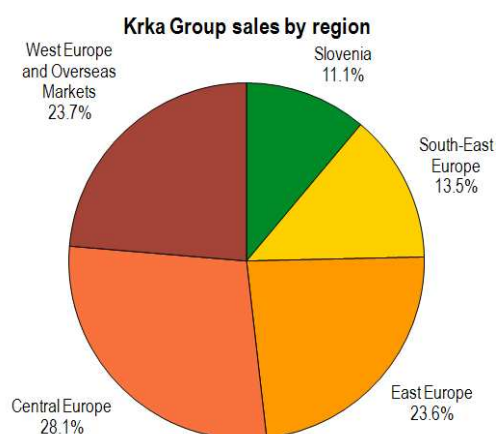


Krka operations in 2009

Novo mesto, 21 January 2010 – At a press conference today, the Krka Management Board presented sales results for the Krka Company and the Krka Group and preliminary unaudited net profit for the Krka Company in 2009, which were discussed by the company's Supervisory Board yesterday. The President of the Management Board, Jože Colarič, announced that Krka Company had sold products worth EUR 850.1 million, which is 3% more than in 2008. Sales for the Krka Group were worth EUR 1.1 billion more than sales in the previous year, totalling EUR 951.0 million. The net profit of the Krka Company (based on the preliminary unaudited statements), taking into account the reversal of provisions and the formation of new provisions, will be over EUR 170 million, which is 6% more than in 2008. It is anticipated that the net profit of the Krka Group will be slightly higher than the Company's profit. The unaudited financial statements for the Krka Group and Company will be published at the end of February.

Krka Group sales by region



The Krka Group's product and services sales in 2009 were worth EUR 951,0 million; of that EUR 845.2 million or 89% of overall Group sales were recorded outside Slovenia. Growth in sales was achieved in the sales regions of Slovenia (up 1%) and Central Europe (6%). Sales in Region Western Europe and Overseas Markets remained at the same level as the previous year, while in Region South-East Europe and Region East Europe a fall in sales was recorded (down 5% and 4% respectively).

The Krka Group's largest sales region, representing 28.1% of overall sales, was Region **Central Europe**, where sales totalled EUR 267.6 million. In Poland, the largest single market in the region with 42% of overall sales, and one of Krka's key markets, Krka recorded sales of EUR 112.6 million. The most notable other markets in the region, all with double-digit growth, were the Czech Republic, Slovakia, Lithuania and Hungary.

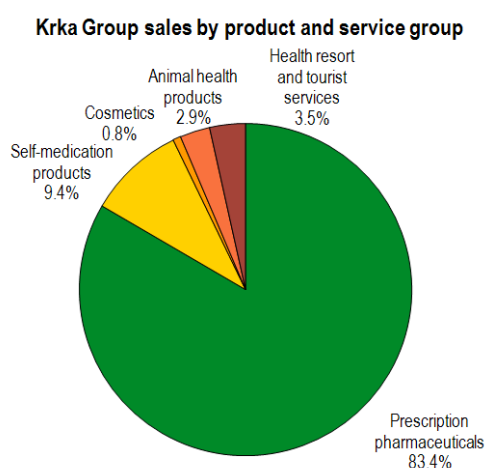
The second largest sales region was Region **Western European and Overseas Markets**, where sales were worth EUR 225.1 million, representing 23.7% of overall sales. The most important markets in the region are the United Kingdom, Germany, France, Italy, the Nordic countries and Benelux. Strong growth was achieved compared to 2008 in the UK, Spain, Portugal and the Nordic countries.

Sales on the markets of Region **East Europe** in 2009, the third largest Krka sales region with 23.6% of overall sales, were worth EUR 224.0 million. Sales grew compared to 2008 on most markets in the region, with the exception of Belarus, Georgia and Ukraine. In the Russian Federation, the largest market in this region and the Krka Group's largest individual market, product sales were worth EUR 168.4 million, with achieved growth of 7%. Double-digit sales growth was achieved on some of the larger markets in the region: Kazakhstan, Uzbekistan and Moldavia.

Sales in Region **South-East Europe** totalled EUR 128.5 million. The largest market in the region was Croatia, where sales were worth EUR 41.1 million, followed by Romania with sales of EUR 32.1 million. Double-digit sales growth was achieved in Albania and Bosnia and Herzegovina.

The Krka Group sold products and services worth EUR 105.8 million in **Slovenia**. 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 33.2 million, 2% higher than in 2008.

Sales by product and service group



Krka's most important product group remains **prescription pharmaceuticals**, sales of which were worth EUR 792.0 million, increasing by EUR 9.8 million or 1% compared to 2008. **Self-medication pharmaceutical** sales were worth EUR 89.6 million, down by one tenth on the 2008 figure. Sales of **animal health products** were worth EUR 27.8 million, 11% up on 2008 sales, while **cosmetics** sales totalled EUR 7.3 million, down by just over a quarter. Sales of **health and tourism services** were worth EUR 33.2 million, with increase of 2%.

Preliminary Unaudited Operating Result for the Krka Company

The preliminary unaudited net profit of the Krka Company for 2009 was EUR 171.1 million, up 6% on the 2008 figure. The Krka Company reversed provisions relating to intellectual property rights cases with a total value of EUR 90.0 million. At the same time the Company also formed new provisions totalling EUR 47.5 million for potential liabilities relating to a European Commission procedure examining alleged breaches of competition law in the sale of perindopril on EU markets. The unaudited financial statements for the Krka Group and Company will be published at the end of February.

Research and development

In 2009 Krka was granted first marketing authorisations for 21 new products in 40 pharmaceutical forms. Krka teams also acquired 874 new market authorisations across a number of different markets. The market authorisations were achieved via a range of registration procedures in 58 countries. Forty-four procedures were carried out for 18 products in various forms via the most demanding European market authorisation procedures, which delivered 1204 market authorisations.

Krka successfully concluded 5 centralised procedures (CP) in 2009 with the European Medicine Agency (EMA), which provide market authorisation for all 27 EU states. An important achievement came with the successful conclusion of procedures for two pharmaceuticals based on the active pharmaceutical ingredients clopidogrel, clopidogrel hydrogen sulphate (Zyllt®) and clopidogrel hydrochloride. Market authorisation was also acquired via a CP for Nimvastid®, a pharmaceutical to treat Alzheimer's disease containing rivastigmine. Krka is a unique producer that developed an orodispersible tablet for this pharmaceutical. A CP was also concluded for repaglinide tablets that balance blood-sugar levels and for Vizarsin®, a generic version of sildenafil, which has an effect on erectile dysfunction and is used to treat impotence.

Market authorisations also took place via decentralised procedures (DCP) and mutual recognition procedures (MRP); these procedures involving new products, new forms and new markets have enhanced the sales potential of Krka products in most EU countries. National procedures are also continually underway; these are important for ensuring a selection of new products in eastern and southeastern European countries.

Market authorisations were acquired for 8 new self-medication products. Market authorisations were acquired for new products to expand the Duovit® and Septolete® brands. New products were also added to the animal health and cosmetics product ranges.

Investments

In 2009 the Krka Group allocated EUR 91.1 million to investment, of which EUR 82.3 million (90% of total Krka Group investments) was within the controlling company, and EUR 8.8 million in subsidiaries. The investment value achieved was lower than planned, due to adjustments in the pace at which a number of high value projects were implemented given the current recession.

Work was completed in March on an additional chemical synthesis line, which was needed to meet the demand for production of increasing quantities of new active pharmaceutical ingredients, and in April pastille production capacity was increased in the Ljutomer plant by the installation of a packaging line. The preparation and equipping of facilities for a pellet coating and granulate production line ensured an increase in production capacity and the conditions required for the timely launch of capsules to new markets. The purchase and installation of an additional line has eliminated a bottleneck at the injection production plant. The investment in the Bršljin plant, where a modern new syrup production plant was built in 2009, has expanded production capacity and optimised material flows. In 2008 a separate biocide production facility was constructed.

Krka's largest current investment project started in June 2009 with the construction of a production plant for solid pharmaceutical forms, planned such that most of the capacity is dedicated to production of tablets and coated tablets, with some capacity for capsules. Preparatory works began in September for the construction of the new RKC3 development and control centre.

Preparations are in the final phase for a strategically important investment project to build additional production capacity in the Russian Federation. Terme Krka is renovating the treatment and pool facilities at Strunjan and increasing hotel capacity.

Workforce

At the end of 2009 the Krka Group had 7975 employees, of which 4242 (53%) were in Slovenia, and 3733 (47%) abroad. The Krka Company had 5260 employees; 3563 in Slovenia and 1697 in representative offices abroad. The number of Krka Group employees increased by 373 compared to 2008, up by 5%.

Outside Slovenia the number of employees increased by 190 or 5%. The number of employees at the Krka Company in Slovenia increased by 183 (5%). Recruitment in Slovenia was highest in the R&D, quality assurance and production, while abroad the number of employees increased most in marketing and sales.

At the end of 2009, half of all Krka Group employees had at least a university degree.

Shares and Shareholders

On the final trading day of 2009 the Krka share price was EUR 64.04. The stability of the Group's operations and a lasting rally on financial markets led to an increase of 33% over the year (from EUR 48.27 at year-end 2008), while the Slovenian Stock Exchange Index (SBI 20) grew 10% over the period. The growth in the Krka share price in the past five years has significantly outstripped the growth of the SBI 20 and the global index for the sector, S&P Global Healthcare.

In 2009 average daily trading in Krka shares on the Ljubljana Stock Exchange was EUR 0.8 million and Krka shares remained the most traded security on that market.

At the end of 2009 Krka had 82 606 shareholders, which is 7% higher than at the end of the previous year. The largest increase in ownership share by investor type has been for international investors, increasing from 7.9% to 9.7%. The largest increase by number was for the individual investor group, increasing from 75 646 to 80 916 (up 7%). The ownership share of Slovenian state financial companies (Slovenska odškodninska družba and Kapitalska družba with Prvi pokojninski sklad – PPS) remained unchanged.

At the end of 2009 the Krka Company's market capitalisation stood at EUR 2.3 billion, representing 27% of the total market capitalisation of the Ljubljana Stock Exchange.