quality System of Alkaloid AD Skopje was carried out at all facilities simultaneously by the Slovenian Public Agency for Medicines and Medical Devices in the function of superintending authority. This type of audits rendered on behalf of high regulatory authorities are basis for obtaining and maintaining the endorsements for placement of Alkaloid's products at the strictly and highly regulated markets of the European Union and wider.

The production of high quality, affordable, efficient and safe pharmaceutical products and consumer goods, where the logo of Alkaloid is a synonym for high level of quality and safety, as well as the human production program endeavors aimed primarily at the final consumers, shall remain guidelines in our everyday operations while closely observing the credibility and the professional approach we practice in our overall operations.

ALKALOID AT CPHI

Alkaloid once again took part at CPhI 2019 held in Frankfurt, Germany. The Convention on Pharmaceutical Ingredients (CPhI) is the most important event in the sphere of the pharmaceutical industry and a place where one can meet pharma professionals from 165 countries worldwide. It hosts over 2.500 exhibitors, 30.000 pharma professionals and counts more than 45.000 visitors. This prestigious event, which marked its 30th anniversary, continuously adds new contents on its list thus increasing its dynamics and the number of visitors and exhibitors from year to year. On the list of interests, the highest rated ones are the active pharmaceutical ingredients, followed by finished formulations, injectables, hormones, oncology preparations, over the counter medicines etc.

Alkaloid participated at this convention for the first time in 2004 and representatives of various departments of the company attend this event every year in order to meet with the global suppliers of pharmaceutical ingredients, to obtain information on licensing of new products, additions in the product portfolio etc.

This event is an extraordinary opportunity for the company to meet and exchange experiences with extinguished pharmaceutical professionals and keep pace with the latest achievements and trends in the pharmaceutical industry.


ALKALOID
SKOPJE

LATEST RELEASES

LATEST RELEASES 2019
Rx products

CRICEA®

drospirenone/ethinylestradiol

3mg/0,02mg film-coated tablets
28 tablets

G03AA12,
Sex hormones and modulators of the genital system; Progestogens and estrogens, fixed combinations

CRYPINEO®

drospirenone/ethinylestradiol

3mg/0,03mg film-coated tablets
21 tablets

G03AA12,
Sex hormones and modulators of the genital system; Progestogens and estrogens, fixed combinations

DOPEZAL®

donepezil

5 mg and 10 mg film-coated tablets,
28 tablets

N06DA02,
Anti-dementia drugs; anticholinesterases

PAROXETIN ALKALOID®

paroxetine

20 mg film-coated tablets,
30 tablets

N06AB05,
Antidepressants - selective serotonin reuptake inhibitors

OTC products

Becutan Kids Vits multiimuno

Food supplement
Vitamins, minerals + LGG
14 powder sachets for solution, orange flavor

Becutan Kids Vits multiomega 3

Food supplement
Vitamins, minerals + DHA
250 ml syrup emulsion, tropical fruit flavor

Becutan Kids Vits multivitamin

Food supplement
9 vitamins
100 ml syrup, orange flavor

Becutan Kids Vits B-complex

Food supplement
7 vitamins (B group)
100 ml syrup, pineapple flavor

Becutan Kids Vits anticolic drops

Medical device class IIa
Simethicone
30 ml oil emulsion

Becutan Kids Vits nasal isotonic solution

Medical device class IIa
Sea water, purified water
30 ml spray, preservative free

Becutan Kids Vits nasal aspirator

Medical device class I
Plastic box with nasal aspirator and 4 very soft tips

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
ACIKLOVIR ALKALOID®		
aciclovir	50 mg/g cream, 5 g cream	D06BB03, topical antiviral
ACIKLOVIR ALKALOID®		
aciclovir	30 mg/g eye oint ment, 5 g ointment	S01A D03, 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
ALKALAX-TAB®		
bisacodyl	5 mg gastro-resistant tablets 20 tablets	A06AB02 contact laxatives
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
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

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
ALMETEX®		
carbazochrome	25 mg tablets, 20 tablets 10 mg/2ml solution for injection 30 ampoules	B02BX02, haemostatic
ALVEN®		
heparin, allantoin, dexpanthenol	300IU/2,5mg/2,5mg/1g, 40 g gel 500IU/2,5mg/2,5mg/1g, 40 g gel 300IU/3mg/4mg/1g, 40 g cream 500IU/3mg/4mg/1g, 40 g cream	C05BA53 combined heparin for topical use
ALYCEF®		
cefadroxil	500 mg capsules, hard, 16 capsules 250 mg/5 ml granules for oral suspension, 100 ml suspension	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
ANALGIN®		
metamizole sodium	500 mg tablets 10 and 500 tablets 1g/2ml and 2.5g/5ml solution for injection, 10 and 50 ampoules	N02BB02 analgesic and antipyretic

Registered name, **INN** (generic)	**Presentation,** (strength, pharmaceutical form, pack size)	**ATC-code,** pharmaco-therapeutic group
AQUA AD INIECTABILIA 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 ß-blocker
BETADINE®		
povidone - iodine	100 mg/g ointment, 20 g ointment 7.5 % and 10 % cutaneous solution 100 ml and 1000 ml solution	D08AG02, 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 ß-blocker
BlokMax®		
ibuprofen	200 mg film-coated tablets 10 tablets	M01AE01, NSAID
BlokMax® Duo		
ibuprofen/paracetamol	200mg/500mg film-coated tablets, 10 or 20 tablets	M01AE51, Antinflammatory and antirheumatic products, non-steroids
BlokMax® Forte		
ibuprofen	400 mg film-coated tablets 10 tablets	M01AE01, NSAID

Registered name, **INN** (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
BlokMax® Rapid		
ibuprofen lysinate	400 mg film-coated tablets, 10 or 20 tablets	M01AE01, NSAID
BlokMax® for kids		
ibuprofen	100mg/5 ml oral suspension 100 ml suspension	M01AE01, NSAID
BlokMax®		
ibuprofen	50 mg/g gel, 50 g gel	M02AA13, Anti-inflammatory preparation, non-steroid for topical use
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
BRONLES DIRECT®		
carbocisteine	750 mg/10ml oral solution 15 sachets with 10 ml solution	R05CB03, mucolytic
BULNEXO®		
buprenorphine /naloxone	2mg/0,5 mg or 8mg/2 mg sublingual tablets, 7 or 28 tablets	N07BC51, drugs used in opioid dependence
BUPRENORFIN ALKALOID®		
buprenorphine	0,4 mg, 2 mg and 8 mg sublingual tablets 7 and 28 tablets	N07BC01, drugs used in opioid dependance
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

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
CAFFETIN COLD®		
paracetamol, ascorbic acid, pseudoephedrine, dextromethorphan	500 mg/60 mg/30 mg/15 mg film-coated tablets, 10 tablets	N02BE51, cough & cold medication
CAFFETIN COLDmax®		
paracetamol, phenylephrine	1000 mg/12,2 mg powder for oral solution 10 sachets with 5,15 g powder	N02BE51 paracetamol, combinations excl. psycholeptics
CAFFETIN COLD® PLUS		
paracetamol, vitamin c (ascorbic acid + acerola), pseudoephedrine, dextromethorphan	500 mg/60 mg (50 mg +10 mg) /30 mg/15 mg film-coated tablets, 10 tablets	N02BE51, cough & cold medication
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
CARVEDILOL ALKALOID®		
carvedilol	6,25 mg or 25 mg tablets, 30 tablets	C07AG02, Alpha and beta blocking agents
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

Registered name, **INN** (generic)	**Presentation,** (strength, pharmaceutical form, pack size)	**ATC-code,** pharmaco-therapeutic group
CEFAZ®		
ceftazidime	500 mg and 1 g powder for solution for injection 10 vials	J01DD02, third-generation cephalosporins
CHLORAMPHENICOL ALKALOID®		
chloramphenicol	50 mg/g ointment, 5 g ointment	D06AX02, antibiotic for topical use
CHLORAMPHENICOL ALKALOID®		
chloramphenicol	10 mg/g eye ointment, 5 g ointment	S01AA01, ophtalmological antibiotic
CINEDIL®		
cinnarizine	75 mg tablets, 45 tablets	N07CA02, antivertigo preparation
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, fluoroquinolones
CITERAL®		
ciprofloxacin	3 mg/ml eye and ear drops, solution 5 ml solution	S03AA07, antimicrobic quinolon, agent, ophtalmological and otological preparations, antiinfectives
CILESO®		
cilostazol	100 mg tablets, 30 tablets	B01AC23, Antithrombotic agents, platelet aggregation inhibitor excl. heparin
CODEINI PHOSPHATIS ALKALOID®		
codeine	30 mg tablets, 10 tablets	R05DA04, antitussic

Registered name, **INN** (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
CO-ALMACIN®		
amoxicillin; clavulanic acid	400 mg/57 mg/5 ml powder for oral suspension 70 ml suspension 875 mg/125 mg film-coated tablets 10 and 14 tablets	J01CR02, combinations of penicillins, incl. ß-lactamase inhibitors
CRICEA®		
drospirenone/ethynil estradiol	3mg/0,02 mg film-coated tablets, 28 tablets (24 active and 4 placebo tablets)	G03AA12, Hormonal contraceptives for systemic use
CRYPINEO®		
drospirenone/ethynil estradiol	3mg/0,03 mg film-coated tablets, 21 tablets	G03AA12, Hormonal contraceptives for systemic use
DECOTAL®		
diflucortolone	1 mg/g cream, 20 g cream 1 mg/g ointment, 20 g ointment	D07AC06, potent corticosteroid dermotherapeutic
DIAZEPAM ALKALOID®		
diazepam	2 mg and 5 mg coated tablets 30 tablets 10 mg/2ml solution for injection 10 ampoules	N05BA01, anxiolytic
DicloJet®		
diclofenac	75 mg gastro-resistant capsules, hard 20 capsules	M01AB05, NSAID
Manufactured in cooperation with Aenova IP GmbH, 35039 Marburg, Germany		
Diclo Duo®		
diclofenac	75 mg modified release capsules, hard 20 capsules	M01AB05, NSAID
Manufactured in cooperation with Aenova IP GmbH, 35039 Marburg, Germany		
DIPROL®		
paracetamol	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
EGLONYL® forte		
sulpiride	200 mg tablets, 10 and 30 tablets	N05AL01, antipsychotic
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
ENALAPRIL ALKALOID®		
enalapril	5 mg, 10 mg and 20 mg tablets, 20 tablets	C09AA02, ACE inhibitor
ENALAPRIL H ALKALOID®		
enalapril, hydrochlorothiazide	10 mg/25 mg tablets 20 tablets	C09BA02, ACE inhibitor and diuretic
FAMOSAN®		
famotidine	10 mg and 20 mg film-coated tablets 20 tablets 40 mg film-coated tablets 10 tablets	A02BA03, H_2 receptor antagonists
FLAGYL®		
metronidazole	500 mg vaginal pessaries 10 pessaries	G01AF01, ginecological antiinfective and antiseptic
Manufactured in cooperation with Sanofi Aventis, France		
FLAGYL®		
metronidazole	250 mg film-coated tablets 20 tablets 400 mg tablets, 20 tablets	P01AB01, antiinfective for systemic use, antiprotozoal
Manufactured in cooperation with Sanofi Aventis, France		
FLUOXETIN ALKALOID®		
fluoxetine	20 mg capsules, hard 30 capsules	N06AB03, antidepressant
FURAL®		
nifuroxazide	200mg/5 ml oral suspension 90ml suspension	A07AX 03 intestinal antiinfective agent

Registered name, **INN** (generic)	**Presentation,** (strength, pharmaceutical form, pack size)	**ATC-code,** pharmaco-therapeutic group
FURAL®		
nifuroxazide	100 mg capsules, hard,30 capsules 200 mg capsules, hard, 20 capsules	A07AX03 intestinal antiinfective agent
FUROSEMID ALKALOID®		
furosemide	40 mg tablets, 10 tablets 20 mg/2ml solution for injection 50 ampoules	C03CA01, diuretic
FUREXA®		
cefuroxime	750 mg and 1,5 g powder for solution for injection or infusion, 10 vials	J01DC02, second-generation cephalosporins
GASTROGUARD ®		
calcium carbonate; magnesium carbonate	680 mg/80 mg chewable tablets 8, 16, 24 and 32 tablets	A02AD01, antacids, combinations and complexes of aluminium, calcium and magnesium compounds
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
GLIBEDAL®		
glibenclamide	5 mg tablets, 30 tablets	A10BB01, oral blood glucose lowering drugs
GLUCOSE ALKALOID®		
glucose	5% and 10% solution for infusion 500 ml solution	B05BA03, solution for parental nutrition
HARTMAN ALKALOID®		
sodium chloride; potassium chloride; calcium chloride dihydrate; sodium lactate	6,02g/0,373g/0,294g/6,276g/ /1000 ml solution for infusion 500 ml solution	B05BB01, blood substitutes and perfusion solutions
HEFEROL®		
ferrous fumarate	350 mg capsules, hard, 30 capsules	B03AA02, antianemic

Registered name, **INN** (generic)	**Presentation,** (strength, pharmaceutical form, pack size)	**ATC-code,** pharmaco-therapeutic group
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, hypolipemic HMG CoA reductase inhibitors
IBANDRONIC ACID ALKALOID®		
ibandronic acid	150 mg film-coated tablets, 1 or 3 tablets	M05BA06, Drugs affecting bone structure and mineralization, Bisphosphonates
KALCIUM KARBONAT ALKALOID®		
calcium carbonate	1000 mg tablets, 50 tablets	A12AA04, mineral supplement
KETOCONAZOLE ALKALOID		
ketoconazole	20mg/g shampoo, 100 ml	D01AC08 antifungals for topical use
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
LAMAL®		
lamotrigine	25 mg, 50mg, 100 mg and 200 mg tablets, 30 tablets	N03AX09, antiepileptic
LANZOPRAZOL ALKALOID®		
lansoprazole	15 mg or 30 mg gastro-resistant capsules, hard 14 or 28 capsules	A02BC03, Drugs for peptic ulcer and gastro-oesophageal refluxdisease (gord), Proton pump inhibitor
LEGOFER®		
ferric proteinsuccinylate	40 mg/15 ml oral solution 150 ml solution	B03AB09, antianemic
Manufactured in cooperation with Italfarmaco S.p.A. Milan, Italy		
LEXILIUM®		
bromazepam	1.5 mg, 3 mg and 6 mg tablets 30 tablets	N05BA08, benzodiazepine derivatives
Manufactured in cooperation with F. Hoffman - La Roche Ltd. Basel, Switzerland		

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
LIDOKAIN HIDROHLORID ALKALOID®		
lidocaine	40 mg/2ml solution for injection 100 ampoules	N01BB02 local anaesthetic, antiarrhythmic
LORATADIN ALKALOID®		
loratadine	10 mg tablets, 10 tablets 1 mg/1ml oral solution, 120 ml solution	R06AX13, antihistaminic
LORATADIN S ALKALOID®		
loratadine	10 mg tablets, 10 tablets	R06AX13, antihistaminic
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	N03AX14 other antiepileptics
MASSIDO®		
nebivolol	5 mg tablets, 28 tablets	C07AB12, Beta blocking agents, selective
MANITOL 10 % ALKALOID®		
mannitol/sodium lactate	100 g /6,72g/1000 ml solution for infusion, 500 ml	B05BC01, Solutions producing osmotic diuresis
MANITOL 20 % ALKALOID®		
mannitol	200g/1000 ml solution for infusion, 250 ml	B05BC01, Solutions producing osmotic diuresis
MAPRAZAX		
alprazolam	0,25 mg; 0,5 mg or 1 mg tablets, 30 tablets	N05BA12, Benzodiazepine derivatives
MENDILEX®		
biperiden	2 mg tablets, 50 tablets	N04AA02, antiparkinsonic

Registered name, **INN** (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
METADON ALKALOID®		
methadone	10 mg/ml oral drops, solution 10 ml solution 10 mg/ml oral solution, 100 ml and 1000 ml solution, 1 mg /1 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 blood glucose lowering drugs, biguanides
METOPROLOL ALKALOID®		
metoprolol	50 mg or 100 mg film-coated tablets, 30 tablets	C07AB02, Beta blocking agents
MORFIN HIDROHLORID ALKALOID®		
morphine	20 mg/ml and 4 mg/ml solution for injection 10 ampoules	N02AA01, opioid analgesic
MOXIRAL®		
moxifloxacin	400 mg film-coated tablets, 5; 7 or 10 tablets	J01MA14, Quinolone antibacterials, Fluoroquinolones
NATRII CLORIDI INFUNDIBILE CUM GLUCOSO 5% ALKALOID®		
sodium chloride; glucose	9 g/50 g/ 1000 ml solution for infusion 500 ml solution	B05BB02, blood substitutes and perfusion solutions
NATRIUM HLORID ALKALOID®		
sodium chloride	0,9% solution for infusion 500 ml solution	B05XA03, plasma substitutes and infusion solutions/electrolytes
NAZOPASS®		
oxymetazoline	0.5mg/ml and 0.25mg/ml nasal drops, 10 ml solution	R01AA05, Decongestant for topical use, Sympathomimetic
NEBREMEL®		
levonorgestrel	1.5 mg tablets, 1 tablet	G03AD01, Emergency contraceptives

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 or infusion 10 ampoules	M01AE03, NSAID
NOVAMORF®		
morphine	20 mg sublingual tablets 20 and 60 tablets	N02AA01, opioid analgesic
NOZINAN®		
levomepromazine	25 mg and 100 mg film-coated tablets 20 and 100 tablets	N05AA02, antipsychotic
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, 7 and 10 tablets 100 mg/5ml granules for oral suspension 60 ml and 100 ml suspension	J01DD08, third-generation cephalosporins
PARACETAMOL ALKALOID®		
paracetamol	500 mg tablets, 10, 12 and 500 tablets 120 mg/5ml oral solution 100 ml solution	N02BE01, analgesic and antipyretic
PARSEDIL®		
dipyridamole	75 mg coated tablets, 15 tablets	B01AC07, platelet aggregation inhibitor
PAROXETIN ALKALOID®		
paroxetine	20 mg or 30 mg film-coated tablets, 30 tablets	N06AB05, Selective serotonin reuptake inhibitors

Registered name, **INN** (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
PENTOKSIFILIN ALKALOID®		
pentoxifylline	400 mg prolonged release tablets 20 film-coated tablets 100 mg/5 ml solution for 5 ampoules	C04AD03, peripheral vasodilator, injection rheolytic
PHENOBARBITAL ALKALOID®		
phenobarbital	15 mg and 100 mg tablets 30 tablets	N03AA02, antiepileptic
PHOLCODIN ALKALOID®		
pholcodine	10 mg capsules, hard, 20 capsules	R05DA08, antitussic
PIMEF®		
cefepime	1 g and 2 g powder for solution for injection or infusion 5 vials	J01DE01, fourth-generation cephalosporins
PROCULIN®		
naphazoline	0.3mg/ml eye drops 10 ml solution	S01GA01, ophtalmic decongestant
PROPAFENON ALKALOID®		
propafenone	150 mg film-coated tablets 40 tablets 35 mg/10 ml solution for injection 10 ampoules	C01BC03, antiarrhythmic
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		

Registered name, **INN** (generic)	**Presentation,** (strength, pharmaceutical form, pack size)	**ATC-code,** pharmaco-therapeutic group
RELIKA®		
perindopril	2 mg, 4 mg and 8 mg tablets 30 tablets	C09AA04 ACE inhibitors, plain
RELIKA® PLUS		
perindopril/indapamid	2 mg/0.625 mg; 4 mg/1.25 mg or 8 mg/2.5 mg tablets, 30 tablets	C09BA04, ACE inhibitors and diuretics
REPAGLINID ALKALOID®		
repaglinide	0.5 mg; 1 or 2 mg film-coated tablets, 90 tablets	A10BX02, Other blood glucose lowering drugs, excl. insulins
REMOXICAM®		
piroxicam	20 mg capsules hard, 20 capsules	M01AC01, NSAID
RINGER ALKALOID®		
sodium chloride; potassium chloride; calcium chloride dihydrate	8,60 g/0,30 g/0,33 g/1000 ml solution for infusion 500 ml solution	B05BB01, plasma substitutes and infusion solutions/electrolytes
RISPERIDON ALKALOID®		
risperidone	1 mg, 2 mg and 3 mg film-coated tablets, 20 tablets 1 mg/1 ml oral solution, 60 ml solution	N05AX08, antipsychotic
ROPUIDO®		
rosuvastatin	5mg; 10 mg; 20 mg or 40 mg film-coated tablets, 28 or 30 tablets	C10AA07, Lipid modifying agents, plain, HMG CoA reductase inhibitors
SALBUTAMOL ALKALOID®		
salbutamol	2 mg tablets, 60 and 100 tablets 2mg/5ml oral solution 150 ml solution	R03CC02, bronchodilator
SINEQUAN®		
doxepin Manufactured under the license of Pfizer Corporation	10 mg and 25 mg capsules, hard, 30 capsules	N06AA12, antidepressant

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
SKOPRYL®		
lisinopril	5 mg, 10 mg and 20 mg tablets 20 tablets	C09AA03, ACE inhibitor
SKOPRYL plus®		
lisinopril, hydrochlorothiazide	20 mg/12.5mg tablets 20 tablets 20 mg/25 mg tablets 20 tablets	C09BA03, combined antihypertensive
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	5mg/ml eye drops, 5 ml solution	S01ED01, antiglaucoma preparation
TORVEX®		
atorvastatin	10 mg, 20 mg, 40 mg and 80 mg film-coated tablets, 30 tablets	C10AA05, hypolipemic
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

Registered name, **INN** (generic)	**Presentation,** (strength, pharmaceutical form, pack size)	**ATC-code,** pharmaco-therapeutic group
TRICEF®		
cefpodoxime	100 mg film-coated tablets 10 and 20 tablets 200 mg film-coated tablets 10 and 20 tablets 40 mg/5ml powder for oral suspension 100 ml suspension	J01DD13, third-generation cephalosporins
TRIGLID ®		
fenofibrate	145 mg tablets, 30 tablets	C10AB05 lipid modifying agent , plain; fibrates
ULCODIN®		
ranitidine	75 mg film-coated tablets, 20 tablets, 150mg film-coated tablets, 15, 20 and 30 tablets	A02BA02, H_2 receptor antagonists
VASOFLEX®		
prazosin	1 mg tablets, 30 tablets 2 mg and 5 mg tablets 60 tablets	C02CA01, selective α-adrenergic blocker
Manufactured under the license of Pfizer Corporation		
VERAPAMIL ALKALOID® retard		
verapamil	240 mg prolonged release, tablets 20 film - coated tablets	C08DA01, calcium channel blocker
VERAPAMIL ALKALOID®		
verapamil	40 mg and 80 mg coated tablets, 30 tablets 5 mg/2 ml solution for injection 10 and 50 ampoules	C08DA01, calcium channel blocker
VITAMIN B_1 ALKALOID®		
thiamine	100 mg/1 ml solution for injection 50 ampoules	A11DA01, vitamin
VITAMIN B_{12} ALKALOID®		
cyanocobalamin	500 mcg/1 ml solution for injection 50 ampoules	B03BA01, antianemic

Registered name, **INN** (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
VITAMIN B_6 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® plus		
valsartan/hydrochlorothiazide	80mg/12.5 mg, film-coated tablets, 28 tablets	C09DA03, Angiotensin II antagonists and diuretics
YMANA®		
memantine	5 mg, 10 mg, 15 mg and 20 mg film-coated tablets 28 and 30 tablets	N06DX01 anti-dementia drug
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 injection, 5 ampoules	A04AA01, antiemetic and antinauseant

PC PHARMACEUTICALS

New Marketing Authorizations

Registered name, **INN** (generic)	**Presentation,** (strength, pharmaceutical form, pack size)	**ATC-code,** pharmaco-therapeutic group
BlokMax® FORTE for kids		
ibuprofen	200mg/5 ml oral suspension, 100 ml suspension	M01AE01, NSAID
DOPEZAL		
donepezil	5 mg or 10 mg film coated-tablets, 28 tablets	N06DA02, Anti-dementia drugs, Anticholinesterases
FELKARID		
flecainide	50 mg or 100 mg tablets, 30 tablets	C01BC04, Antiarrhythmics, class Ic
FOVELID		
levofloxacine	250 mg or 500 mg film-coated tablets, 5 or 10 tablets	J01MA02, quinolone for systemic use, fluoroquinolones
FURAL® S		
nifuroxazide	200 mg capsules, hard, 10 caspules	A07AX03, intestinal antiinfective agent
PYNETRA		
prasugrel	5 mg or 10 mg film-coated tablets, 30 tablets	B01AC22, Platelet aggregation inhibitors excl. heparin
TAMLOS ® DuoD		
dutasteride, tamsulosine	0.5mg/0.4 mg capsules, hard, 30 caspules	G04CA52, Urologicals, Alpha-adrenoreceptor antagonists

Borderline products

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)
PLANTAGIN®	
oleum hyperici	0.8 g pessaries, 7 pessaries
DIASTOP Probio®	
Lactobacillus acidophilus, LA-5™ Streptococcus thermophilus, STY-31™; Bifidobacterium, BB-12™; Lactobacillus delbrueckli, LBY-27™	Lactobacillus acidophilus, LA-5™ approx. 32 mg; Streptococcus thermophilus, STY-31™ approx. 23 mg; Bifidobacterium, BB-12™ approx. 17 mg and Lactobacillus delbrueckli, LBY-27™ approx. 6 mg, 10 capsules
™unregistered trademarks of Chr. Hansen A/S	
DIASTOP® direct	
Lactobacillus rhamnosus BIFOLAC™ GG; Bifidobacterium animalis, SSP lactis, BL-04; cholecalciferol ™unregistered trademark of Bifodan ®	12.5 mg Lactobacillus rhamnosus BIFOLAC GG; 11.11 mg Bifidobacterium animalis, SSP lactis, BL-04 and 3.3 mg cholecalciferol (equivalent to 8.2 mcg vitamin D_3), oral powder for direct use, 10 sachets with 1 g powder

Medical devices

Registered name	Presentation
AlCart **AMINAL Cart**	
	Sodium bicarbonate cartridges for bicarbonate haemodialysis. 620 g, 650 g, 720 g, 750 g, 760 g, 900 g, 950 g, 1000 g, 1100 g and 1150 g cartridge
AMINAL® concentrates for bicarbonate haemodialysis	
	Alkaline concentrates for bicarbonate haemodialysis. 5 l, 6 l and 10 l solutions. Acidic concentrates for bicarbonate haemodialysis with different dilution ratios (1+35.830, 1+34, 1+44). 4.7 l, 5 l, 6 l, 7.8 l and 10 l solutions. Sets of liquid and solid components for preparation of acidic concentrated solutions for bicarbonate haemodialysis with different dilution ratios (1+34, 1+44). One set is sufficient for preparation of 100 l of acidic concentrated solution.
AMINAL DIALYSER	
	Low flux and high flux dialysers for haemodialysis. 20 pcs per box
AMINAL HD SET	
	Haemodialysis connection and disconnection sets for fistula and catheter. Sizes S, M and L
AMINAL bloodline	
	Bloodline tubing systems.
AMINAL Cleaner	
	Cartridges for cleaning and disinfection of haemodialysis machines. **AMINAL Cleaner A** Cartridge with sodium carbonate, 13 g. **AMINAL Cleaner C** Cartridge with citric acid, 32 g.
Alkadez	
	Disinfectants for disinfection of medical instruments, medical devices, dental instruments and surfaces in the medical area.
Diacitral 20% MD **Diacitral 50% MD**	
	Liquid concentrates based on citric acid, for cleaning, decalcification and heat-disinfection of haemodialysis machines. 1000 ml, 5 l and 10 l solution
PROCULIN® TEARS	
	Sodium hyaluronate 0.2 %, moisturizing ophthalmic solution. 10 ml solution
PROCULIN® TEARS ADVANCE	
	Ocular drops based upon sodium hyaluronate 0.4 % and distilled waters, preservative free. 10 ml solution

Medical devices

Registered name	Presentation
CITIKOL B®	
	Ophthalmic solution with citicoline, hyaluronic acid and vitamin B_{12}. 10 ml solution
PROCULIN® LENS **PROCULIN® LENS travel pack**	
	Multipurpose lens care solution with hyaluronic acid. 400 ml solution 100 ml solution
PROCULIN® SOFT LENS **PROCULIN® SOFT LENS travel pack**	
	Multipurpose lens care solution with hyaluronate. For soft contact lenses. 360 ml solution 100 ml solution
Becutan KIDS VITS anticolic	
	Anticolic oral drops based on Simethicone in olive oil, Vitamin A, Vitamin E and Coenzyme Q_{10}. 30 ml bottle with a dropper
Becutan KIDS VITS Nasal aspirator	
	Nasal aspirator for babies. 1 nasal aspirator + 4 extra soft tips in plastic box
Becutan KIDS VITS Nasal isotonic solution	
	Pediatric nasal spray. Spray 30 ml
BECUTAN 4 maxi **BECUTAN 5 junior** **BECUTAN 6 junior plus**	
	Incontinence diapers for children. 7-18 kg, 11-25 kg, 16+ kg. 96 pcs
ALKOPED® **ALKOPED® PREMIUM**	
	Adult diapers, sizes: medium, large and extra-large. 10 pcs and 30 pcs per bag.

PC PHARMACEUTICALS

Food Supplements

Registered name	**Presentation,** (strength, pharmaceutical form, pack size)
ALKAKAPS® Shark Oil	500 mg shark liver oil (min. 20% alkylglycerols), soft capsules 30 and 60 capsules
ALKAKAPS® Coenzyme Q_{10} forte	30 mg coenzyme Q10 (ubidecarenone), soft capsules, 30 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® Omega 3	500 mg fish oil (including 165 mg EPA and 110 mg DHA) and 5 mg vitamin E, soft capsules, 60 capsules
BioKrill Active®	500 mg krill oil, soft capsules, 30 and 60 soft capsules
Red Omega 3®	300 mg krill oil, soft capsules,30 capsules
Vitamin A+D_3 Alkaloid®	1667 IU vitamin A (in a form of retinol palmitate) and 400 IU vitamin D3 (cholecalciferol), soft capsules, 50 capsules
Premama Duo	11 vitamins; 10 minerals with DHA combination of 30 tablets and 30 soft capsules
Magnesium 400 + B complex	Microgranules for direct use, 20 sticks Magnesium 400 mg Vitamin B_3 18 mg Pantothenic acid 18 mg Vitamin B_2 4.2 mg Vitamin B^6 4.2 mg Vitamin B^1 3.3 mg Folate 600 mcg Biotin 150 mcg Vitamin B_{12} 7.5 mcg
ACEROLA ALKALOID®	contains natural vitamin C 180 mg and 500 mg chewable tablets 30 tablets

Food Supplements

Registered name	Presentation, (strength, pharmaceutical form, pack size)
ACEROLA ALKALOID®	
For children	contains 100% natural vitamin C 40 mg chewable tablets 30 tablets
LUNERBA®	
	Film coated tablets, 30 tablets Passiflora incarnata L. 100 mg Melissa officinalis L. 100 mg Valeriana officinalis L. 25 mg Eschscholzia californica Cham. 25 mg Mentha piperita L. 25 mg Milk protein hydrolysate 15 mg Vitamin B6 0.7 mg Magnesium 75 mg
LUNERBA ® plus	
	Film coated tablets, 30 tablets Passiflora incarnata L. 100 mg Valeriana officinalis L. 100 mg Melissa officinalis L. 50 mg Eschscholzia californica Cham. 50 mg Melatonin 1 mg
PROCULIN® PLUS	
	soft capsules, 30 capsules contains: DHA, lutein + zeaxanthin, vitamin C, vitamin E, zinc, vitamin B_2, copper, vitamin A, selenium
Becutan KIDS VITS B-complex	
	syrup, 100 ml, contains 7 B-vitamins
Becutan KIDS VITS Multivitamin	
	syrup, 100 ml, contains 9 vitamins
Becutan KIDS VITS Multiomega-3	
	syrup, 250 ml, contains DHA; EPA, Vitamins & minerals
Becutan KIDS VITS Multiimmuno	
	sachets, 14 sachets, contains LGG+vitamins+minerals
CellEnergy Q_{10}	
	50 mg capsules, 30 capsules, contains coenzyme Q_{10}, vitamin E, selenium , black pepper extract

Food Supplements
New notifications

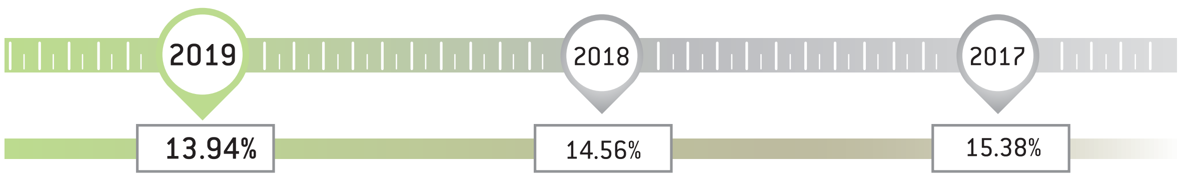
Registered name	Presentation, (strength, pharmaceutical form, pack size)
BioKrill Active	
	500 mg soft capsules x 30 blister, contains krill oil
MULTI ESSENCE Mg 400 + B complex	
	20 sachets, contains Magnesium & B vitamins
COLLACARE	
	500 ml bottle, contains complex with collagen, hyaluronic acid, vitamins and minerals
Proculin plus once daily	
	30 soft capsules, contains DHA, lutein, zeaxanthin, vitamins, minerals

CHEMICALS, COSMETICS & BOTANICALS

MARKETING AND SALES

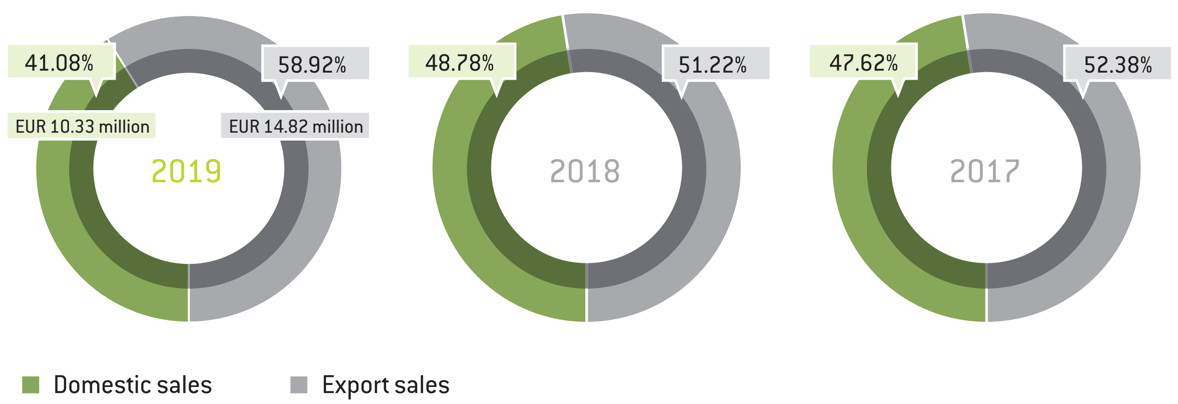
In the course of 2019, the total net sales of PC **Chemistry Cosmetics Botanicals** amounted to 1.55 billion MK denars (EUR 25.15 million), which is a share of 13.94% in the total sales of Alkaloid Group.
The products of this profit center were available in the markets of 18 countries.

PC Chemistry Cosmetics Botanicals as a part of Alkaloid Group



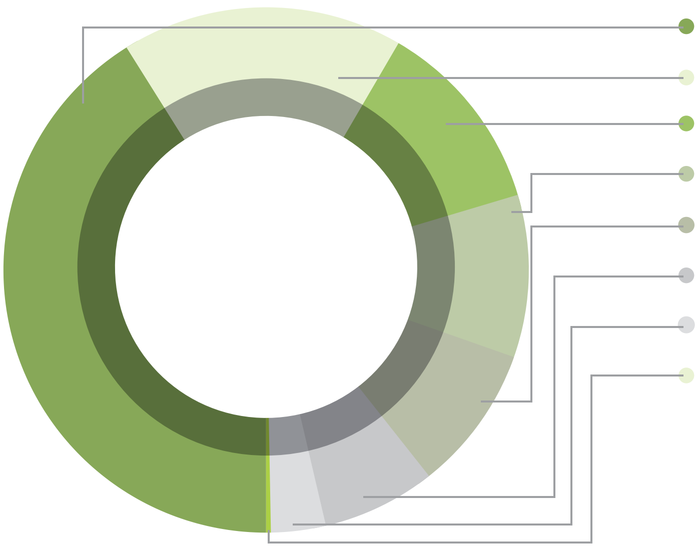
In 2019 the sales level noted an increase of 8.6% compared to last year, i.e. an increase of 10.08% in the Chemistry segment, a decrease of 2.3% in the Cosmetics and an increase of 41.01% in the Botanicals segment.

Sales per markets



CHEMICALS, COSMETICS & BOTANICALS

Sales per countries 2019 in%:



Region/Country	
Macedonia	41.08
USA	17.33
EU & EFTA	11.97
Serbia	10.00
Bosnia and Herzegovina	8.97
Kosovo	6.99
Montenegro	3.37
Other countries	0.29
Total export:	**58.92**
Total sales:	**100.00**

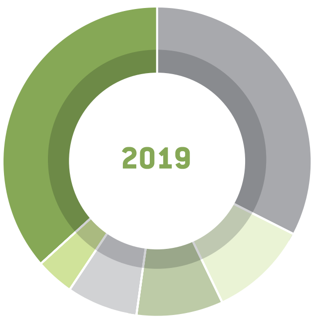
The participation of the three segments in the total sales of PC Chemistry Cosmetics Botanicals in 2019 was as follows:

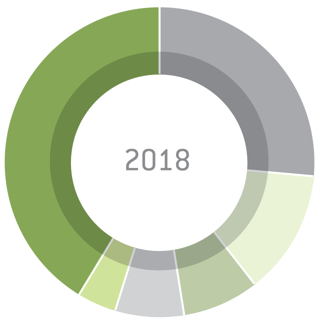
Segment of CCB	% participation		
	2019	2018	2017
CHEMISTRY	**16.65**	**16.43**	**20.53**
Domestic market	10.06	10.83	10.35
Export market	6.59	5.60	10.18
COSMETICS	**56.76**	**63.09**	**60.15**
Domestic market	22.76	27.43	26.55
Export market	34.00	35.66	33.60
BOTANICALS	**26.59**	**20.48**	**19.32**
Domestic market	8.26	10.52	10.72
Export market	18.33	9.96	8.60

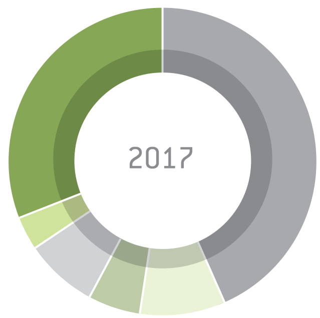
CHEMICALS, COSMETICS & BOTANICALS

The sales structure per segments is presented below:

SALES STRUCTURE CHEMISTRY





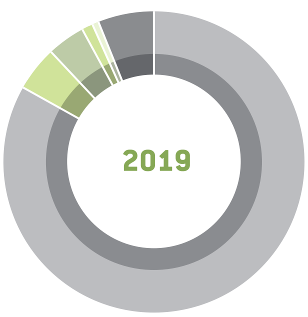


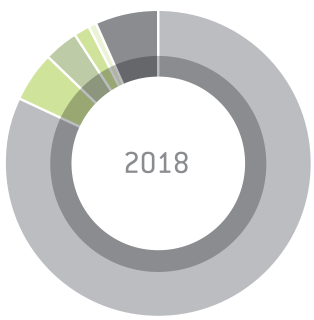
ARGENTUM SALTS	32.75
DEGREASERS	10.34
ACIDUM ACETICUM	9.12
LIQUID MINERAL FERTILISERS	7.39
ETHANOL	4.07
OTHERS	36.32

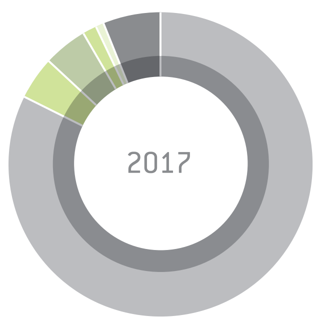
ARGENTUM SALTS	26.50
DEGREASERS	12.90
ACIDUM ACETICUM	8.08
LIQUID MINERAL FERTILISERS	7.08
ETHANOL	4.19
OTHERS	41.25

ARGENTUM SALTS	43.37
DEGREASERS	8.96
ACIDUM ACETICUM	5.56
LIQUID MINERAL FERTILISERS	7.60
ETHANOL	3.55
OTHERS	30.96

SALES STRUCTURE COSMETICS







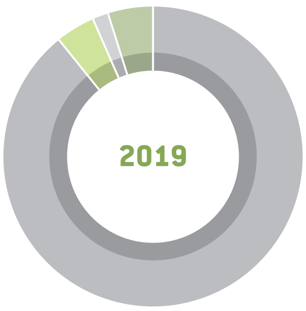
BECUTAN (Baby cosmetics)	83.31
SHAMPOOS	4.72
GLOSS (Household cleaning products)	4.08
PERFUMES	1.19
SOAPS	0.69
OTHERS	6.01

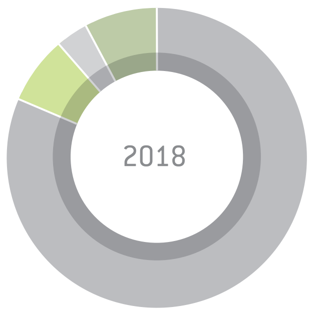
BECUTAN (Baby cosmetics)	83.41
SHAMPOOS	4.31
GLOSS (Household cleaning products)	4.47
PERFUMES	1.42
SOAPS	0.75
OTHERS	5.64

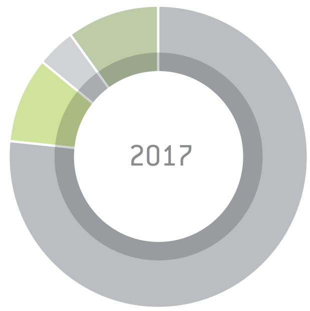
BECUTAN (Baby cosmetics)	82.34
SHAMPOOS	4.65
GLOSS (Household cleaning products)	4.52
PERFUMES	1.54
SOAPS	0.82
OTHERS	6.13

CHEMICALS, COSMETICS & BOTANICALS

SALES STRUCTURE BOTANICALS







	2019	2018	2017
TEAS	89.18	81.41	78.69
ZACHINAL (Food Seasoning)	4.25	7.29	7.61
MEDICAL HERBS	1.71	3.46	3.39
OTHERS	4.86	7.84	10.31

CONSOLIDATED FINANCIAL REPORT

CONSOLIDATED FINANCIAL REPORT

FINANCIAL OVERVIEW

INTRODUCTION

This annual report and financial overview cover Alkaloid's 2019 fiscal year (1 January to 31 December 2019). 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.

As assessed at the session of the Management Board held on 27 December 2019, the level of sales and profit for 2019 exceeded the adopted business plan for 2019.

Viktor Stojchevski
Chief Financial Officer /
Member of the Management Board

KEY POINTS

• Consolidated net sales increased 13% compared to 2018;
• (EBITDA) increased 19% and net profit for 2019 increased 18% compared to 2018;
• Net dividend per share increased 19% compared to 2018;
• Investments of EUR 17.7 million in manufacturing capacity, as well as information technologies and ERP systems;
• We continued to maintain a strong balance sheet with total assets of EUR 221million.

OVERVIEW

In 2019, Alkaloid delivered strong operational and financial results supported mainly by an organic growth improvement quarter after quarter.

Consolidated net sales were EUR 180.5 Mil., rising 13% compared to 2018. Earnings before interest, taxes, depreciation and amortization (EBITDA) was EUR 30.2 Mil., noting 19% increase and Net profit for 2019 was EUR 16.5 Mil., noting 18% increase compared to 2018.

The EBITDA margin of 16.7% was also higher than the previous year demonstrating the efficiency in operations.

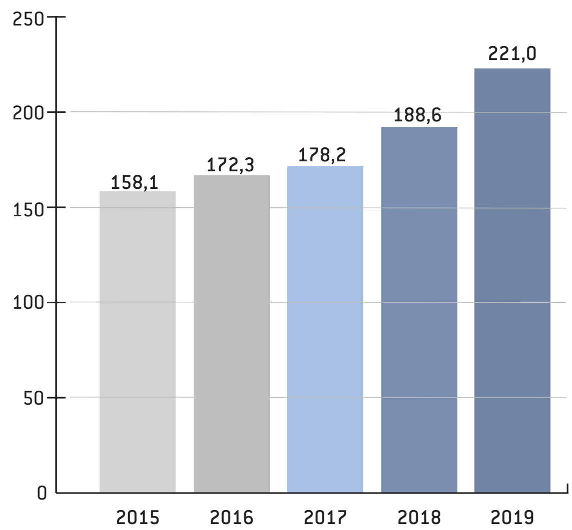
Capital investment remained significant in 2019 amounting to EUR 17.7million, and we have secured funding at a cost that is efficient and effective.

We continued to take strong actions that make Alkaloid better, we have managed to sustain the stable financial profile of the company and further improve the financial flexibility.

Our ability to transform will enable us to emerge stronger, as we continue on the course of sustainable long-term growth.

CONSOLIDATED FINANCIAL REPORT

Total Balance Sheet assets
(In EUR milion at year-end)



In the past years, we have continuously increased the dividends paid to our shareholders. According to the decision on appropriation and allocation of the profit for 2019, the net dividend payed to shareholders amounts to net MKD 324.00, or gross MKD 360.00 for one ordinary share, which is an increase of 19% on net basis compared to dividends paid for 2018.

Moving into 2020, we intend to continue with investments equivalent to around 14% of the consolidated sales in tangible and intangible assets. The business plan for 2020 anticipates growth in consolidated sales of at least 7% compared to 2019, as well as a growth in pre-tax consolidated profit of at least 7% in comparison with 2019.

Taking into consideration the challenges and emerging risks, we at Alkaloid have taken a number of measures so far to neutralize all the negative impacts and ensure the successful operation of the company. We expect the results of the company's operations to move within the scope of the set targets for 2020.

I would like to express our gratitude for the trust placed in us by our valued stakeholders that include our shareholders, employees, customers, partners and the communities in which we live and work. We look forward to continuing these strong relationships and remain resolute on our commitment to create sustained long-term value for all our stakeholders.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

Deloitte DOO Skopje
Partizanski Odredi 15A
1000 Skopje
Republic of North Macedonia

Tax Identification Number: 4030994253680
Registration Number: 4881427

Tel: +389 (2) 3111 300
Fax: +389 (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 separate financial statements (page 3 to 49) of ALKALOID AD Skopje (the "Company"), which comprise the separate statement of financial position as at December 31, 2019, and the separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate 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 Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate 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 separate financial statements based on our audit. We conducted our audit in accordance with the International Standards of Auditing, as applicable in the Republic of North Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 separate financial statements present fairly, in all material respects the financial position of ALKALOID AD Skopje as of December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Emphasis of Matter

As disclosed in Note 2.4 to the accompanying separate financial statements, ALKALOID AD Skopje is the Parent Company of ALKALOID Group and consolidated financial statements of ALKALOID Group that are prepared in accordance with International Financial Reporting Standards have been issued separately. The consolidated financial statements of ALKALOID Group as of and for the year ended December 31, 2019 were audited by us and our report dated March 10, 2020 expressed an unqualified opinion. Our opinion is not modified in respect of this matter.

Lidija Nanus
Certified auditor
Director

Друштво за ревизиски, консалтинг и даночни услуги ДИЛОИТ ДОО Скопје

Jane Ivanov
Certified auditor

March 10, 2020

Deloitte DOO Skopje
Bul. Partizanski odredi 15A, Skopje

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Denar)

	Note	31.12.2019	31.12.2018 (restated)	01.01.2018 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	6	5,418,377	4,297,167	3,955,708
Intangible assets	7	1,732,098	1,601,687	1,455,417
Right-of-use assets	8	460,257	-	-
Deferred tax assets	19	5,353	20,557	17,817
Investments in equity instruments	10	7,411	6,819	5,110
Other non-current assets	13	116,646	14,988	14,988
		7,740,142	5,941,218	5,449,040
Current assets				
Inventories	11	3,262,593	2,736,752	2,479,984
Trade receivables	12	2,405,172	2,218,485	2,411,428
Other current assets	13	288,902	266,685	406,931
Cash and cash equivalents	14	357,348	433,811	214,389
		6,314,015	5,655,733	5,512,732
TOTAL ASSETS		14,054,157	11,596,951	10,961,772
EQUITY				
Share capital	15	2,186,382	2,197,095	2,197,095
Share premium		(65,060)	-	-
Legal reserves		616,138	614,437	612,672
Other reserves	16	1,670,216	848,847	894,837
Retained earnings		5,873,748	5,308,871	4,814,954
Equity attributable to the Owners of the Company		10,281,424	8,969,250	8,519,558
Non-controlling interests		657	716	749
TOTAL EQUITY		10,282,081	8,969,966	8.520.307
LIABILITIES				
Non-current liabilities				
Non-current borrowings	17	312,812	284,212	270,534
Lease liability - long term	21	319,160	-	-
Retirement benefit obligations	18	40,559	30,060	29,427
Deferred tax liabilities	19	120	166	205
		672,651	314,438	300,166
Current liabilities				
Trade and other payables	20	2,416,637	1,992,113	1,739,318
Lease liability - short term	21	154,365	-	-
Income tax		61,767	16,444	20,362
Current borrowings	17	466,656	303,990	381,619
		3,099,425	2,312,547	2,141,299
Total liabilities		3,772,076	2,626,985	2,441,465
TOTAL EQUITY AND LIABILITIES		14,054,157	11,596,951	10,961,772

The accompanying notes form an integral part of these consolidated financial statements.
These consolidated financial statements were approved by the Group's Managing Board on 7 February 2020.

Approved and signed on behalf of Alkaloid AD Skopje by:

Zhivko Mukaetov
General Manager

Viktor Stojcevski
Finance Manager

CONSOLIDATED FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(In thousands of Denar)

	Note	Year ended 31 December 2019	2018
Sales	5	11,102,808	9,783,286
Cost of sales	25	(5,974,145)	(5,354,335)
Gross profit		**5,128,663**	**4,428,951**
Research and development expenses	25	(109,931)	(86,125)
Selling and marketing expenses	25	(3,308,440)	(2,882,776)
Administrative expenses	25	(420,697)	(371,896)
Provision for other liabilities and charges	22	(10,499)	(633)
Other income	23	245,019	302,631
Other expenses	24	(308,167)	(407,403)
Operating profit		**1,215,948**	**982,749**
Finance expenses	27	(32,118)	(13,983)
Profit before income tax		**1,183,830**	**968,766**
Income tax	28	(173,051)	(106,355)
Profit for the year		**1,010,779**	**862,411**
Attributable to the:			
Shareholders of the Parent Company		1,010,837	862,445
Non-controlling interests		(58)	(34)
Profit for the year		**1,010,779**	**862,411**
Earnings per share (In Denar)			
From continuing operations			
- Basic	29	714.26	608.78

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2019	2018
Consolidated profit for the year		1,010,779	862,411
Items that will not be reclassified subsequently to profit or loss:			
- Fair value gains on investments in equity instruments designated as at FVTOCI	10, 16	592	1,709
- Effects from revaluation of land	6	823,836	-
Items that may be reclassified subsequently to profit or loss:			
- Foreign exchange differences on translation of foreign operations	16	13,725	(14,805)
Other consolidated comprehensive income, net of tax		838,153	(13,096)
Total consolidated comprehensive income for the year		1,848,932	849,315
Total comprehensive income attributable to:			
Owners of the Parent Company		1,848,990	849,349
Non-controlling interests		(58)	(34)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the Parent							
	Share capital	Share premium	Legal reserves	Other reserves	Retained earnings	Total equity attributable to the Owners of the Company	Non-controlling interests	Total Equity
As at 1 January 2018	**2,197,095**	**-**	**612,672**	**1,139,520**	**4,926,034**	**8,875,321**	**749**	**8,876,070**
Effects from changes in accounting policy (Note 2.8, 2.24, 6 and 16)	-	-	-	(244,683)	(111,080)	(355,763)	-	(355,763)
As at 1 January 2018 (restated)	**2,197,095**	**-**	**612,672**	**894,837**	**4,814,954**	**8,519,558**	**749**	**8,520,307**
Transfer to reserves	-	-	1,230	(32,894)	31,664	-	-	-
Dividend payment and tax on dividend paid out	-	-	-	-	(382,485)	(382,485)	-	(382,485)
Other reconciliation	-	-	535	-	1,855	2,390	1	2,391
Profit for the year	-	-	-	-	862,445	862,445	(34)	862,411
Other Comprehensive income								
Fair value gain on investments (Note 10)	-	-	-	1,709	-	1,709	-	1,709
Foreign exchange differences on translation of foreign operations	-	-	-	(14,805)	-	(14,805)	-	(14,805)
	-	**-**	**-**	**(13,096)**	**-**	**(13,096)**	**-**	**(13,096)**
As at 31 December 2018	**2,197,095**	**-**	**614,437**	**848,847**	**5,328,433**	**8,988,812**	**716**	**8,989,528**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Attributable to the Parent							
	Share capital	Share premium	Legal reserves	Other reserves	Retained earnings	Total equity attributable to the Owners of the Company	Non-controlling interests	Total Equity
Effects from changes in accounting policy (Note 2.8, 6 and 16)	-	-	-	-	(19,562)	(19,562)	-	(19,562)
As at 31 December 2018 (restated)	**2,197,095**	**-**	**614,437**	**848,847**	**5,308,871**	**8,969,250**	**716**	**8,969,966**
Effect from implementation of IFRS 16	-	-	-	-	(8,787)	(8,787)	-	(8,787)
Purchase of treasury shares	(10,713)	(65,060)	-	-	-	(75,773)	-	(75,773)
Other reconciliation	-	-	1,271	(16,784)	15,513	-	-	-
Dividend payments and tax on dividend paid out (Note 30)	-	-	-	-	(453,316)	(453,316)	-	(453,316)
Profit for the year	-	-	-	-	1,010,837	1,010,837	(58)	1,010,779
Other reconciliation	-	-	430	-	630	1,060	(1)	1,059
Other Comprehensive income								
Fair value gain on investments (Note 10)	-	-	-	592	-	592	-	592
Revaluation of land (Note 6)	-	-	-	823,836	-	823,836	-	823,836
Foreign exchange differences on translation of foreign operations	-	-	-	13,725	-	13,725	-	13,725
	-	-	-	838,153	-	838,153	-	838,153
As at 31 December 2019	**2,186,382**	**(65,060)**	**616,138**	**1,670,216**	**5,873,748**	**10,281,424**	**657**	**10,282,081**

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

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	10,498,212	9,669,859
Cash paid to suppliers and employees	(9,201,701)	(8,081,395)
Cash generated from operations	**1,296,511**	**1,588,464**
Interest received	2,082	2,881
Net cash generated from operating activities	**1,298,593**	**1,591,345**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(870,794)	(865,987)
Sale of property, plant and equipment	376	925
Subsidies received	85,831	35,293
Other payments to employees	(65,069)	(64,141)
Net cash used in investing activities	**(849,656)**	**(893,910)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,569,703	2,038,521
Repayments of borrowings	(2,389,283)	(2,107,016)
Interest paid	(35,913)	(17,999)
Repayment of the lease liabilities	(143,369)	-
Purchase of treasury shares	(75,773)	-
Dividends paid to shareholders, tax on dividends paid out and other profit distribution	(453,316)	(382,485)
Net cash used in financing activities	**(527,951)**	**(468,979)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(79,014)**	**228,456**
Cash and cash equivalents at beginning of year	433,811	214,389
Translation differences	2,551	(9,034)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**357,348**	**433,811**

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 a 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 eighteen subsidiaries and one Foundation in the Republic of North Macedonia and other countries. For the list of the subsidiaries please 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, incorporated and registered (with its head office) in the Republic of North Macedonia. The registered address of the Parent Company is:
Aleksandar Makedonski 12
1000 Skopje, Republic of North 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 all the years presented.

2.1 Basis of preparation

The consolidated financial statements of Alkaloid AD Skopje and its subsidiaries (hereinafter together as the "Group") have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

The preparation of consolidated financial statements in conformity with the 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Initial application of new amendments to the existing Standards effective for current financial period

The following new standards, amendments to the existing standards and interpretation issued by the International Accounting Standards Board (IASB) are effective for the current reporting period:

• Amendments to IFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019).

• Amendments to IAS 19 "Employee Benefits" - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019).

• Amendments to IAS 28 "Investments in Associates and Joint Ventures" - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019).

• Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)" resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019).

• IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).

• FRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).

Impact of initial application of IFRS 16 Leases

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described and the impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach which:

• Requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
• Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Initial application of new amendments to the existing Standards effective for current financial period (Continued)

Impact of the new definition of a lease

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting
(i) Former operating leases
IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

a) Recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii)
b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

(ii) Former finance leases
For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.
The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

Financial impact of initial application of IFRS 16

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 4.2%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Initial application of new amendments to the existing Standards effective for current financial period (Continued)

Impact on retained earnings as at 1 January 2019	
Operating lease commitments at 31 December 2018	324,674
Effect of discounting the above amounts	(29,065)
Lease liabilities recognised at 1 January 2019	**295,609**

The Group has recognised Denar 286,822 thousand of right-of-use assets and Denar 295,609 thousand of lease liabilities upon transition to IFRS 16. The difference of Denar 8.787 thousand is recognised in retained earnings.

The adoption of these new standards, amendments to the existing standards and interpretation, except the IFRS 16 effects as stated above, has not led to any material changes in the in the Group's consolidated financial statements.

2.3 New Standards and amendments to existing standards in issue not yet adopted

At the date of authorization of these consolidated financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

• IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021),

• Amendments to IFRS 3 "Business Combinations" - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period).

• Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" - Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2020),

• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

• Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Material (effective for annual periods beginning on or after 1 January 2020),

• Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2022),

• Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020).

The Group has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Entity anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the consolidated financial statements of the Group in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Subsidiaries

Subsidiaries are all legal entities over which the Parent Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another company. The cost of acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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

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

	2019 % of ownership	2018 % 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 Bilna apteka DOOEL Skopje, N. Macedonia	100%	100%
Alkaloid Kons DOOEL Skopje, N. Macedonia	100%	100%
Alkaloid USA LLC Columbus, Ohio USA	49%	49%
Fund "Trajce Mukaetov" Skopje, N. Macedonia	100%	100%
Alkaloid DOO Podgorica, Montenegro	100%	100%
OOO Alkaloid RUS Moscow, Russia	100%	100%
Alkaloid FARM DOO Ljubljana, Slovenia	100%	100%
Alkaloid Veledrogerija DOO Beograd, Serbia	100%	100%
Alkaloid ILAC TLS Istanbul, Turkey	100%	100%
ALKA-LAB DOO Ljubljana, Slovenia	100%	100%
Alkaloid Kiev CO. LTD., Ukraine	100%	100%
Alkaloid Shpk Tirana, Albania	100%	100%

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

In 2019 the parent 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 Parent Company retains 100% of the control, as in 2018.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting

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

As at 31 December 2019, the Group was 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 comprised 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 also has facilities for extraction of opioids which include production of morphine and its derivatives as pharmaceutical raw materials.

Alkaloid Chemical products today are developed program for the production of chemicals and organic and non-organic reagents, with pa, puriss, purum and with pharmacopeia qualities. They are suitable for laboratories within institutions, faculties, clinics, 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 Group's income statement that is directly attributable to a segment and the relevant portion of the Group income that can be allocated on a reasonable basis to a segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting (Continued)

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. Group assets and liabilities principally consist of net liquidity (cash, cash equivalents and other current financial assets less financial debts) and deferred and current taxes.

The accounting policies of the reportable segments are the same as the Group'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 Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- The amount expected to be payable by the lessee under residual value guarantees;

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Leases (Continued)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

• The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Leases (Continued)

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' accounting policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Policies applicable prior to 1 January 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Transactions in currencies other than the Group's functional currency are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve, within Other Reserves (attributed to non-controlling interests as appropriate).

2.8 Property, plant and equipment

As disclosed in Note 2.24, the Company changed the accounting policy for measurement of the property, plant and equipment, except for the land.

Land remains subsequently measured at fair value, based on the appraisal performed by external independent appraisers. After the change of the accounting policy from revaluation model, the remaining part of the property, plant and equipment are now stated at historical cost less depreciation and impairment. The cost of property, plant and equipment contain the purchase price net of rebates and price discounts, import duties, all irrecoverable taxes on the purchase, as well as all direct costs that contribute to the adoption of assets in the location and condition of the normal functioning and accomplishment of tasks determined by management.

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 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 amounts to their residual values over their estimated useful lives, as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Buildings	10 - 40 years
Machinery	10 - 20 years
Vehicles	4 years
Furniture, fittings and equipment	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated reporting 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 property, plant and equipment is eliminated from the consolidated statement of financial position together with the carrying amount of accumulated depreciation. Gains and/or losses on disposals are determined as the difference between the proceeds on disposals and the carrying amount of the assets and 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 write-off the cost of trademarks, licenses and software over their estimated useful lives, i.e up to 10 years.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives i.e. up to 10 years. The estimated useful life and amortization method are reviewed at the end of each reporting period.

Internally-generated intangible assets – research and development expenditure

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

An internally-generated intangible asset arising from development is recognized 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

The amount initially recognized 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 recognized, development expenditure is recognized 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 amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Patents

Patents are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

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: at amortized cost and equity instruments designated as at FVTOCI. 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.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Investments in equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

Investments in equity instruments at FVTOCI

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in other income in profit or loss.

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. The amount of the provision is recognized in the income statement within "selling and marketing costs".

Impairment of trade receivables
The Group recognizes a loss allowance for expected credit losses on trade receivables using the simplified approach. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in equity instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

Trade receivables (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
• an actual or expected significant deterioration in the operating results of the debtor;
• significant increases in credit risk on other financial instruments of the same debtor;
• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.
Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

Trade receivables (Continued)

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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. The net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash balances held on bank accounts and cash in hand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 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.

2.15 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 reporting date.

2.16 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.17 Income tax

Current income tax is calculated and paid in accordance with the Income tax Law. The estimated tax liability is paid in advance on a monthly basis. The final tax is payable in the Republic of North Macedonia at the rate of 10% applicable to the taxable income, which is the profit as determined in the Consolidated statement of comprehensive income, adjusted for certain items as defined by the local tax legislation. In respect of the Group's subsidiaries the current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income.

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 reported in the consolidated financial statements. However, the deferred income tax is not accounted for, if arising from initial recognition of an asset or a 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 reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Income tax (Continued)

Deferred tax (Continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Group has applied the 5-step approach to revenue recognition in accordance with IFRS 15 Revenue from Contracts with Customers. The Group's major sources of revenue scoped in IFRS 15 relate to the following revenue streams:

- Sales of goods
  - Pharmaceutical products
  - Chemical products
  - Cosmetic products
  - Botanical products
- Sales of commodities
- Revenue from services

Revenues for the year ended 31 December 2019 reflects the consideration to which the Group has expected to be entitled in exchange for those goods during the year, the performance obligation is satisfied, i.e. when 'control' of the goods underlying the performance obligation was transferred to the customers. The core principle is that the Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This principle is delivered in accordance with the five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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 the Group has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue recognition (Continued)

Sales of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

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

2.21 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 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

2.23 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:
• has the power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affects its returns.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Basis of consolidation (Continued)

The Parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Parent company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent company considers all relevant facts and circumstances in assessing whether or not the Parent company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Parent company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Voluntary change in accounting policy

The financial information has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to property, plant and equipment, except for land.

According to the previous accounting policy, buildings and a portion of equipment were subsequently measured at fair value, based on the appraisal performed by external independent appraisers, less accumulated depreciation and any accumulated impairment losses. The new accounting policy for subsequent measurement of the buildings at cost, less any accumulated depreciation and any accumulated impairment losses, was adopted on 30 September 2019 and has been applied retrospectively. The Company reversed the effects of the appraisals of the buildings from previous years. Due to the extensive expansion of new investments in property, plant and equipment which is followed by complete renewal of the business premises and plants, the management judgement is that the change in accounting policy will result in more relevant and more reliable financial information because it deals more accurately with the components of property, plant and equipment and is based on up-to-date values. Refer to Note 2.8 for the full detail of the new accounting policy.

The impact of the change in accounting policy on the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows is set out below:

Consolidated Statement of Financial Position

Property, plant and equipment as of 1 January 2018 had decreased by Denar 355,763 thousand (Note 6), as well as other reserves have decreased by Denar 244,683 thousand (Note 16) for positive revaluation effects from previous years, and retained earnings decreased by Denar 111,080 thousand for accumulated depreciation from previous years.

Consolidated Statement of Comprehensive Income

The policy has not been applied retrospectively in the consolidated statement of comprehensive income for 2018, since current depreciation in the amount of Denar 19,562 thousand would not have a material effect on consolidated financial statements for 2018. Accordingly, the adoption of the new policy has no material effects on prior years' consolidated statement of comprehensive income.

Consolidated Statement of Cash Flows

The restatement of property, plant and equipment had not driven change in the total cash flows from operating activities, total cash flows from investing activities or total cash flows from financing activities for the year ended December 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Voluntary change in accounting policy (Continued)

The effects on the consolidated statement of financial position as of 1 January 2018 are as follows:

	01.01.2018 (before change in accounting policy)	Net effect of adjustments	01.01.2018 (after change in accounting policy)
Assets			
Non-current assets			
Property, plant and equipment	4,311,471	(355,763)	3,955,708
Intangible assets	1,455,417	-	1,455,417
Deferred tax assets	17,817	-	17,817
Investments in equity instruments	5,110	-	5,110
Other non-current assets	14,988	-	14,988
	5,804,803	(355,763)	5,449,040
Current assets			
Inventories	2,479,984	-	2,479,984
Trade receivables	2.411.428	-	2,411,428
Other current assets	406,931	-	406,931
Cash and cash equivalents	214,389	-	214,389
	5,512,732	-	5,512,732
Total assets	11,317,535	(355,763)	10,961,772
Equity			
Capital and reserves			
Share capital	2,197,095	-	2,197,095
Legal reserves	612,672	-	612,672
Other reserves	1,139,520	(244.683)	894,837
Retained earnings and non-controlling interest	4,926,783	(111,080)	4,815,703
	8,876,070	(355,763)	8,520,307
Liabilities			
Non-current liabilities			
Non-current borrowings	270,534	-	270,534
Retirement benefit obligations	29,427	-	29,427
Deferred tax liabilities	205		205
	300.166	-	300,166
Current liabilities			
Trade and other payables	1,739,318	-	1,739,318
Income tax	20,362	-	20,362
Current borrowings	381,619	-	381,619
	2,141,299	-	2,141,299
Total liabilities	2,441,465	-	2,441,465
Total equity and liabilities	11,317,535	(355,763)	10,961,772

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Voluntary change in accounting policy (Continued)

The effects on the consolidated statement of financial position as of 31 December 2018 are as follows:

	31.12.2018 (before change in accounting policy)	Net effect of adjustments	31.12.2018 (after change in accounting policy)
Assets			
Non-current assets			
Property, plant and equipment	4,672,492	(375,325)	4,297,167
Intangible assets	1,601,687	-	1,601,687
Deferred tax assets	20,557	-	20,557
Investments in equity instruments	6,819	-	6,819
Other non-current assets	14,988	-	14,988
	6,316,543	(375,325)	5,941,218
Current assets			
Inventories	2,736,752	-	2,736,752
Trade receivables	2,218,485	-	2,411,428
Other current assets	266,685	-	266,685
Cash and cash equivalents	433,811	-	433,811
	5,655,733	-	5,655,733
Total assets	11,972,276	(375,325)	11,596,951
Equity			
Capital and reserves			
Share capital	2,197,095	-	2,197,095
Legal reserves	614,437	-	614,437
Other reserves	1,093,530	(244,683)	848,847
Retained earnings and non-controlling interest	5,440,229	(130,642)	5,309,587
	9,345,291	9,345,291	8,969,966
Liabilities			
Non-current liabilities			
Non-current borrowings	284,212	-	284,212
Retirement benefit obligations	30,060	-	30,060
Deferred tax liabilities	166		166
	314,438	-	314,438
Current liabilities			
Trade and other payables	1,992,113	-	1,992,113
Income tax	16,444	-	16,444
Current borrowings	303,990	-	303,990
	2,312,547	-	2,312,547
Total liabilities	2,626,985	-	2,626,985
Total equity and liabilities	11,972,276	(375,325)	11,596,951

3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK MANAGEMENT

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 sufficient cash in foreign currencies held on bank accounts in order to maintain its future commercial transactions.

b) Price risks

The Group is exposed to equity securities price risk because of Investments in equity instruments 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 a large number of balances. The Group has policies that limit the amount of credit exposure.

Liquidity risk

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

Interest rate 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 lower than short term. Interest rates on short term borrowings are decreased in respect of previous year.

3.2 Fair value assessment

The fair value of Investments in equity instruments traded in active markets is based on quoted market prices at the reporting 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.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value assessment (Continued)

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.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group 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

In the application of the Group's accounting policies, which are described in note 2, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Fair value of land

The Group tests annually whether the fair value of the land has suffered material changes compared to their fair value as assessed by 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 does not affect the current year's profit.

Depreciation Charge and Rates Applied

Depreciation rates are based over the estimated useful lives of property, plant and equipment. The useful age is reviewed once a year by the Company, according their current estimations.

4. ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how Groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

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 Group's retirement benefit obligation.

5. SEGMENT REPORTING

Reportable segments - Products

Segment information reported to the Management Board is based on product types and customer categories. The segment information by product is more relevant to the Group Principal product types are pharmaceutical and non-pharmaceutical products (chemicals cosmetics and botanicals). The principal customer category Group's products are wholesalers.

Segments revenues and results for the year ended 31 December is as follows:

	Segment revenue		Segment operating profit	
	2019	2018	2019	2018
Pharmaceutical products	9,555,573	8,358,622	1,129,418	960,330
Chemical products	257,639	234,042	7,476	15,340
Cosmetic products	878,221	898,878	2,149	4,821
Botanical products	411,375	291,744	76,905	2,258
Total	**11,102,808**	**9,783,286**	**1,215,948**	**982,749**
Finance expenses			(32,118)	(13,983)
Profit before tax			**1,183,830**	**968,766**
Income tax			(173,051)	(106,355)
Profit for the year			**1,010,779**	**862,411**

Revenue reported above represents revenue generated from external customers.

5. SEGMENT REPORTING (Continued)

Segment assets and liabilities for the year ended 31 December is as follows:

Segment assets	2019	2018
Pharmaceutical products	12,962,732	10,809,053
Chemical products	505,060	341,969
Cosmetic products	321,526	273,680
Botanical products	264,839	172,249
Total assets	**14,054,157**	**11,596,951**

Segment liabilities	2019	2018
Pharmaceutical products	3,389,761	2,282,527
Chemical products	127,161	106,923
Cosmetic products	196,206	198,788
Botanical products	58,948	38,747
Total liabilities	**3,772,076**	**2,626,985**

Other segment information for the year ended 31 December is as follows:

	Depreciation and amortization		Addition to non-current assets	
	2019	2018	2019	2018
Pharmaceutical products	739,409	514,689	1,340,015	1,042,653
Chemical products	14,852	11,104	34,870	13,608
Cosmetic products	27,498	24,127	15,556	11,287
Botanical products	25,285	22,814	26,162	14,189
Total liabilities	**807,044**	**572,734**	**1,416,603**	**14,189**

5. SEGMENT REPORTING (Continued)

Geographical information

The Republic of North Macedonia is the domicile country of the Group where part of the activities are performed.

	Revenue from external customers		Non-current assets	
	2019	2018	2019	2018
North Macedonia	3,907,246	3,624,093	7,149,697	5,792,390
Serbia	2,052,438	1,916,251	329,941	24,643
Croatia	861,578	817,998	2,017	8,231
Bosnia and Herzegovina	807,740	794,301	2,097	2,214
Other countries	3,473,806	2,630,643	126,980	71,376
Total	11,102,808	9,783,286	7,610,732	5,898,854

Geographical information about sales revenue is based on the customers' origin.
Non-current assets are consisted of property, plant and equipment and Intangible assets.

Information about major customers

The sales of Pharmaceutical products are spread over many countries and customers. There are no major customer shares in the direct sales of Pharmaceutical products.

In the sales of Chemicals products, there is one major customer with a share of 27.6% (2018: 20.5%) in direct sales.

In the sales of Cosmetics products, there is one major customer with a share of 16.2% (2018: 16%) in direct sales.

In the sales of Botanicals products, there is a single major customer with a share of 65% (2018: 42.7%) in direct sales.

Sales by category	2019	2018
Sales of goods	8,076,115	7,263,842
Sales of commodities	2,934,861	2,432,049
Other revenue	91,832	87,395
Total	11,102,808	9,783,286

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Construction in progress	Total
Cost or valuation					
At 1 January 2018	833,525	2,179,876	3,666,425	117,110	6,796,936
Effects from changes in accounting policy (Note 2.8, 2.23 and 16)	-	1,125,504	-	-	1,125,504
At 1 January 2018 (restated)	833,525	3,305,380	3,666,425	117,110	7,922,440
Additions	-	11,326	26,877	667,180	705,383
Transfer from construction in progress	1,978	42,588	564,244	(608,810)	-
Disposals	-	-	(25,223)	-	(25,223)
Translation differences	-	311	(1,529)	(1)	(1,219)
As at 31 December 2018	835,503	3,359,605	4,230,794	175,479	8,601,381
Accumulated depreciation					
At 1 January 2018	-	219,777	2,265,688	-	2,485,465
Effects from changes in accounting policy (Note 2.8, 2.23 and 16)	-	1,481,267	-	-	1,481,267
At 1 January 2018 (restated)	-	1,701,044	2,265,688	-	3,966,732
Depreciation charge in 2018	-	63,078	279,760	-	342,838
Disposals	-	-	(23,564)	-	(23,564)
Translation differences	-	218	(1,572)	-	(1,354)
As at 31 December 2018	-	1,764,340	2,520,312	-	4,284,652
Effects from changes in accounting policy (Note 2.8, 2.23 and 16)	-	19,562	-	-	19,562
At 31 December 2018 (restated)	-	1,783,902	2,520,312	-	4,304,214
Net book value as at 1 January 2018 (restated)	833,525	1,604,336	1,400,737	117,110	3,955,708
Net book value as at 31 December 2018 (restated)	835,503	1,575,703	1,710,482	175,479	4,297,167

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Equipment	Construction in progress	Total
Cost or valuation					
At 1 January 2019	835,503	3,359,605	4,230,794	175,479	8,601,381
Additions	-	3,394	56,107	631,516	691,017
Transfer from construction in progress	357	82,787	375,330	(458,474)	-
Disposals	-	(22,472)	(81,794)	(4)	(104,270)
Revaluation	823,836	-	-	-	823,836
Translation differences	-	(623)	1,618	195	1,190
As at 31 December 2019	1,659,696	3,422,691	4,582,055	348,712	10,013,154
Accumulated depreciation					
At 1 January 2019	-	1,783,902	2,520,312	-	4,304,214
Depreciation charge in 2019	-	83,529	304,035	-	387.564
Disposals	-	(16,950)	(80,240)	-	(97,190)
Translation differences	-	(639)	828	-	189
As at 31 December 2019	-	1,849,842	2,744,935	-	4,594,777
Net book value					
As at 31 December 2017	1,659,696	1,572,849	1,837,120	348,712	5,418,377

Land was revalued as at 31 December 2019 by an independent appraiser.
The revaluation surplus of Denar 823,836 thousand was credited to other reserves within shareholders' equity (Note 16).

7. INTANGIBLE ASSETS

	Trademarks and licenses	Software and Internally generated intangibles	Other assets	Construction in progress	Total
Cost or valuation					
At 1 January 2018	345,178	1,880,652	83,632	117,761	2,427,223
Additions	-	10,211	1,680	364,463	376,354
Transfer from construction in progress	19,009	385,406	8,747	(413,162)	-
Translation differences	(493)	(716)	159	-	(1,050)
As at 31 December 2018	363,694	2,275,553	94,218	69,062	2,802,527
Accumulated amortization					
At 1 January 2018	311,330	611,465	49,011	-	971,806
Charge for the year	15,221	205,928	8,747	-	229,896
Translation differences	7	(612)	(257)	-	(862)
As at 31 December 2018	326,558	816.781	57,501	-	1,200,840
Net book value as at 31 December 2018	37,136	1,458,772	36,717	69,062	1,601,687
Cost or valuation					
At 1 January 2019	363,694	2,275,553	94,218	69,062	2,802,527
Additions	-	63,864	984	335,767	400,615
Transfer from construction in progress	6,653	321,094	4,932	(332,679)	-
Elimination	-	-	(1,464)	-	(1,464)
Translation differences	(502)	937	924	-	1,359
As at 31 December 2019	369,845	2,661,448	99,594	72,150	3,203,037
Accumulated amortization					
At 1 January 2019	326,558	816,781	57,501	-	1,200,840
Charge for the year	13,337	247,361	8,665	-	269,363
Elimination	-	-	(335)	-	(335)
Translation differences	(2)	782	291	-	1,071
As at 31 December 2019	339,893	1,064,924	66,122	-	1,470,939
Net book value as at 31 December 2018	29,952	1,596,524	33,472	72,150	1,732,098

The net book value of software is Denar 110,053 thousand (2018: Denar 84,539 thousand), and the rest of the amount is internally generated intangible assets.

8. RIGHT-OF-USE ASSETS

(In thousands of Denar)

	At 1 January 2019	Additions	Disposals	At 31 December 2019
Gross value				
Buildings	216,806	223,392	(9,147)	431,051
Vehicles	201,066	101,579	(12,566)	290,079
	417,872	324,971	(21,713)	721,130

(In thousands of Denar)

	At 1 January 2019	Additions	Disposals	At 31 December 2019
Cumulated depreciation and impairment				
Buildings	(62,407)	(89,664)	8,508	(143,563)
Vehicles	(68,644)	(60,453)	11,787	(117,310)
	(131,051)	(150,117)	20,295	(260,873)

(In thousands of Denar)

	At 1 January 2019	At 31 December 2019
Net carrying value		
Buildings	154,399	287,488
Vehicles	132,422	172,769
	286,821	460,257

The Group leases several assets including buildings and vehicles.
The lease term is from 1-5 years (2018: from 1-5 years).

Approximately one third of the leases for property, plant and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of Denar 324,971 thousand in 2019. The contractual maturity analysis of lease liabilities is presented in Note 21.

9. 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.

	2019	2018
Debt	779,468	588,202
Lease liabilities	473,525	-
Cash and cash equivalents	(357,348)	(433,811)
Net debt	895,645	154,391
Equity	10,282,081	8,969,966
Net debt to equity ratio	8.71%	1.72%

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:

9. 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 North 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	
	2019	2018	2019	2018
EUR	1,511,713	1,213,635	1,288,878	1,221,562
RUR	78,698	13,460	401,219	260,530
USD	157,242	131,141	75,013	64,601
CHF	7,867	7,599	6,117	15,906
Other currencies	354,719	104,365	645,877	581,342

The Group is mainly exposed to Euro and Russian Ruble currencies.

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 date of the Consolidated Statement of financial position. A positive amount below indicates an increase in profit in Consolidated Income Statement, while a negative amount indicates a decrease.

(In thousands of Denar)

	Increase of 10%		Decrease of 10%	
	2019	2018	2019	2018
EUR	22,284	(793)	(22,284)	793
RUR	(32,252)	(24,707)	32,252	24,707
USD	8,223	6,654	(8,223)	(6,654)
CHF	175	(831)	(175)	831
Other currencies	(29,116)	(47,698)	29,116	47,698
Impact on the profit or loss and equity	(30,686)	(67,375)	30,686	67,375

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

9. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Group is exposed to interest risk arising from variable interest rate on borrowings, which depend on the financial market trends.

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

(In thousands of Denar)

	Increase of 10%		Decrease of 10%	
	2019	2018	2019	2018
Borrowings and lease liabilities	3.213	1,395	(3.213)	(1,395)
Profit and loss and equity	(3.213)	(1,395)	3.213	1,395

Had the interest rates been 10% higher the Group's profit for the year ended 31 December 2019 and retained earnings would have decreased by Denar 3,213 thousand and vice versa, had the interest rates been 10% lower, the Group's profit for the year ended 31 December 2019 and retained earnings would have increased by Denar 3,213 thousand.

9. 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 maturities of its financial liabilities:

(In thousands of Denar)

2019	Less than 1 month	1 - 3 months	3-12 months	12 - 60 months	Total
Trade payables	1,049,179	642,643	295.081	-	1,986,903
Lease liabilities	-	44,846	125,580	330,410	500,836
Borrowings	7,038	112,402	347,215	312,813	779,468
	1,056,217	799,891	767,876	643,223	3,267,207

2018	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade payables	803,126	657,190	219,464	-	1,679,780
Borrowings	-	5,000	298,990	284,212	588,202
	803,126	662,190	518,454	284,212	2,267,982

9. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

The following tables detail the Group's remaining contractual maturities of its financial assets:

(In thousands of Denar)

2019	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade receivables	1,169,733	1,007,376	228,063	-	2,405,172
Cash and cash equivalents	357,348	-	-	-	357,348
	1,527,081	1,007,376	228,063	-	2,762,520

2018	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade receivables	1,016,479	1.006.314	195,692	-	2,218,485
Cash and cash equivalents	433,811	-	-	-	433,811
	1,450,290	1,006,314	195,692	-	2,652,296

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. Accounting transactions of the Parent Company were subject to an inspection by the tax authorities regarding VAT for the period 1 October to 31 October 2018, for which a tax inspection protocol was issued without any findings identified. The subsequent period up to 31 December 2019 was not subject to tax controls.

10. INVESTMENTS IN EQUITY INSTRUMENTS

(In thousands of Denar)

	2019	2018
At 1 January	**6,819**	**5,110**
Fair valuation increase	592	5,039
Fair valuation decrease	-	(3,330)
As at 31 December	**7,411**	**6,819**

Investments in equity instruments (classified as FVTOCI) consist of:		
	2019	**2018**
Investments in equity instruments in non-quoted companies	2,531	2,272
Investments in equity instruments in quoted companies	4,880	4,547
Investments in equity instruments in non-related parties	**7,411**	**6,819**

Investments in equity instruments consist of corporate and bank shares. The shares held represent interests of below 10% of the registered equity of the respective issuers.

Investments in equity instruments that are quoted shares and bonds are presented at market values of identical assets. The unlisted shares that are not traded in an active market are stated at cost, because the Group considers that their cost approximates their fair value. Investments in equity instruments are measured at FVTOCI.

11. INVENTORIES

(In thousands of Denar)

	2019	2018
Raw materials	981,714	965,492
Spare parts	366	400
Tools and consumable supplies	1,822	2,869
Work in progress	357,181	325,423
Finished goods	1,366,637	963,155
Trading goods	554,873	479,413
	3,262,593	2,736,752

12. TRADE RECEIVABLES

(In thousands of Denar)

	2019	2018
Trade receivables	2,654,343	2,459,097
Less: Provision for impairment of receivables	(249,171)	(240,612)
Trade receivables - net	**2,405,172**	**2,218,485**

The risk profile of trade receivables based on the Group's provision matrix shows that expected credit loss rate equals to zero. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

There are no trade receivables past due over 1 year.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9.

12. TRADE RECEIVABLES (Continued)

Changes in the provision are as follows:

	2019	2018
At 1 January	**240,612**	**264,468**
Expected credit loss	6,480	6.445
Write off	-	(1,596)
Collected bad and doubtful debts	-	(24,932)
Translation differences	2,079	(3,773)
As at 31 December	**249,171**	**240,612**

Ageing of impaired trade receivables are as follows

	2019	2018
Up to 1 year	-	-
Over 1 year	249,171	240,612
As at 31 December	**249,171**	**240,612**

13. OTHER NON-CURRENT AND CURRENT ASSETS

(In thousands of Denar)

	2019	2018
Other non-current assets	116,646	14,988
	116,646	**14,988**
Other current assets:		
Prepaid expenses	76,206	61.246
Receivables from employees	1,780	314
Prepaid VAT taxes	148,867	125,996
Other receivables	62,049	79,129
	288,902	**266,685**

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

13. OTHER NON-CURRENT AND CURRENT ASSETS (Continued)

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

	2019	2018
Other assets	116,646	14,988

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

	2019	2018
	2.75%	3.00%

Prepayments for VAT are refunded from the Tax authorities on a regular basis.

14. CASH AND CASH EQUIVALENTS

(In thousands of Denar)

	2019	2018
Cash balances held with banks	354,960	432,491
Cash in hand	993	992
Other	1,395	328
	357,348	433,811

15. SHARE CAPITAL

	Number of shares	Ordinary shares	Treasury shares	Total	Shares premium
At 1 January 2018	**1,416,612**	**2,220,127**	**(23,032)**	**2,197,095**	**-**
Purchase of treasury shares	-	-	-	-	-
As 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)
As 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 per share. All issued shares are fully paid in.

During 2019 the Parent 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 of which 3,228 are priority shares and 59 are ordinary shares.

16. OTHER RESERVES

(In thousands of Denar)

	Transfer of reserves	Property, plant and equipment	Investments in equity instruments	Fund for shares	Total
At 1 January 2018	**(9,604)**	**919,549**	**659**	**228,916**	**1,139,520**
Effects from changes in accounting policy (Note 2.8, 2.24 and 6)	-	(244,683)	-	-	(244,683)
At 1 January 2018 (restated)	**(9,604)**	**674,866**	**659**	**228,916**	**894,837**
Increase (Note 10)	-	-	1,709	-	1,709
Transfer	-	(32,894)	-	-	(32,894)
Foreign exchange differences on translation of foreign operations	-	(14,805)	-	-	(14,805)
As at 31 December 2018	**(9,604)**	**627,167**	**2,368**	**228,916**	**848,847**
Increase (Note 10)	-	-	592	-	592
Transfer	-	-	-	(16,784)	(16,784)
Foreign exchange differences on translation of foreign operations	-	13,725	-	-	13,725
Revaluation of land (Note 6)		823,836	-	-	823,836
As at 31 December 2019	**(9,604)**	**1,464,728**	**2,960**	**212,132**	**1,670,216**

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 Investments in equity instruments are created based on valuation of investments. These reserves are not distributable to shareholders.
• Funds for shares are created from retained earnings based on the relevant decision of the Shareholder assembly and are distributable to shareholders if not utilized.

17. BORROWINGS

(In thousands of Denar)

	2019	2018
Non-current borrowings	312,812	284,212
Current borrowings	466,656	303,990
	779,468	588,202

The maturity of the borrowings is as follows:

(In thousands of Denar)

	2019	2018
Up to 1 year	466,656	303,990
Between 1 and 3 years	312,812	284,212
	779,468	588,202

The borrowings are denominated in following currencies:

(In thousands of Denar)

	2019	2018
EUR	363,347	398,703
MKD	415,912	189,499
Other	209	-
	779,468	588,202

The effective interest rates at the reporting date were as follows:

	31 December 2019			31 December 2018		
	EUR	USD	MKD	EUR	USD	MKD
Interest rates	6 month EURIBOR +0.6 – 2.5%	-	1.9– 2.8%	6 month EURIBOR +0.8 – 2.5%	-	2.2– 2.8%

18. RETIREMENT BENEFIT OBLIGATIONS

(In thousands of Denar)

	2019	2018
Retirement benefits	40,559	30,060

The retirement benefits are calculated based on the Group's legal obligation to pay two monthly net salaries to a vesting employee on the retirement date according to the actuarial calculation.

The amounts recognized in the Income statement are as follows:

(In thousands of Denar)

	2019	2018
Beginning of the year	**30,060**	**29,427**
Increase in calculation	10,499	633
Decrease in calculation	-	-
As at 31 December	**40.559**	**30,060**

The principal actuarial assumptions used were as follows:

	2019	2018
Discount rate	2.62%	3.98%

19. DEFERRED TAX

(In thousands of Denar)

	2019	2018
Deferred tax assets	5,353	20,557
Deferred tax liabilities	(120)	(166)
	5.233	20,391

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

(In thousands of Denar)

	2019	2018
At 1 January	20,391	17,612
Deferred tax included in the income statement	17,581	2,937
Realized deferred tax liabilities	(32,739)	(158)
As at 31 December	5,233	20,391

The movements on deferred tax assets and liabilities were as follows:

	Accruals	Fair value	Total
At 1 January 2018	17,612	-	17,612
Charged to the income statement	2,937	-	2,937
Realized deferred tax liabilities	(158)	-	(158)
As at 31 December 2018	20,391	-	20,391
Charged to the income statement	17,581	-	17,581
Realized deferred tax liabilities	(32,739)	-	(32,739)
As at 31 December 2019	5,233	-	5,233

20. TRADE AND OTHER PAYABLES

(In thousands of Denar)

	2019	2018
Trade payables	1,986,903	1,679,780
Customer's prepayments	22,107	24,072
Payables to employees	113,604	103,614
Dividends	9,304	9,304
Other payables and accrued expenses	284,719	175,343
	2,416,637	1,992,113

21. LEASE LIABILITY

(In thousands of Denar)

	2019	2018
Non-current	319,161	-
Current	154,364	-
	473,525	-

Maturity analysis	2019	2018
Not later than 3 months	44,845	-
later than 3 months and not later than 1 year	125,580	-
later than 1 year and not later than 5 years	316,737	-
later than 5 years	13,674	-
	500,836	-

22. PROVISION FOR OTHER LIABILITIES AND CHARGES

(In thousands of Denar)

	2019	2018
Provision for retirement benefits	10,499	633
	10,499	633

23. OTHER INCOME

(In thousands of Denar)

	2019	2018
Collected written-off receivables	588	7,547
Interest income	3,531	4,989
Foreign exchange transaction gains	141,020	152,987
Other income	99,880	137,108
	245,019	302,631

24. OTHER EXPENSES

(In thousands of Denar)

	2019	2018
Interest expenses	535	1,882
Foreign exchange transaction losses	108,752	217,581
Write off and shortage of inventory	125,075	89,700
Other expenses	73,805	98,240
	308,167	407,403

25. EXPENSES BY NATURE

(In thousands of Denar)

	2019	2018
Raw materials	2,953,140	2,650,378
Employee benefit expense	2,409,746	2,067,704
Depreciation and amortization	807,044	572,734
Energy	203,780	184,262
Impairment of trade receivables	6,481	6,445
Transportation	188,766	178,069
Changes in the inventories	(205,247)	(152,399)
Cost of trading goods	1,995,624	1,699,132
Other expenses	1,453,879	1,488,807
	9,813,213	8,695,132

26. EMPLOYEE BENEFIT EXPENSES

(In thousands of Denar)

	2019	2018
Gross salaries	2,079,222	1,795,638
Other employees benefits	330,524	272,066
	2,409,746	2,067,704
Number of employees as at 31 December	2,227	2,022

27. FINANCE EXPENSES

(In thousands of Denar)

	2019	2018
Foreign exchange transaction gains/(losses) on borrowings, net	7	(38)
Interest expense on lease liabilities	(19,480)	-
Interest expense on borrowings	(12,645)	(13,945)
	(32,118)	(13,983)

28. INCOME TAX

(In thousands of Denar)

	2019	2018
Current income tax	155,470	109,292
Net deferred income tax (Note 19)	17,581	(2,937)
	173,051	106,355

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

(In thousands of Denar)

	2019	2018
Profit before tax	1,200,931	982,749
Tax calculated at tax rate of 10%	120,093	98,275
Income not subject to tax	-	(2,048)
Tax on expenses not deductible for tax purposes	87,605	61,114
Tax allowances	(52,228)	(48,049)
Deferred income tax	17,581	(2,937)
Income tax	173,051	106,355

29. EARNINGS PER SHARE

(In Denar)

	2019	2018
Basic earnings per share		
Profit attributable to the shareholders (In Denar)	1,010,779,149	862,410,928
Weighted average number of shares outstanding	1,415,132	1,416,612
Basic earnings per share (in Denar)	**714.26**	**608.78**

30. DIVIDENDS

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

The dividends approved by shareholders on 8 April 2019 amounted to Denar 458,033 thousands. The approved dividends were paid and retained earnings appropriately decreased.

31. COMMITMENTS

Capital expenditures contracted for acquisition of property, plant and equipment at the reporting date but not yet incurred amount to Denar 264,322 thousand (2018: Denar 61,300 thousand).

32. CONTINGENCIES

The Group has contingent liabilities with respect to the guaranties issued to third parties in the amount of Denar 386,234 thousand (2018: Denar 316,724 thousand).

33. RELATED PARTY TRANSACTIONS

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

Key management compensations

No fees were paid to the Management Board members in 2019. In 2019, the amount of Denar 4,402 thousand was paid to the Supervisory Board members (2018: Denar 4,209 thousand). Total key management compensations amounted to Denar 242,584 thousand (2018: Denar 233,950 thousand).

34. EXCHANGE RATES OF PRINCIPAL CURRENCIES

Closing rates:

	31 Dec 2019	31 Dec 2018
EUR	61.49	61.50
RUR	0.89	0.77
USD	54.95	53.69
CHF	56.56	54.77

35. EVENTS AFTER THE REPORTING PERIOD

After the reporting date, there have been no events that would require additional disclosures in or any adjustments to the consolidated financial statements (adjusting events) until the date of their issuance.

CONTACTS

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