



PRESS RELEASE

16th General Meeting of Krka, d. d., Novo mesto

Otočec, 7 July 2011 -The 16th General Meeting of Krka, tovarna zdravil, d. d., Novo mesto took place today at 13.00 at the Hotel Šport in Otočec. Shareholders were informed of the Management Board's annual report, as well as the remuneration of Management and Supervisory Board members, the result of the verification of the 2010 Annual Report and its approval. They passed a resolution on the appropriation of the accumulated profit for 2010 and issued discharge of liability for the Management and Supervisory Board for 2010.

Significant achievements in the first half of 2011

The Chief Executive and President of the Management Board, Jože Colarič, informed the General Meeting of Krka's operations over the first half of the year.

Sales

The Krka Group sold products and services in the first half of 2011 worth EUR 528.8 million, which is EUR 28.8 million or 6% up on the first half of last year. Sales on markets outside Slovenia represented 90% of overall Group sales and were worth EUR 477.2 million, which was EUR 28.0 million higher than in first half of 2010. Sales by the Krka Company were worth EUR 488.7 million, growth of 2%.

The Krka Group's highest-ranking region by sales was Region Central Europe, where sales were worth EUR 156.4 million, a 30% share of the Group's overall sales. Sales in this region were EUR 0.9 million or 1% higher than for the comparable period last year. It is followed in sales volume by Region East Europe, with EUR 134.6 million or a 25% share of Group sales. Sales in the region were up by EUR 14.8 million or 12% on the comparable period last year which is the highest relative and absolute growth of any Krka sales region. Sales in Region West Europe and Overseas Markets were worth EUR 112.6 million, an increase of 7% or EUR 7.5 million on the same period last year. Sales in this



region represented 21% of overall sales. Sales in Region South-East Europe were worth EUR 73.5 million and represented 14% of Group sales, with growth of 7% on the first half of last year. Sales in Slovenia worth EUR 51.6 million, which is 2% higher than for the same period last year, represented one-tenth of overall Krka sales. The largest individual market is the Russian Federation, with sales of EUR 92.8 million. Sales on this market grew by 5% compared to the first half of last year.

Investments

The Krka Group allocated EUR 53.1 million to investment in the first half of the year, with EUR 45.5 million invested within the Krka Company, and EUR 7.6 million in subsidiaries. In April construction started on the first line of the new EUR 91million worth plant for the production of solid pharmaceutical forms (the OTO plant), which will increase capacity to 2.5 billion capsules, tablets or coated tablets per year. In the first half of the year the construction of the new Research and Control Centre (RKC-3) was also completed. This will expand research and development in terms of quantity and quality, and ensure the quality and control of incoming materials, bulk products and finished products in line with the good laboratory practice standards for new production capacity. The most important investments currently underway include increasing ampoule capacity to 130 million per year, putting in place flavoured veterinary tablet production with capacity for 80 million tablets per year, and increasing the flexibility and productivity of the Sinteza 4 plant and the range of products that can be produced simultaneously in the plant. Work began in February on the construction of a new distribution centre and a new solid dosage pharmaceutical production plant in the Russian Federation, which will support the flexible and modular development of production capacity in several phases.

Employees

At the end of June, the Krka Group had 8823 employees, which is 254 employees or 3% more than at the start of the year. The Krka Company in Slovenia had 3842 employees, with 4271 in representative offices and subsidiaries abroad, 660 in the Terme Krka Group and 50 in the GRS Farma company. Over 48% of all Krka staff is employed outside Slovenia, while 52% have at least a university level education.



Shares

The Krka share price on 30 June 2011 was EUR 60.00 falling by 4.7% compared to the start of the year. Over the same period the Slovenian blue chip index fell by 12.7%. At the end of June 2011 Krka had a total of 75,396 shareholders. The ownership share of international investors increased by 1.5 percentage points to 14.5%. In line with the approval of the 14th AGM, Krka started to purchase own shares in the second half of 2010, which it continued into 2011. In the first half of 2011 Krka bought back 192,081 own shares worth a total of EUR 11,738,229. At the end of June 2011 Krka held 1,854,362 own shares, representing 5.2% of share capital. The Management Board is planning to list Krka shares on stock exchanges outside Slovenia, therefore it also proposed that the General Meeting pass a resolution enabling the disposal of own shares for listing on stock exchanges outside Slovenia, in addition to the current two possibilities of disposal, i.e. exchange for equity-stakes in other companies as part of the takeover strategy and the sale to a strategic partner.

Resolutions passed by the General Meeting

The resolutions passed included approval of the dividend level in the motion made to the General Meeting, meaning shareholders will receive a dividend of EUR 1.4 gross, while the remainder of the accumulated profit was allocated to other revenue reserves and to be carried forward to the next year. The dividend payout to shareholders will start within 60 days after the General Meeting, on the basis of data in the share register on 12 July 2011.

Shareholders also discussed a motion on payments to supervisory board members. Shareholders have now decided that supervisory board members are entitled to attendance fees for participation in individual meetings as well as annual payment for their work on the Supervisory Board. Shareholders also discussed an authorisation for the Management Board to acquire own shares. They decided to annul a resolution passed by the General Meeting two years ago and replace it with a new one: the management board may therefore acquire own shares worth up to 10% of all shares for the following three



years. The usage of own shares has been expanded so the Management Board may also use them to list Krka shares on stock markets outside Slovenia. It should be mentioned that this usage of own shares means that the right of priority of existing shareholders in the disposal of own shares is therefore excluded.

Finally, shareholders discussed a motion to appoint an auditor. The auditor proposed by the Supervisory Board was approved and the auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana was appointed as the auditor for 2011.

Krka's Management Board will publish the resolutions passed in Saturday's *Delo* newspaper and on SEOnet.