



PRESS RELEASE

Krka increases its sales by 19%

Novo mesto, 3 April 2008 – At a regular meeting yesterday, the Krka Company's Supervisory Board studied the sales results for the Krka Group and Krka Company for the first quarter of 2008. The Krka Group's sales during the first quarter of 2008 were up by 19% on the same period last year, while Krka Company sales were up by 15%. The Krka Group achieved sales of products and services worth EUR 243.7 million, while the Krka Company's sales were worth EUR 210.1 million.

Krka Group sales for the first quarter of 2008

In recent times, the proportion of exports in overall Group sales has continually increased, and this trend extended into the first quarter of 2008. The Group exported products worth EUR 218.9 million, representing 90% of overall sales.

The highest sales achieved by region in from January to March 2008 were in **Central Europe**, where sales were worth EUR 66.8 million. This represents 28% of overall Groups sales, and growth of 20%. The most important market in this Krka region is Poland, with sales worth EUR 29.1 million, while the highest growth figures were achieved in Slovakia (57%), the Czech Republic (28%) and Latvia and Hungary (17%).

The second-ranking region by sales, with a 25% share, is Region **East Europe**, where sales were worth EUR 60.1 million, growth of 16% compared to the same period last year. This region includes Krka's largest single market – the Russian Federation – and sales there for the period reached EUR 42.3 million which means growth of 18%.

In Region **Western Europe and Overseas Markets** sales were worth EUR 54.5 million, an increase of 51% on the same period last year. The company TAD Pharma, which the Krka Company acquired in November 2007, contributed to strengthening the position on the German market and growth in this region. Region Western Europe and Overseas Markets represents 22% of overall Group sales.

Sales were up by 7% in Region **South-East Europe** in the first quarter of the year. Sales in the region totalled EUR 37.5 million, representing more than 15% of Group sales for the quarter. The largest market in the region remains Croatia, where sales reached EUR 12.5 million, followed by Romania, with EUR 10 million.

Sales on the **Slovenian market** fell slightly to EUR 24.9 million, which is 10% of overall Group sales.

The most important product group is **prescription pharmaceuticals**, with sales revenues of EUR 200.2 million, representing 82% of overall Group sales. **Self-medication product** sales were worth EUR 27.3 million (11% of Group sales) in the first quarter of 2008, **animal health product** sales were worth EUR 6.6 million (3% of Group sales), and sales of **cosmetics** EUR 2.4 million (1% of Group sales). Sales of **health resort and tourist services** came to EUR 7.0 million, which represents 3% of overall Group sales, while growth in sales of such services compared to the same period last year was also 3%. The sales results were exceeded in every product group, compared to the same period last

year: up 20% for prescription pharmaceuticals, 19% for self-medication products, 21% for animal health products, and 4% for cosmetics.

Krka Company sales for the first quarter of 2008

The Krka Company generated sales of products and services worth EUR 210.1 million (15% growth). Sales in Slovenia were down 6% compared to the first quarter of 2007, and represent 8.3% of overall Company sales. Sales on markets outside Slovenia increased by EUR 28.3 million, an increase of 17%.

Investment

The Krka Group allocated over EUR 30 million to investment in the first quarter of 2008. The two largest investments by value were the third phase of the Notol project, which will expand the packaging facility so that new packaging lines to be installed, and the purchase of land to continue expansion of production capacity.

Employees

The number of employees in the Krka Group rose by 429, or 6%, in the first three months of the year. At the end of the first quarter of 2008, the number of employees in the Krka Group was 7,206, with 5,005 employed within the Krka Company, 1,511 in subsidiaries abroad, and 650 in the Terme Krka group. As in past years, the first quarter of this year also saw recruitment increase primarily in the first of marketing and sales at home and abroad, and in research and development.

A total of 3,312 Krka employees now work outside Slovenia, which is 46% of all employees in the Group.

Proposal on the use of the 2007 accumulated profit

At its meeting the Supervisory Board prepared a proposal on the use of the 2007 accumulated profit, together with the Management Board. It will therefore be proposed to the Company's General Meeting that the Krka Company's accumulated profit for 2007 of EUR 118,436,389.59 EUR be allocated as follows:

- to dividends EUR 30,757,545.00 (EUR 0.91 for share), which means almost 14% growth compared to dividends in last year,
- to supervisory board profit participation EUR 69,000.00 gross,
- to other profit reserves EUR 43,804,922.30,
- to carry forward to the next year EUR 43,804,922.29.

The operating results for the Krka Group and the Krka Company, Novo mesto are set to be published on 15 May 2008.