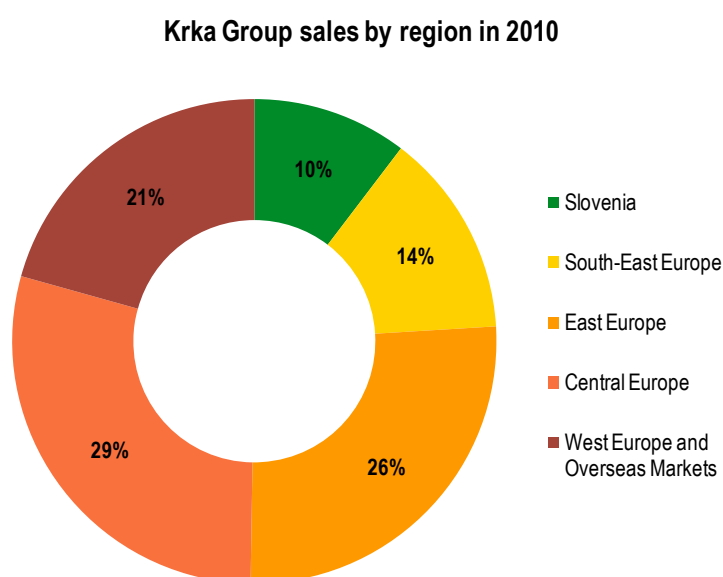


Krka's business performance in 2010

Novo mesto, 20 January 2011 – At a press conference today the Krka Management Board presented the sales results of the Krka Group and Company and the preliminary unaudited net profit of the Krka Company for 2010, which the Supervisory Board studied at its meeting yesterday. Jože Colarič, president of the Management Board, said that the Krka Company had sold products worth EUR 932.4 million, which is one tenth higher than in 2009. Krka Group's sales totalled EUR 1,010.0 million, an increase of 6% on last year's sales figures. The Krka Group therefore passed the billion euro threshold for annual sales for the first time. The net profit of the Krka Company (based on the provisional unaudited financial statements) will be approximately EUR 165 million. The net profit of the Krka Group should be slightly higher than the figure for the Company. The 2010 unaudited financial statements for the Krka Company and Krka Group will be published in early March.

Krka Group sales by region



In 2010 the Krka Group achieved sales of products and services worth EUR 1 010.0 million, EUR 905.4 million of which on markets outside Slovenia, which is 90% of Group sales. Sales growth was achieved in the sales regions of East Europe (up by 17%), Central Europe (10%) and South-East Europe (7%). Sales in Slovenia were 1% lower compared to 2009 sales, while in Region West Europe and Overseas Market they were down by 7%.

The Krka Group's largest sales region, with 29% of total sales, was **Region Central Europe**, where sales of EUR 293.7 million were generated. In Poland, which is the largest market in that region with 44% of Krka's central

European sales and one of Krka's key markets, product sales were worth EUR 130.3 million with sales growth of 16%. Double-digit sales growth was also achieved in this region on the markets of Hungary (21%) and Estonia (31%).

The second-ranking region by sales was **Region East Europe**, where sales were worth EUR 264.9 million, 26% share of the Group's overall sales. Compared to the previous year, sales increased on most markets in the region. In the Russian Federation, the largest market in this region and also the Krka Group's largest single market, product sales were worth 191.7 million with growth of 13%. Among the larger markets, double-digit growth was achieved in Ukraine (up by 65%), Uzbekistan (38%), Kazakhstan (14%) and Georgia (14%).

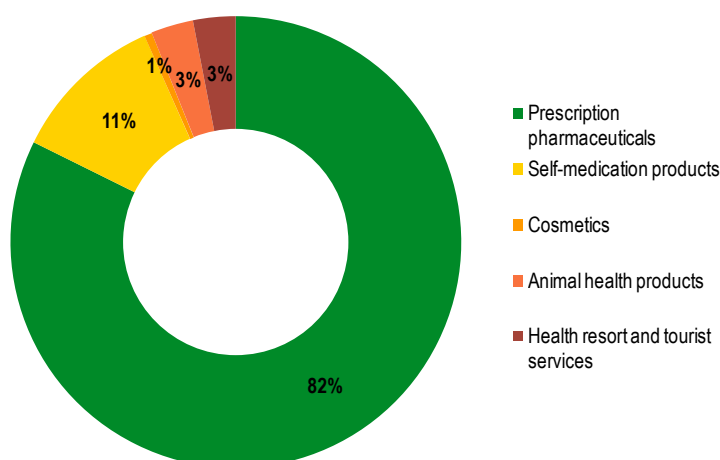
The third largest area by sales generated was **Region Western Europe and Overseas Markets**, where sales were worth EUR 208.8 million, which is 21% of overall Group sales. The most important markets falling within this sales region are Germany, the Nordic countries, France, the United Kingdom and Portugal. Compared to the previous year, sales grew strongly in Portugal and Spain, the Nordic countries, Benelux, the Arabian Peninsula and in Iran.

In **Region South-East Europe** product sales were worth EUR 138.0 million, 14% of overall Group sales. The largest market in this region, with sales of EUR 41.2 million, was Croatia, followed by Romania, where sales increased by a quarter to EUR 40.0 million. Double-digit growth was also recorded in Macedonia and Montenegro.

In **Slovenia** the Krka Group's sales of product and services were worth EUR 104.6 million, which is one tenth of overall Group sales. The main contribution to the sales generated came from prescription pharmaceuticals, while the Terme Krka Group's sales of health and tourism services totalled EUR 30.8 million, which is 7% down on the previous year. The fall in the Terme Krka Group's sales was due to the closure the Talasa Strunjan business unit for renovation work in the first half of the year.

Krka Group sales by product and service group

Krka Group sales in 2010 by product and service group



The most important product group in the Krka Group sales profile is **prescription pharmaceuticals**, sales of which were worth EUR 830.3 million, an increase of 5% compared to 2009. **Self-medication product** sales were worth EUR 111.7 million or one quarter more than on the previous year. Sales of **animal health products** totalled EUR 30.5 million, one tenth up on the 2009 figure, while sales of **cosmetic** products were worth EUR 5.6 million, a drop by over one fifth. Sales of **health and tourism services** totalled EUR 30.8 million, a fall of 7% that was largely the result of renovation work at the Talasa Strunjan spa resort at the beginning of 2010.

Krka Company's preliminary unaudited operating results

The Krka Company's 2010 preliminary unaudited net profit was EUR 165 million, which was 3% down on 2009. The operating profit was EUR 200 million, and the pre-tax profit was EUR 204 million, that is 5% down compared to the same figures for 2009. If for better data comparability of the two years involved, the impact of reversal of provisions in 2009 is eliminated, year 2010 recorded a two-digit growth of net profit in view of year 2009.

The unaudited financial statements for the Krka Company and Krka Group will be published in early March.

Research and development

In 2010 Krka acquired first market authorisations for 24 new products in 49 forms. Most new products are result of vertical integration of development and production processes, which enables Krka products to achievement long-term competitiveness on the market.

Market authorisations for prescription pharmaceuticals covered 14 new products in 33 pharmaceutical forms. The selection of pharmaceuticals for treatment of cardiovascular disease was supplemented with two new products: Tolura (telmisartan) in tablet forms in 3 strengths, and Candecor (candesartan) in tablet form in 4 strengths. Market authorisation was gained also for new pharmaceutical from the statin group, Sorvasta (rosuvastatin) in film-coated tablet form in 4 strengths.

The established brands Lorista, Valsacor in Prenessa have been supplemented with new combinations of losartan, valsartan and perindopril with diuretics. Market authorisations have been acquired in most European Union countries for the combined pharmaceuticals Lorista H, Valsacombi and Co-Prenessa.

Three new products were added to the range of gastrointestinal pharmaceuticals from the proton pump inhibitor group. Market authorisation was also acquired for esomeprazole and rabeprazole in the form of gastroresistant capsules in 2 strengths and for pantoprazole in powder form for preparation as an injection solution, which is a new pharmaceutical form, offering a new method for administering an established active substance.

The range of pharmaceuticals for the treatment of diseases of the central nervous system has been expanded, including the new pharmaceutical ropinirole in prolonged release tablet in 3 strengths, with a patient-friendly once-a-day dosage. In the Russian Federation, Krka acquired market authorisation through national procedures for a new medicine from the antipsychotic group, aripiprazole fumarat, with 4 strengths in tablet form.

Market authorisation was gained for the new product Asolfena (solifenacin) in film-coated tablet form in 2 strengths. It is used to treat symptoms of an excessively active bladder. The existing brand Tanyz (tamsulosin) was expanded

with market authorisation in several European Union countries for new pharmaceutical forms: film-coated tablets with adapted release Tanyz ERAS. Tanyz is used to treat benign prostatic hyperplasia.

National procedures are also underway. These are important in assuring the supply of a good selection of new products in eastern and southeastern European countries.

Krka has also expanded its self-medication product range, with two new products belonging to one of the key Krka brands, Septotele. Market authorisation was acquired for the new strawberry flavour Septotele Plus in pastille form, and for Septotele Plus spray in Slovenia, Estonia, Lithuania and Latvia for the first time. A new pharmaceutical spray form offers immediate action on the membrane enabling effective mitigation of pain or discomfort.

Notifications were acquired for the products Pikovit Omega 3 and Pikovit Prebiotik in the Russian Federation. Notification was acquired on the markets of the Russian Federation, Kazakhstan and Ukraine for Orsosl原因 capsules, which is a product that helps reduce or regulate body weight. Market authorisation was acquired in Ukraine for Bilobil intense capsules and Herbion Ginseng in capsule form.

Decentralised procedures were used to gain market authorisation for 7 new animal health products in 11 forms, while in the cosmetics sector the market possibilities of the Fitoval brand were broadened.

Investments

The Krka Group allocated EUR 114.3 million to investment in 2010, of which EUR 91.7 million was invested by the controlling company and EUR 22.6 million by subsidiaries.

In April Krka opened modern capacities with separate plants for syrup production and biocides at the Bršljin in Novo mesto. The value of this investment was EUR 26 million.

In November a renovated and expanded high-bay packaging warehouse in value of EUR 3.4 million was opened. Exterior of new warehouse capacity has been used to install a solar power plant.

The largest current Krka investment is the construction of a plant for production of solid pharmaceutical forms at the Krka complex in Ločna, which will increase plant's capacity to 2.5 billion capsules, tablets or coated tablets per year. The first production line is set for start-up in the second quarter 2011. The estimated value of investment is EUR 91 million.

In September 2009 work started on construction of the new research and control centre (RKC-3), which is build for research and development activities and which will include state-of-the-art laboratory equipment to monitor the quality of input materials, intermediate products and finished products. The move to the new premises is planned for the second quarter of 2011. The estimated value of the entire investment is EUR 22 million.

In the Russian Federation Krka will modernise and expand the logistics centre, and construct a new solid dosage pharmaceutical production plant, which will support the flexible and modular development of production capacity in a number of phases. The building permits were acquired and the implementation plans produced during 2010. Production is scheduled to start in 2013.

Tablet and capsule packaging capacity at the TAD Pharma and Krka Rus subsidiaries was increased with the purchase of new packaging lines. The lines started operating in October 2010.

In the Terme Krka Group, accommodation and pool capacity and healthcare facilities were expanded at the Hotel Strunjan.

Employees

At the end of 2010 the Krka Group had 8569 employees, 4459 (52%) of which in Slovenia and 4110 (48%) outside Slovenia. The number of employees in the Krka Group increased by 594 compared to 2009 (7% growth). The Krka Company had 4533 employees, 3784 in Slovenia and 749 in representative offices abroad.

The number of employees outside Slovenia increased by 377 or around one-tenth. In Slovenia the number of employees was up by 217 (5% growth).

Over half of all employees in the Krka Group had a least a first university degree by the end of 2010.

Shares and shareholders

The Krka share price on the final of trading in 2010 stood at EUR 62.95, which is nearly 2% down on the end of 2009 when it was EUR 64.04. At the same time the Slovenian Blue Chip Index (SBI TOP) fell by more than 13%. The growth in the Krka share price over the past five years has significantly exceeded the SBI TOP index and the global index for the sector, S&P Global Healthcare.

In 2010 average daily turnover of Krka shares on the Ljubljana Stock Exchange was EUR 0.7 million and fell by 10% compared to 2009. Average daily turnover in volume fell by over 20%. Krka shares stayed nevertheless the most traded security on the Ljubljana Stock Exchange.

At the end of 2010 Krka had 79,296 shareholders, which is 4% lower than at the end of the previous year. The largest increase in ownership share by group over the past year has been for international investors, increasing from 9.7% to 13.0%, while the share held by Slovenian investment companies and funds fell from 7.0% to 5.0%, and the share held by other Slovenian business investors dropped from 8.9% to 8.6%. The ownership share of SOD (Slovenska odškodninska družba) and KAD (Kapitalska družba) with PPS remained unchanged.

In the second half of 2010, Krka purchased treasury shares in line with a resolution of the 14th AGM in 2009. In 2010 Krka bought 35,661 treasury shares. On 31 December 2010 Krka had 1,662,281 treasury shares, representing 4.7% of equity.

The market capitalisation of the Krka Company at the end of last year was EUR 2.2 billion.