



PRESS RELEASE

Operating results for the Krka Group and Company for the first quarter of 2009

Novo mesto, 14 May 2009 – The Management Board of the Krka public limited company today held a press conference to present the business results of the Krka Group and Krka Company for the first quarter of 2009, which were discussed by the Supervisory Board at its meeting yesterday. The Krka Group posted sales of products and services worth EUR 245.2 million, and generated a net profit of EUR 43.9 million, while the Krka Company recorded sales of EUR 216.2 million generating a net profit of EUR 42.2 million. Management has announced also the information that European Patent Office has revoked two patents which relate to the active ingredient atorvastatine and which alleged infringement have been claimed in Slovenia in 2005.

Sales

The Krka Group's sales for the first quarter of 2009 were at the same level as the first quarter of 2008, while the Krka Company achieved growth of 3% on the same period last year. Krka Group sales were worth EUR 245.2 million and Krka Company sales EUR 216.2 million. Sales on the Slovenian market represented 11% of the Krka Group's total sales and 9% of the Company's total sales.

Krka's largest sales region, with a share of overall Group sales of almost 30%, was Region Central Europe. Sales of EUR 72.2 million were recorded. It is followed by Region East Europe, with a 26% share of overall Group sales, where sales were worth EUR 64.0 million. Sales of EUR 50.0 million were achieved in Region West Europe and Overseas Market, 20% of total sales, making it the third largest sales region. Sales in region South-East Europe were worth EUR 32.3 million (13% share in total sales) and sales in Slovenia were worth EUR 26.8 million (11% share in total sales).

Krka's most important line of business is the production and marketing of prescription pharmaceuticals. Their sales together with self-medication and cosmetics achieved EUR 231.5 million or 95% of overall Krka Group sales. Health and tourism service sales were worth EUR 7.7 million, while sales of animal health products were worth EUR 5.8 million.

Business results

The Krka Group's operating profit was EUR 67.5 million, or 6% up on the same period last year, while the Group's net profit for the period was EUR 43.9 million, which is at the same level as the first quarter of last year. The Krka Company generated an operating profit of EUR 58.6 million, which is 1% higher than for the same period last year, while its net profit was EUR 42.2 million or 2% higher than for the first quarter of 2008.

The Krka Group's net profit margin was 17.9% (Krka Company: 19.5%), the EBIT margin was 27.5% (Krka Company: 27.1%), and the EBITDA margin 35.0% (Krka Company: 33.6%).

The Krka Group's ROE was 21.9% (Krka Company: 20.6%), and the ROA was 13.7% (Krka Company: 13.6%).

Research and Development

The first quarter of the year in the research and development field was marked by the acquisition of first market authorisations for two new products in two pharmaceutical forms, and the acquisition of a trading permit for two cosmetic products. They also acquired 106 market authorisations for various products across a number of different markets in 169 pharmaceutical forms.

Over the period they acquired market authorisations for two products based on a fixed combination of two active pharmaceutical ingredients (APIs). The Doreta[®] product in tablet form contains the APIs paracetamol and tramadol, and is intended to ease the symptoms of moderate to stronger pain. The Co-cazaprol[®], which contains the APIs cilazapril and hydrochlorothiazide, is used to treat high blood pressure in patients for whom monotherapy is insufficient.

On some markets the range of self-medication products was expanded with new syrups - Pikovit[®] IQ, Pikovit[®] Balance and Duovit[®] Elegance product. In the field of animal health product development, the Krka Group's first quarter was marked by the expansion of the product range with products containing enrofloxacin, colistin sulphate and florfenicol on the markets of Region East Europe. In the cosmetics field, they concluded research work on the Sun Mix[®] product line.

Investments

The Krka Group allocated EUR 22.3 million to investment in the first quarter of 2009, with EUR 20.2 million invested by the controlling company, and EUR 2.1 million by subsidiaries. Over 20 investment projects are planned this year, and are currently in various phases. Many are now approaching completion, while new projects to modernise or construct new production capacity, R&D laboratories and infrastructure to ensure uninterrupted production are already in the conceptual and planning stages.

The largest investments currently underway are the expansion of production capacity in the Notol plant to include a small-batch production facility, increasing pellet and capsule capacity, reconstruction of the Bršljin plant, adding extra production lines to the Sinteza 4 plant, and increasing capacity at the pastille production plant in Ljutomer.

Employees

The number of employees in the Krka Group rose by 161, or 2%, in the first three months of the year. At the end of the first quarter of 2009, the number of employees in the Krka Group was 7763, with 5119 employed within the Krka Company, 1969 in subsidiaries abroad, and 675 in the Terme Krka group. As in past years, the first quarter of 2009 again saw recruitment rise primarily in the field of marketing and sales at home and abroad, and in research and development. A total of 3669 Krka employees now work outside Slovenia, which is 47% of all employees in the Group. Now over 51% of employees in the Krka Group have at least a university education qualification.

At present 93 Krka employees are involved in specialist, master's and doctoral studies, while a total of 456 employees are involved in part-time studies alongside their work. In the first quarter of 2009, 7 co-workers concluded their studies. At present there are 117 young people on Krka scholarships, largely in the field of pharmacy and chemistry.

Investor information

At the end of March 2009 Krka had 79,056 shareholders, almost 2% higher than at the end of 2008. The increase in the total number of shareholders was largely due to an increase in the number of individual Slovenian investors and international investors.

In the first quarter of 2009, the ownership share of international investors and individual Slovenian investors increased, while the share held by investment companies and funds and by other Slovenian companies fell.

The Krka share price grew by 9% to EUR 52.61 from the start of the year until the end of March 2009. The

Slovenian Stock Exchange Index (SBI 20) lost 4% over the same period.

Krka's market capitalisation on 31 March 2009 was EUR 1.9 billion, and with an average daily turnover in Krka shares of EUR 0.7 million, making it the most traded security on the Ljubljana Stock Exchange over the period.

Revocation of EP for atorvastatine

Companies Warner Lambert Company LLC and Pfizer H.C. Corporation, both from USA, have filed a motion for alleged infringement of two patents relating to the active ingredient atorvastatine at the District Court in Ljubljana in 2005. One of the two patents, EP 0 839 132, has been finally revoked already in 2006 at European Patent Office (EPO). Recently EPO has revoked also the second of the two allegedly infringed patents, EP 848 705. The decision of the Board of the Appeal of the EPO is final. Patentee, Warner Lambert Company LLC, has at its disposal only extraordinary remedies which can be filed at the Enlarged Board of Appeal, if it believes that its procedural rights had been violated or the decision was met based on a criminal act.

Krka has formed provisions in the amount of EUR 87.7 million on the account of the hereinabove mentioned litigation in the period 2005 – 2008, and at the same time also a claim for a deferred tax assets in the amount of EUR 18.4 million. In case provisions are abolished, Krka's net profit would increase for difference between the entire provisions made and the amount of the claim for the deferred tax assets, i.e. for EUR 69.3 million. Management board will meet a decision on abolishment of provisions, as well as on eventual formation of new provisions for other IP litigations in the course of the year, respectively at the end of the year when annual report for the year 2009 will be prepared – depending upon actual situation in IP cases/litigations.

Annual General Meeting

14th General Meeting of Krka Company will be on 2 July 2009. At the regular meeting of Krka's Supervisory Board on 8 April, the Supervisory and Management Board drew up the proposal for General Meeting that Krka pay its shareholders a dividend of EUR 1.05 gross per share, which is an increase of over 15% on last year's dividend. At the General Meeting the shareholders will also decide on proposed resolution to grant the company's Management Board authorisation to acquire own shares up to 10% of the share capital value (3,542,612 shares) – including own shares that the company had acquired on the basis of the Resolution adopted by the 2nd regular shareholders' General Meeting granting authorisation to the Management Board related to the purchase of own shares up to 5% of the company's share capital.