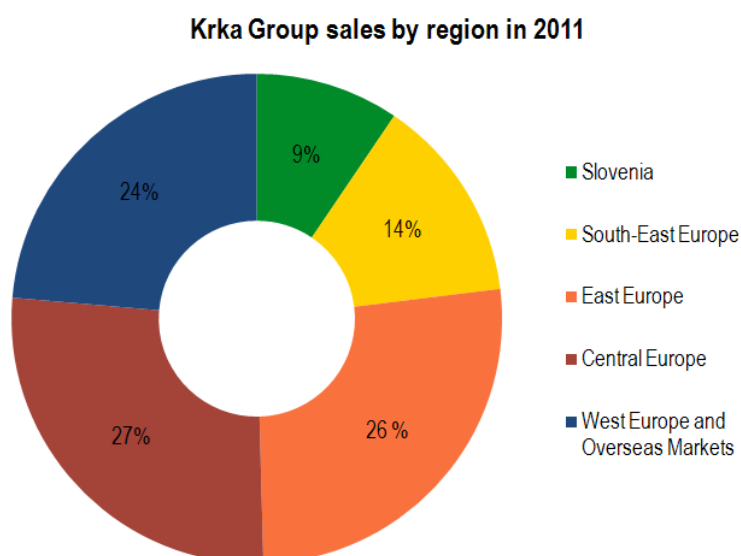


Krka's business performance in 2011

Novo mesto, 19 January 2012 – The Management Board of Krka Company held a press conference today presenting to the public the sales results of the Krka Company and the Krka Group and the preliminary unaudited net profit of the Krka Company for 2011, which the Krka Supervisory Board had discussed at its yesterday's meeting. President of the Management Board Jože Colarič told the press that Krka Company sold EUR 957.6 million worth of products in 2011, 3% more than in 2010. Krka Group sales were worth EUR 1,075.6 million, up 6% compared to 2010. On the basis of preliminary unaudited financial statements Krka expects to report EUR 150 million of net profit on behalf of the Krka Company, while net profit of the Krka Group is expected to achieve the planned value of EUR 162 million. Unaudited financial statements for the Krka Group and the Krka Company, for the full year 2011, will be released at the beginning of March.

Krka Group sales by region



The Krka Group sold EUR 1,075.6 million worth of products and services in 2011, of which EUR 973.8 million or 91% came from sales outside Slovenia. Sales growth was recorded in Krka's sales regions West Europe and Overseas Markets (up 22%), East Europe (up 8%) and South-East Europe (up 6%). In Region Central Europe sales were down 2% compared to the figures reported for 2010, and in Slovenia they were down 3%.

Krka's leading sales region remains Region **Central Europe**, which contributed 27% or EUR 288.2 million to overall sales. The single largest market of the region is Poland, which is one of Krka's key markets. Krka sold EUR 109.0

million worth of products in Poland in 2011, which is 16% less than in 2010. The reason for the drop in sales is changes in legislation related with prescribing medicines, which started in 2011 and is continuing. Double-digit sales growth in the region was recorded in the Czech Republic (up 18%) and Hungary (up 12%).

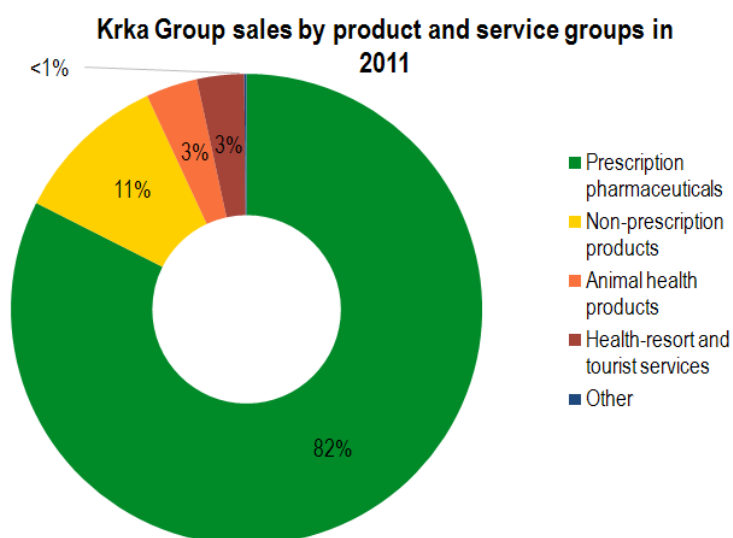
The second largest region in terms of sales is Region **East Europe**, where Krka generated EUR 285.2 million or 26% of its overall sales. Sales were up compared to the figures recorded last year in all markets of the region apart from Uzbekistan. In the Russian Federation, the largest market in the region as well as Krka's largest single market, Krka sold EUR 195.3 million worth of products, up 2%. Larger markets in this region that recorded double-digit sales growth were Ukraine (up 29%), Kazakhstan (up 31%) and Moldova (up 20%).

Third in terms of sales is Region **West Europe and Overseas Markets**, where Krka made sales worth EUR 254.2 million. This stands for 24% of overall Group sales. In addition to Germany, Scandinavia, Portugal and Austria, in the second half of 2011 Krka started marketing products under its brand name in Ireland as well. Having contributed over EUR 73 million to the region's sales, Germany is the most important market in this region. Sales in Germany were up 41% year-on-year. The other important markets in this region where Krka recorded double-digit sales growth in 2011 were France (up 18%), the UK and Ireland (up 44%), Italy (up 55%) and Spain (up 113%).

In Region **South-East Europe** Krka sold EUR 146.1 million of products, which stands for 14% of overall Group sales. The region's largest market is Romania, which generated EUR 48.6 million of sales, up 21%. The runner up is Croatia, where Krka made sales worth EUR 36.0 million. In Serbia and Montenegro they also recorded double-digit sales growth.

In **Slovenia** Krka sold EUR 101.8 million of products and services, which is 9% of overall Group sales. The best-selling product group were prescription pharmaceuticals.

Krka Group sales by product and service groups



Krka's most important group of products in terms of sales value remain **prescription pharmaceuticals**. They contributed EUR 886.9 million to overall sales in 2011, up 7%. The best-selling prescription pharmaceuticals in 2011 were again Atoris (atorvastatin) and Enap (enalapril), followed by Lorista (losartan). The top ten best-selling prescription pharmaceuticals in 2011 also include Prenessa/Perineva (perindopril), Nolpaza (pantoprazole), Zyllt (clopidogrel), Emanera/Emozul (esomeprazole), Zalasta/Zolrix (olanzapine), Lanzul/Lansoptol (lansoprazole) and Valsacor (valsartan). In absolute terms sales increased most for Emanera/Emozul (esomeprazole), followed by Zalasta/Zolrix (olanzapine)

and Rolpryna SR/Ralnea SR (ropinirole).

The sales of **non-prescription products** were worth EUR 114.1 million, down 3% year-on-year. This product group includes the former group of self-medication products and cosmetic products, which were joined into a single group under a new name because the product portfolio was restructured, leaving cosmetic products represented by only hair and scalp treatment products. The sales of **animal health products** amounted to EUR 38.1 million, up 25% compared to the figure for 2010. **Health-resort and tourism services** generated EUR 34.8 million of sales value, up 13% year-on-year. The Group made an additional EUR 1.7 million of other sales revenues.

Estimated profit of Krka Group and preliminary unaudited results for the Krka Company

Estimated net profit of the Krka Group is expected to achieve planned value of EUR 162 million. Achieved profit was influenced by negative exchange differences. Operating profit is expected to be 2-3% higher than in 2010.

The Krka Company preliminary unaudited net profit for the full year 2011 amounts to EUR 150 million. Operating profit amounts to EUR 183 million, while profit before tax amounts to EUR 180 million. Profits of Krka Company are lower than in 2010.

Unaudited financial statements for the Krka Group and the Krka Company will be released at the beginning of March.

Research and development

In 2011 Krka acquired first marketing authorisations for 19 new products in 44 pharmaceutical dosage forms and strengths: 9 new prescription pharmaceuticals, 6 new non-prescription products and 4 new animal health products. In several countries Krka also obtained 855 new marketing authorisations for various products.

With respect to prescription pharmaceuticals, Krka obtained a marketing authorisation for the fixed-dose combination of perindopril and amlodipine (Amlessa), and for the fixed-dose combination of valsartan and amlodipine. Due to the synergies and complementary activity of perindopril and amlodipine, this combination has a strong anti-hypertension effect, offers better protection for the target organs, minimises adverse effects and ensures improved patient cooperation during treatment. Valsartan and amlodipine also complement each other's effects and thus offer effective and safe treatment: the patient-friendly combination makes it possible for the patient to take a single tablet, which improves patient cooperation and helps patients stay dedicated to a longer-term treatment.

Applying the decentralised procedure Krka obtained a marketing authorisation for atorvastatin (Atoris) in the form of film-coated tablets, in three new strengths. The new combinations of candesartan and irbesartan with the diuretic hydrochlorothiazide (Candecombi/Karbicombi and Ifirmacombi) supplement and consolidate the established Krka brands Candecor, Karbis and Ifirmasta.

Krka obtained a marketing authorisation for antiepileptic levetiracetam, which may be used independently or to support other treatment of epileptic seizures, and for galantamine (Galsya/Galnora) in the form of capsules with sustained release, in three strengths, which is used for symptomatic treatment of mild to moderate Alzheimer's dementia.

The new antihistamine desloratadine alleviates the symptoms of allergic rhinitis and urticaria without causing sleepiness. The combination of two analgesics, Doreta, was offered in a new dosage so that a single film-coated tablet suffices to ease the symptoms of moderate to serious pain. Krka added another prescription pharmaceutical to its portfolio: pioglitazone in tablet form, in three strengths, which treats type 2 diabetes.

With respect to non-prescription products, Krka finalised the marketing authorisation procedures for the following new products: Orlistat 60 mg capsules (Orsoten slim), a recommended aid to adults trying to lose weight, Herbion ivy syrup, which dilutes thick mucus in the respiratory tract, chewable tablets Pikoplus 11+ for girls and Pikoplus 11+ for boys, Palprostes in the form of soft gel capsules, recommended to aid in the complex therapy for benign prostatic hyperplasia, Fitoval intense and Fitoval maintenance dermatological anti-dandruff shampoo.

Krka also obtained marketing authorisations for four new animal health products: Dehinel plus XL and Dehinel plus flavour tablets, treating internal parasite infestations in dogs, marbofloxacin (Marfloxin/Quiflox), treating bacterial infections in cattle and pigs, fipronil (Fypyrst) in the form of pour-on skin solution, and tiamulin (Entemulin), preventing and treating chronic respiratory disease in poultry as well as treating gastrointestinal and respiratory infection in pigs.

Investments

Krka spent EUR 106.6 million on investments in 2011, of which the controlling company invested EUR 77.6 million and subsidiaries EUR 29.0 million.

The new solid dosage pharmaceutical production plant OTO is worth EUR 91 million, which makes it the Group's largest investment in the last three years. Construction at the main location in Ločna, Slovenia, started back in June 2009 with production on line one opening in April 2011. The new large scale production plant for tablets and capsules has increased Krka's production capacity to 2.5 billion tablets, coated tablets or capsules per year in two shifts.

The construction of the new development and control centre RKC 3 (worth EUR 22 million) began in September 2009 and was completed in June 2011. RKC 3 is intended to support strengthening of Krka R&D, in terms of quantity and quality, as well as to foster the quality and control of incoming materials, semi-processed products and end products, pursuant to the standards of good laboratory practice of the new production facilities.

The additional technology installed into Krka's production plant Sinteza 4 has increased its flexibility and productivity as well as expanded the range of products the plant can generate simultaneously. The solution and emulsion production plant has been renovated to now house the production of a semi-product and blister packaging of animal health flavoured tablets in compliance with good manufacturing practice (GMP). After the installation of a new blister pack production line and other technological equipment in 2012, production capacities will increase to 80 million tablets per year.

In February 2011 Krka began in the Russian Federation building of a new distribution centre and a new solid dosage plant, which allows the flexible, modular construction of production facilities step by step. The plant's capacity will be 1.8 billion tablets and capsules per year. The investment is worth EUR 135 million. Production in the new plant is planned to start in 2013.

In a project strengthening the pharmaceutical industry, Krka and partners founded in January 2011 the company Farma GRS, d. o. o. for which they are setting up new R&D and production facilities at Krka's locations in Ločna in Novo mesto, Slovenia. The project is partly funded through the European Regional Development Fund and is worth EUR 45 million. The principal objective of the newly founded company is to set up the infrastructure for developing new products and technologies related to pharmaceutical chemistry and technology.

Employees

At year-end 2011 the Group had 8,948 employees, of which 4,603 (51%) worked in Slovenia and 4,345 (49%) abroad. Compared to the figures from a year ago, the number of employees at Group level had increased by 379 or 4%.

The number of Krka's employees working outside Slovenia increased by 235 or 6%, while in Slovenia it increased by 144 or 3%. In Slovenia most new staff was needed in the product supply and R&D departments, while abroad Krka mainly strengthened its marketing and sales teams.

Over a half of all members of the Krka Group team at year-end 2011 held a bachelors' degree or higher.

Shareholder information

On the final trading day in 2011 Krka traded at EUR 52.90 at the Ljubljana Stock Exchange, down 16% on year-end 2010 when it traded at EUR 62.95. In the same period the Slovene blue chip index (SBI TOP) lost 31%. At year-end 2011 Krka had a market capitalisation of EUR 1.9 billion.

In 2011 Krka, which is listed on the Ljubljana Stock Exchange, generated an average daily trading volume of EUR 0.7 million. Krka is still the share that changes hands most often at the Ljubljana Stock Exchange.

At the end of 2011 Krka had a total of 72,720 shareholders, which is 8% less than at year-end 2010 when there were 79,296. In the reported period international investors increased their holdings most, to 16% of all issued shares.

Pursuant to the authorisation granted by the AGM, Krka started acquiring own shares in the second half of 2010 and has continued the buyback into 2011. Krka repurchased 362,836 own shares at the Ljubljana Stock Exchange in 2011. At year-end 2011 Krka held 2,025,117 own shares, which stands for 5.7% of the value of its share capital. Gross dividend paid to Krka shareholders in 2011 was EUR 1.40 per share.

By the end of June 2012 Krka intends to dual list on the Warsaw Stock Exchange. In the event of unfavourable conditions in the international capital markets, the dual listing may be postponed or cancelled.