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 hereinbelow presenting the

operations of the Management Board in the course of the year

2018.

Within the reporting period, the Management Board performed

its activities within the framework of its competences and

in compliance with the valid legislation in the Republic

of Macedonia and the Statute of the Company; 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 2018; 33 (thirty-two) sessions were

held on which 142 (one-hundred-and-forty-two) 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 2017.

At the meetings, the Management Board was conducting

monthly reviews of the Income Statements of ALKALOID AD

Skopje done by cost center 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 maximum engagement and

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 2018, as well as those pertaining to the

period 1 January to 31March 2018; 1 January to 30 June

2018, 1 January to 30 September 2018 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 2019.

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. Taking into consideration

the improved functionality of company operations, the

Management Board passed decisions for changes and

amendments in the internal organization and the guideline on

systematization of work positions.

The Management Board also passed a decision on changes

and amendments on the analytical assessment of the work

positions in accordance with the new decision for raising the

value of the work position points for which 1st, 3rd and 4th

degree of education is required. These decisions enter into

force as of 1 January 2019. The Management Board and the

Union organization of Alkaloid AD Skopje passed a decision

for continuation of the validity of the collective agreement

with Alkaloid AD Skopje for a period of 2 (two) years as of 1

January 2019.

The Management Board passed Decisions for approval of

the financial report of the Foundation “Trajche Mukaetov” -

Skopje for year 2018 and approved the work program of this

Foundation for the year 2019. 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 limited liability

company ALKALOID RUS, representative office of ALKALOID AD

SKOPJE in Moscow, LLC ALKALOID KIEW, representative office

of ALKALOID AD SKOPJE in Ukraine, ALKALOID DOO Zagreb and

ALKALOID EOOD Sofia;

• Decisions to extend the term of office of the directors of

the companies founded by Alkaloid AD Skopje: ALKA-LAB

DOO Ljubljana, ALKALOID INT DOO Ljubljana, ALKALOID PHARM

Fribourg, ALKALOID Sh.P.K. Tirana and Ilac Ticared Limited

Sirketi Istanbul, Turkey.

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 2018 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 2018 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 2018, the Management Board of

ALKALOID AD Skopje, in the capacity of the Assembly of

Cofounders of ALKALOID CONS LTD Skopje, held 9 (nine)

meetings and passed 24 (twenty-four) 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 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 2018 and the

Independent Auditors’ Report along with the opinions issued

by the independent auditor Deloitte LTD Skopje;

• Decision for election of controller of the company;

• Decision for re-election of director of the company.

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, 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.

The work of the Management Board in the course of the year

2018 was within the frame of the competences determined

by the Law on Trade Companies and the Statute of Alkaloid AD

Skopje.