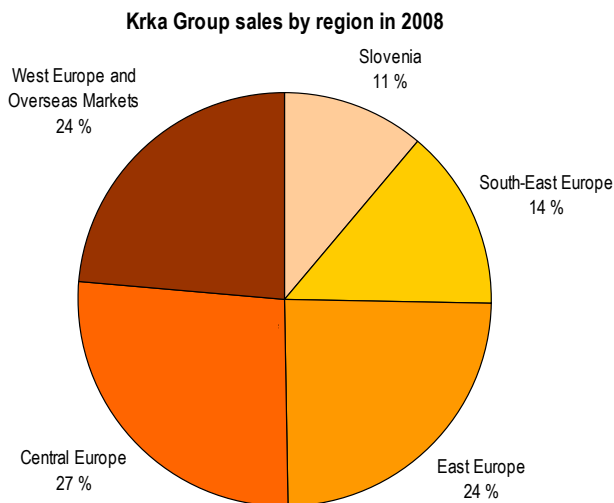


## Krka's 2008 Operations

Novo mesto, 22 January 2009 – At a press conference today, the Krka Management Board presented the operating results for the Krka Company and the Krka Group in 2008, which were discussed and assessed as positive by the company's Supervisory Board yesterday. Jože Colarič, President of the Management Board, announced that the Krka Company had sold products worth EUR 826 million, which is 20% higher than in 2007. Sales of the Krka Group were 22% higher than in 2007 at EUR 950 million. Net profit will be within planned EUR 160 million. Unaudited financial statements of the Krka Group and Krka Company will be released at the end of February. Supervisory Board appointed Jože Colarič to act as President of the Management Board for the new six-year mandate.

### Krka Group sales by region



In 2008 the Krka Group sales were EUR 949.9 million, hereof sales of product and services outside Slovenia were EUR 845.5 million, which represents 89% of total Group sales. Sales grew in all five Krka sales regions; highest sales growth of 39% was achieved in Region Western Europe and Overseas Markets, 27% in Region East Europe and 25% in Region Central Europe.

In the Krka Group's largest sales region, **Region Central Europe** (which represents 27% of overall sales), sales were EUR 253.6 million, 25% higher than in 2007. In Poland, which is the largest individual market in the region (48% of the region's sales), and a key Krka market, product sales were EUR 122.2 million,

growing 28%. Sales generated in the Krka subsidiary, Krka Polska, significantly contributed to this result. Double-digit growth was also achieved on other markets in the region; Slovakia stands out with its 46% growth.

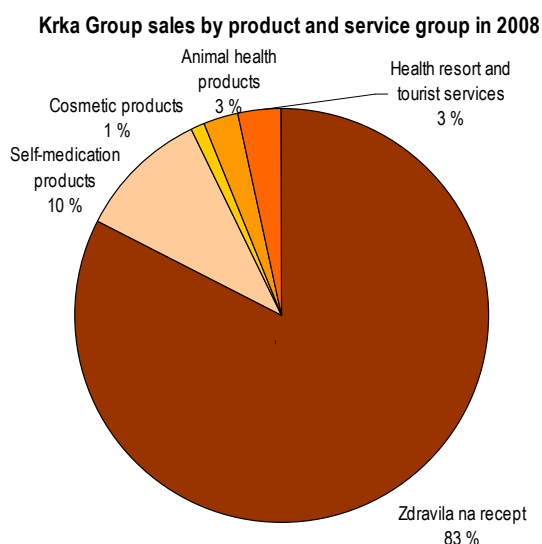
Sales on the markets of **Region East Europe**, the second largest Krka sales region with 24% of overall sales, were EUR 232.2 million. Compared to 2007 the sales increased on every market in the region. Sales in the Russian Federation, the largest in the region and Krka's largest individual market, were EUR 158.1 million (30% growth). In Russian Federation successfully operate production-distributional centre Krka Rus. Ukraine is the second largest market in the region, and Krka Group sales there were EUR 44.7 million, with growth of 22%.

The third largest sales region is Region **Western European and Overseas Markets**, where sales were EUR 224.3 million. In this region the highest relative growth (39%) and the highest absolute growth in sales (EUR 63.4 million) were achieved. The most important markets in the region are Germany, France, the United Kingdom, Italy, the Nordic countries, and Benelux. Significant sales growth compared to the previous year was achieved in Germany, with sales contribution of subsidiary TAD Pharma, as well as in France and Austria.

Product sales in **Region South-East Europe** were EUR 135.4 million, growth of 2%. The largest market in the region is Croatia, where sales were EUR 47.9 million, up EUR 2.8 million or 6% on the previous year. In Croatia successfully operates subsidiary Krka Farma Zagreb where we produce some products for several markets. Sales increased on every market in the region, except Romania.

In **Slovenia** the Krka Group sold products and services worth EUR 104.4 million in 2008, growth of 3% on the previous year. The largest contribution to the sales generated came from prescription pharmaceuticals, while sales of health and tourism services within the Terme Krka Group were worth EUR 32.5 million or 6% higher than in 2007.

### Sales by product group



Krka's most important product group remains **prescription pharmaceuticals**. Their sales were EUR 782.2 million and increased by EUR 151.4 million or 24% compared to 2007. **Self-medication products** were EUR 99.2 million, an increase of EUR 15.6 million or 19% more than in 2007. Sales of **cosmetics** were EUR 10.0 million, remaining at the 2007 level, while **animal health products** were EUR 25.1 million, representing growth of 2%. Sales of **health and tourism services** by the Terme Krka Group were EUR 32.5 million, an increase of EUR 1.8 million or 6%.

### Unaudited Operating Results

Unaudited financial statements of the Krka Group and Krka Company will be published at the end of February. According to preliminary unaudited data the net profit will be within planned EUR 160 million.

### Research and development

In 2008, Krka acquired first marketing authorisations for 21 new products in 36 pharmaceutical forms. Krka also acquired 637 market authorisations for various products across a number of different markets. The highest number of market authorisations was achieved via DCPs (Decentralised Procedure) and MRPs (Mutual Recognition Procedure). Eight DCPs and six MRPs were concluded, achieving significant market authorisations for various products in key countries. The most important among the prescription pharmaceuticals included is the product range with the active pharmaceutical ingredient montelukast and products with the API ziprasidone, and the product range with the API enrofloxacin among animal health products. The most demanding marketing authorisation procedure, a CP (Centralised Procedure), was successfully concluded for the product Oprymea® (pramipexole) and Irbesartan Krka. This provided a market authorisation for both products in all 27 EU member states.

Effective product development and the prior preparation of market authorisation documentation for new products is a vital part of ensuring a satisfactory number of new product market authorisations in future. The results of creative and innovative approaches and R&D team work in 2008 were the submission of market authorisation documents for 22 new products.

Krka markets its products under its own trademarked brands, which further enhances the added value of Krka products. In 2008 Krka registered 121 brands in Slovenia, and submitted 94 international, 10 Europe-wide and 24 individual applications in individual countries.

## Investment

In 2008 the Krka Group allocated EUR 150.0 million for investments, of which EUR 120.3 million (80% of total Krka Group investments) was within the controlling company, and EUR 29.8 million in subsidiaries.

In 2008 the Krka Company completed the third phase of the expansion of the Notol tableting plant, which increased the Notol plant's capacity to 3.5 billion tablets and capsules per year, while capacity in the pellet production plant was also increased, and a service and technical centre was constructed. Production capacity at the Sinteza plant is also being expanded, necessitated by the need to produce increasing quantities of new APIs. Other projects underway include the reconstruction of the Bršljin plant, where a new biocide production facility will be built and the syrup production facilities reconstructed and expanded, a 30%-expansion of pastille production in Ljutomer, and the preparation for the construction of a new capsule-production plant on the Ločna site, with a capacity of 2 billion capsules per year.

The Terme Krka Group opened a new 116-bed hotel at Dolenjske Toplice and is currently constructing nine new holes on the Otočec golf course. Both investments have been co-financed by the European Regional Development Fund. The subsidiaries TAD Pharma, Krka Farma Zagreb and Krka Polska all increased production or warehouse capacity in 2008.

On 6 November 2008 Krka, d. d., Novo mesto signed a contract acquiring Alternova Arzneimittel GmbH, Vienna, Austria, from Paranova Group for EUR 1.3 million in cash. Krka became its 100% owner.

## Employees

At the end of 2008 the Krka Group had 7602 employees, of which 4059 were in Slovenia, and 3543 abroad. The Krka Company had 5250 employees; 3380 in Slovenia and 1870 in representative offices abroad. The number of employees in the Group increased by 825 (12%) compared to 2007, and by 359 in the Krka Company (7%).

Outside Slovenia, where almost 47% of all Krka Group employees are employed, the number of employees increased by 625, an increase of 21%. The number of employees at the Krka Company in Slovenia increased by 167 (5%), while staff numbers in the Terme Krka Group grew by 5% (33 staff members). The growth in recruitment in Slovenia was highest in the R&D department, quality assurance and production, while abroad the number of employees increased most in marketing and sales.

The proportion of university educated staff members in the Krka Group is continually on the increase, and had reached 51% by the end of 2008.

## Shares and Shareholders

The Krka share price on the last trading day of 2008 was EUR 48.27, which is 61% lower compared to the price at year-end 2007, when it stood at EUR 124.29. The fall is largely attributable to the crisis on international financial markets, which had also affected the Slovenian capital market. The Slovenian Stock Exchange Index (SBI 20) fell 68% in 2008. Since Krka was first listed, the Krka share price has outperformed comparable share indexes, i.e. the SBI 20 and the Bloomberg Europe Pharmaceutical Index, which includes all the most important European pharmaceutical companies.

Krka's shares were the most liquid securities on the Ljubljana Stock Exchange in 2008. The annual turnover in Krka shares was EUR 394 million in 2008, a fall of 23% compared to 2007. The average daily turnover in Krka shares in 2008 was EUR 1.58 million.

At the end of 2008, Krka had 77,276 shareholders, which is 25% more than at the end of 2007. The largest increase by investor type was among individual Slovenian investors, with 15,460 new investors, increasing their share ownership. The share ownership for international investors and Slovenian businesses fell slightly. In last weeks of this year share ownership of international investors is growing moderately.

At the end of 2008 the Krka Company's market capitalisation stood at EUR 1.7 billion, representing one fifth of the total market capitalisation of the Ljubljana Stock Exchange.

## **President of the Management Board Appointment**

The current five-year term-in-office of Krka's Management Board Members will expire on 31 December 2009. To ensure timely implementation of the procedures related to the appointment of the new Management Board, the Supervisory Board appointed, at its yesterday's meeting, Jože Colarič, the current President of the Management Board, to act as President of the Management Board also for the next six-year mandate, starting on 1 January 2010. The Supervisory Board entrusted him to prepare, as President of the Management Board and Chief Executive, a relevant proposal on the appointment of Management Board Members in line with the company's Articles of Association, latest by the end of August 2009.