



**Unaudited Interim Report
for the Krka Group
and the Krka Company
for the First Half of 2013**

July 2013

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INTRODUCTION

The condensed financial statements of the Krka Group and the condensed financial statements of Krka, d. d., Novo mesto (Krka Company) for the periods January–June 2013 and 2012 are unaudited, while the financial statements for the full 2012 business year present audited figures. The Krka Company has no authorised capital and has not made a conditional share capital increase.

The Krka Company promptly announces all significant changes of the data in its listing prospectus in the Ljubljana Stock Exchange

electronic information dissemination system SEOnet, in the Polish Financial Supervision Authority electronic information dissemination system (ESPI), and/or in the Delo daily newspaper. This interim report for the Krka Group and the Krka Company is available on the Krka website www.krka.si.

The Krka Company Supervisory Board discussed the January–June 2013 Report for the Krka Group and the Krka Company at its regular meeting on 24 July 2013.

Highlights of the first half of 2013

- The Krka Group sold EUR 597.1 million worth of products and services, and Krka Company sales amounted to EUR 587.4 million.
- Group sales were up 6% compared to the same period last year, and Krka Company sales up 13%.
- The Group generated EUR 132.8 million of operating profit, an increase by 15% compared to the same period last year, and the Krka Company generated EUR 121.4 million of operating profit, up 20%.
- The Krka Group recorded EUR 100.3 million of profit for the period, an increase by 11% compared to the same period last year, and the Krka Company generated EUR 93.2 million of profit for the period, up 13%.
- The highest absolute as well as relative sales growth (up EUR 43.3 million, or 26%) was recorded in Region East Europe, which is Krka's largest sales region, contributing 35% of total sales.
- The Group generated 93%, and the Krka Company 95% of its sales revenues in markets outside Slovenia.
- As at 30 June 2013 Krka's share on Ljubljana stock exchange traded at EUR 51.00, an increase by 2% compared to the year-end of 2012. Krka Company's market capitalisation amounted to EUR 1,807 million.
- The Group allocated EUR 70.6 million to investments, of which the Company invested EUR 44.9 million and subsidiaries EUR 25.7 million.
- At the end of the first half of 2013 the Krka Group had 9,839 employees, which is 4% more than at the beginning of the year.

Krka Group and Krka Company financial highlights

| EUR thousand | Krka Group | | Krka Company | |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 |
| Revenues | 597,071 | 565,292 | 587,437 | 521,274 |
| EBIT ¹ | 132,772 | 115,203 | 121,385 | 101,067 |
| EBITDA | 178,497 | 159,481 | 157,141 | 135,318 |
| Profit for the period | 100,315 | 90,055 | 93,217 | 82,859 |
| R&D costs | 51,224 | 47,975 | 53,103 | 47,321 |
| Investments | 70,592 | 59,372 | 44,900 | 26,728 |
| | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 |
| Non-current assets | 943,579 | 926,000 | 892,517 | 863,442 |
| Current assets | 812,810 | 700,748 | 796,278 | 702,843 |
| Equity | 1,326,541 | 1,240,521 | 1,319,501 | 1,232,215 |
| Non-current liabilities | 145,638 | 145,362 | 113,665 | 113,310 |
| Current liabilities | 284,210 | 240,865 | 255,629 | 220,760 |
| RATIOS | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 |
| EBIT margin | 22.2% | 20.4% | 20.7% | 19.4% |
| EBITDA margin | 29.9% | 28.2% | 26.8% | 26.0% |
| Profit margin (ROS) | 16.8% | 15.9% | 15.9% | 15.9% |
| ROE ² | 15.6% | 15.2% | 14.6% | 14.1% |
| ROA ³ | 11.9% | 11.4% | 11.5% | 11.0% |
| Liabilities/Equity | 0.324 | 0.315 | 0.280 | 0.266 |
| R&D costs/Revenues | 8.6% | 8.5% | 9.0% | 9.1% |
| NUMBER OF EMPLOYEES | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 |
| As at | 9,839 | 9,461 | 4,639 | 4,495 |

| SHARE INFORMATION | 1-6/2013 | 1-6/2012 |
|---|-----------------|-----------------|
| Total number of shares issued | 35,426,120 | 35,426,120 |
| Earnings per share in EUR ⁴ | 6.07 | 5.40 |
| Closing price at end of period in EUR ⁵ | 51.00 | 42.00 |
| Price/Earnings ratio (P/E) | 8.40 | 7.78 |
| Book value in EUR ⁶ | 37.45 | 34.61 |
| Price/Book value (P/B) | 1.36 | 1.21 |
| Market capitalisation in EUR thousand (end of period) | 1,806,732 | 1,487,897 |

¹ Difference between operating income and expenses

² Profit for the period, annualised/Average shareholders' equity in the period

³ Profit for the period, annualised/Average total assets in the period

⁴ Profit for the period attributable to equity holders of the parent, annualised/Average number of shares issued in the period exclusive of treasury shares

⁵ Share price on the Ljubljana Stock Exchange

⁶ Equity at the end of the period/Total number of issued shares

ID card of the Krka Group

The controlling company in the Krka Group is Krka, tovarna zdravil, d. d., Novo mesto (Krka d. d. or Krka Company).

Registered office Šmarješka cesta 6, 8501 Novo mesto, Slovenia

Telephone +386 (0) 7 331 21 11

Fax +386 (0) 7 332 15 37

E-mail info@krka.biz

Website www.krka.si

Core business Production of pharmaceutical preparations

Business clarification code 21.200

Year established 1954

Registration entry 1/00097/00, District Court of Novo mesto

Tax number 82646716

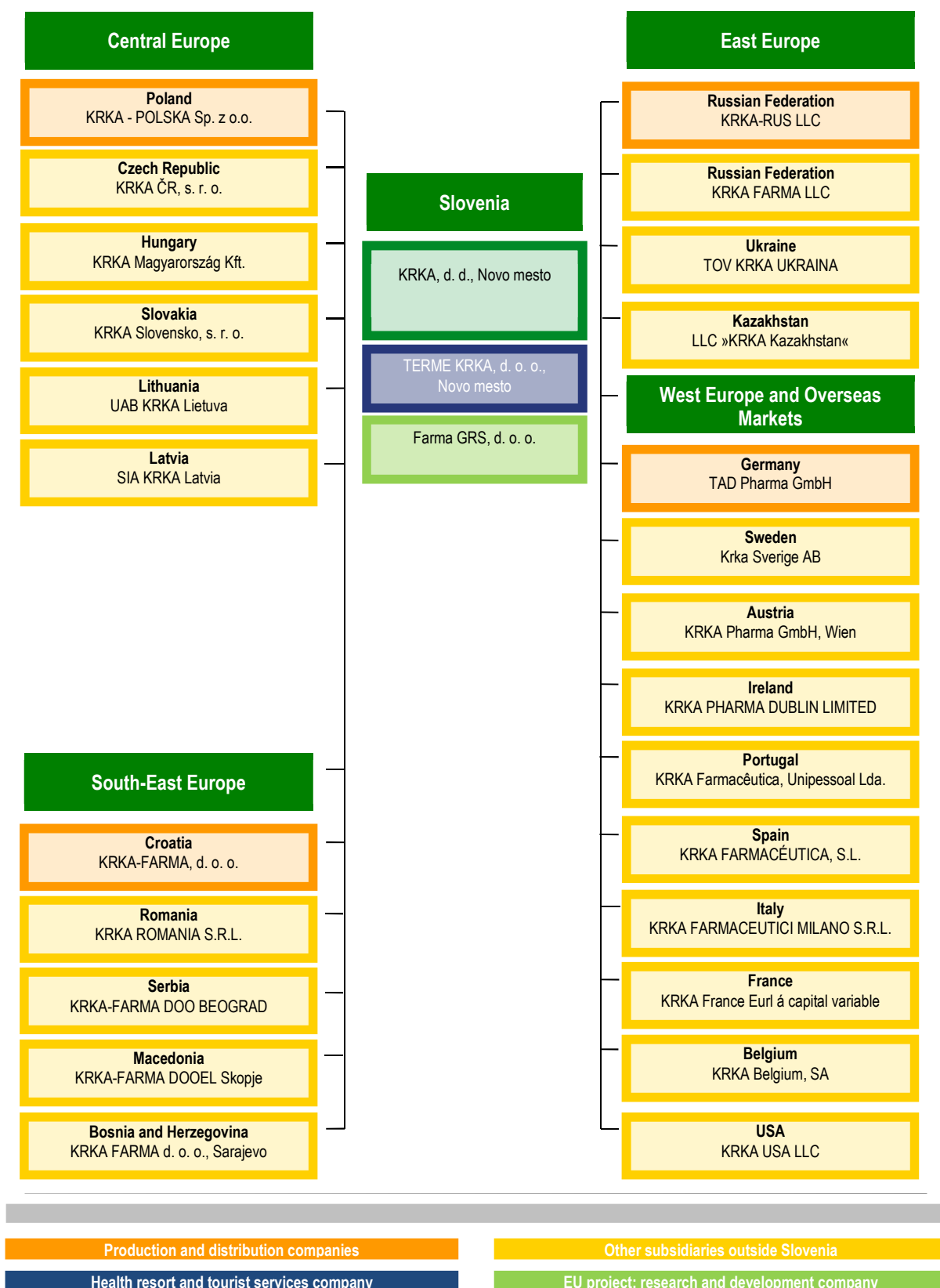
VAT number SI82646716

Company ID number 5043611

Share capital EUR 59,126,194.28

Total number of shares issued 35,426,120 ordinary registered no-par value shares. Krka has been listed on the Ljubljana Stock Exchange under symbol KRKG since 1997 and since April 2012 additionally on the Warsaw Stock Exchange under symbol KRK.

Krka Group companies



The controlling company, Krka, d. d., Novo mesto, holds 100% ownership stakes in all of the above

subsidiaries apart from Farma GRS (99.7%) and Krka Belgium (95%).

Krka Group business model

Krka is one of the world's leading generic pharmaceutical companies, and has almost 60 years of experience in the industry. It is headquartered in Slovenia.

Krka has a leading position in its domestic market and its presence is also significant in the generic pharmaceuticals markets of:

- Eastern Europe – the Russian Federation and Ukraine,
- Central Europe – Poland, the Czech Republic and Hungary, and
- South-Eastern Europe – Croatia and Romania.

In recent years Krka has built up its presence in the markets of Western Europe, especially Germany, France, the UK, the Nordic countries, the Benelux, Italy, Portugal and Spain.

Our production and distribution facilities are located in Slovenia, the Russian Federation, Poland, Croatia and Germany.

Modern pharmaceutical production and the vertically integrated business model allow us to offer customers in over 70 countries a broad range of safe, high quality and effective prescription

pharmaceuticals, non-prescription products and animal health products. The majority of Krka products are in solid dosage pharmaceutical forms. Our product offer is supplemented by the health resort and tourist services of the Terme Krka Group.

We focus on generic prescription pharmaceuticals marketed under Krka's own brands. In the future we will continue to focus on marketing and on developing our own marketing and sales network, both by establishing new companies and by purchasing local pharmaceutical companies in selected markets. Our objective is to strengthen the market position of the Krka Group in Europe and in the markets of Central Asia as well as to enter new high-potential markets.

In order to increase the competitive advantage of our product portfolio and maintain a high proportion of vertically integrated products, Krka has been allocating 8 to 9% of our revenues to research and development. A large proportion of our total revenues are generated from the sales of new products, i.e. products launched on different markets over the past five years. We will continue to invest in research and development as there are over 170 new Krka products in the pipeline.

Krka Group development strategy

In 2011 the Management Board adopted the Krka Group development strategy for the strategic period 2012–2016. We measure how well our strategic objectives are being realised against benchmarks, which are set at three levels: for the entire Krka Group, for each product group and for each business function.

Performance at the Krka Group level is monitored by the Management Board, while performance at the level of product and service groups as well as

business functions is monitored by the relevant committees. The key principle in monitoring performance criteria is increasing competitiveness of the entire Krka Group.

The strategy will be revised for the strategic period 2014–2018 by this autumn.

The key Krka Group objectives and strategies to 2016 are set out below.

Key strategic objectives to 2016

- Report an average annual sales growth of at least 6%.
- In addition to organic growth, expand through mergers and acquisitions and long-term partnerships.
- Have new products account for at least one third of total sales.
- Strengthen the competitive advantage of the product portfolio by maintaining vertical product integration and by launching selected products as the first generic pharmaceuticals on selected key markets.
- Increase cost efficiency in products.
- Improve asset efficiency.
- Strengthen innovation across all business functions.
- Maintain independence.

Key strategies by 2016

- Prioritise focus on European markets and the markets of Central Asia.
- Strengthen pharmaceutical and chemical activities, especially with respect to prescription pharmaceuticals for three key therapeutic areas (pharmaceuticals for cardiovascular diseases, pharmaceuticals for alimentary and metabolic diseases, and pharmaceuticals for diseases of the central nervous system), and non-prescription products for selected therapeutic areas.
- Develop generic pharmaceuticals and prepare their marketing authorisation documentation prior to the expiry of the product patent for the original medicine.
- Strengthen competitiveness in the markets of Western Europe by establishing our own marketing companies.
- Strengthen the professional and cost synergy within the Krka Group, and maximise the competitive advantages offered by the business environments of Krka companies outside Slovenia.
- Ensure a permanent supply of incoming materials and optimise supply by continually reducing purchase prices.
- Strengthen the internationalisation of all business functions by implementing English and Russian as the key communication tools in the Krka Group.
- Maintain the economic, social, and environmental responsibility to the surroundings in which we operate.
- Reduce the impact of financial risk and economic hazards on the operations of the Krka Group.
- Pursue the policy of moderate dividend increases.
- Operate in line with the principles of business excellence and thereby strengthen the identity and positive public image of the Krka Group.

Business objectives of the Krka Group for 2013

- Product and service sales are expected to exceed EUR 1.2 billion.
- East Europe will be Krka's largest sales region and the Russian Federation will remain our most important individual market.
- Sales outside Slovenia are expected to account for 92% of total sales.
- Prescription pharmaceuticals will remain the most important product group, accounting for over 82% of total sales.
- Profit is planned at the level of the profit reported for 2012.
- At the end of 2013 the Krka Group will have more than 10,000 employees (6% increase), more than half outside Slovenia.
- EUR 182 million has been allocated to investments, primarily for expanding and modernising production capacity, research and development capacity, and infrastructure.

BUSINESS REPORT

Financial risk

Foreign exchange risk

Due to our widespread international operations, the Group is exposed to foreign exchange risk relating to the Russian rouble, Romanian leu, Polish złoty, Croatian kuna, Serbian dinar, Swedish krona, Czech koruna, Hungarian forint and Ukrainian hryvnia.

The Group statement of financial position shows a surplus of assets over liabilities in these currencies, which we consider a long currency position. The key accounting categories that make up a currency position are trade receivables and trade payables.

The negative trend of emerging market currencies in the second quarter resulted in the Group recording negative exchange rate differences, the majority from the revaluation of our positions in the Russian rouble, Romanian leu and Polish złoty. Other currencies had little impact on total foreign exchange translations.

Our currency positions were not hedged in the first half of the year, as the analysis of past data revealed that negative and positive exchange rate differences cumulatively balance each other out as soon as in the medium term.

Interest rate risk

Krka Group's exposure to interest rate risk is low. Our existing non-current borrowings have gradually decreased to the level where market interest rate changes no longer have a decisive impact on the Group's overall financial expense.

Credit risk

The credit control process involves obtaining credit ratings for customers to which the controlling company and subsidiaries make product sales worth an annual EUR 100,000 or more, and regular, dynamic monitoring of customer payment discipline. Over 400 of the Group's customers are included in the credit control system.

Total trade receivables at the end of the first half-year slightly increased compared to the beginning of the year, which is exclusively the result of higher sales. Trade receivables increased less than

sales in the first half of the year.

There was no extending of payment periods in our key sales markets, and customer payment discipline is also estimated to have remained unchanged.

We did not write off any major trade receivables in the first half of the year. Approximately one half of our trade receivables have credit insurance coverage or are hedged with financial instruments. Our policy of hedging receivables remained unchanged in the reported period.

Liquidity risk

In the first half of 2013 the risks related to the Group's liquidity were managed by effective short-term cash flow planning. Short-term liquidity was ensured through a stable cash flow, pre-agreed

current borrowings from banks, and the daily, rolling weekly, monthly and longer-term planning and monitoring of cash inflows and outflows. The Krka Company manages liquidity risk centrally for

subsidiaries as well, organising effective cash management, planning the cash requirements for Group companies, and providing them with funds.

Liquidity risk is estimated to be low. The scope of current borrowings in the reported period was small, and a part of cash surpluses was placed into short-term bank deposits. We settled our liabilities regularly and on time.

Property, business interruption and liability insurance

The Krka Group insurance programme provides for an optimum financial and legal protection of the Group with respect to property, business interruption and liability. Companies abroad are insured locally as well, having insurance policies issued by local insurers, while inside the European Union primary policies are taken out in line with the system of the free movement of services.

Krka has analysed car insurance arrangements across the Group in 2012. The analysis of the premium and loss events revealed that the introduction of the deductible in casco/hull insurance and the mandatory monitoring of competitive offers from insurance companies continue to generate positive results. Considerable savings are also expected on account of the exclusion of older vehicles from casco/hull insurance. The set objectives aimed at reducing insurance premiums and lowering the number of

loss events are increasing asset economy and asset availability.

Based on the inspection carried out by the reinsurers Swiss Re, Munich Re and Triglav Re, and in line with their recommendations, Krka is implementing activities to reduce exposure of property to insured perils and reduce the likelihood and consequences of loss events. A task force has already proposed measures to this end and determined implementation deadlines and employees in charge.

The insurance programme has an important role in risk and responsibility control in the planning and implementation of new investments and projects in Slovenia and abroad. In the first half of the year Krka's insurance arrangement ensured risk and responsibility control in the investment projects Krka Rus II and Krško–Sinteza 1.

Investor and share information

In the first half of 2013 Krka's share price at Ljubljana stock exchange rose by 2% while the Slovenian benchmark stock index SBI TOP lost 3%. International investors increased their shareholdings the most in the reported period, to over 19%, which is the largest share they have held to date. The

holdings of individual domestic investors as well as domestic investment companies, funds and other domestic companies, on the other hand, decreased. At the end of June 2013 Krka had a total of 65,574 shareholders.

Shareholder structure (%)

| | 30 Jun 2013 | 31 Dec 2012 |
|---|--------------|--------------|
| Individual domestic investors | 39.3 | 39.8 |
| SOD fund | 15.0 | 15.0 |
| KAD fund and PPS | 10.2 | 10.2 |
| Domestic investment companies and funds | 2.4 | 2.6 |
| Other domestic companies | 6.8 | 7.1 |
| International investors | 19.5 | 18.8 |
| Treasury shares | 6.8 | 6.5 |
| Total | 100.0 | 100.0 |

In the first half of 2013 Krka repurchased 115,920 treasury shares worth a total of EUR 5,926,571 EUR (repurchases that were recorded in books of

accounts in 2013). On 30 June 2013 the Krka Company held 2,420,234 treasury shares, which is 6.832% of its share capital.

The 10 largest shareholders on 30 June 2013

| | Country | No. of shares | Share in equity (%) | Share of voting rights (%) |
|---------------------------------------|----------|-------------------|---------------------|----------------------------|
| SLOVENSKA ODŠKODNINSKA DRUŽBA, D. D. | Slovenia | 5,312,070 | 14.99 | 16.09 |
| KAPITALSKA DRUŽBA, D. D. | Slovenia | 3,493,030 | 9.86 | 10.58 |
| SOCIETE GENERALE-SPLITSKA BANKA D. D. | Croatia | 1,229,477 | 3.47 | 3.73 |
| HYPO ALPE-ADRIA-BANK D. D. | Croatia | 961,303 | 2.71 | 2.91 |
| NEW WORLD FUND INC | USA | 755,000 | 2.13 | 2.29 |
| LUKA KOPER, D. D. | Slovenia | 433,970 | 1.23 | 1.31 |
| ZAVAROVALNICA TRIGLAV, D. D. | Slovenia | 388,300 | 1.10 | 1.18 |
| AMERICAN FUNDS INSURANCE SERIES | USA | 353,049 | 1.00 | 1.07 |
| UNICREDIT BANK HUNGARY ZRT | Hungary | 327,232 | 0.92 | 0.99 |
| KDPW | Poland | 292,559 | 0.83 | 0.89 |
| Total | | 13,545,990 | 38.24 | 41.04 |

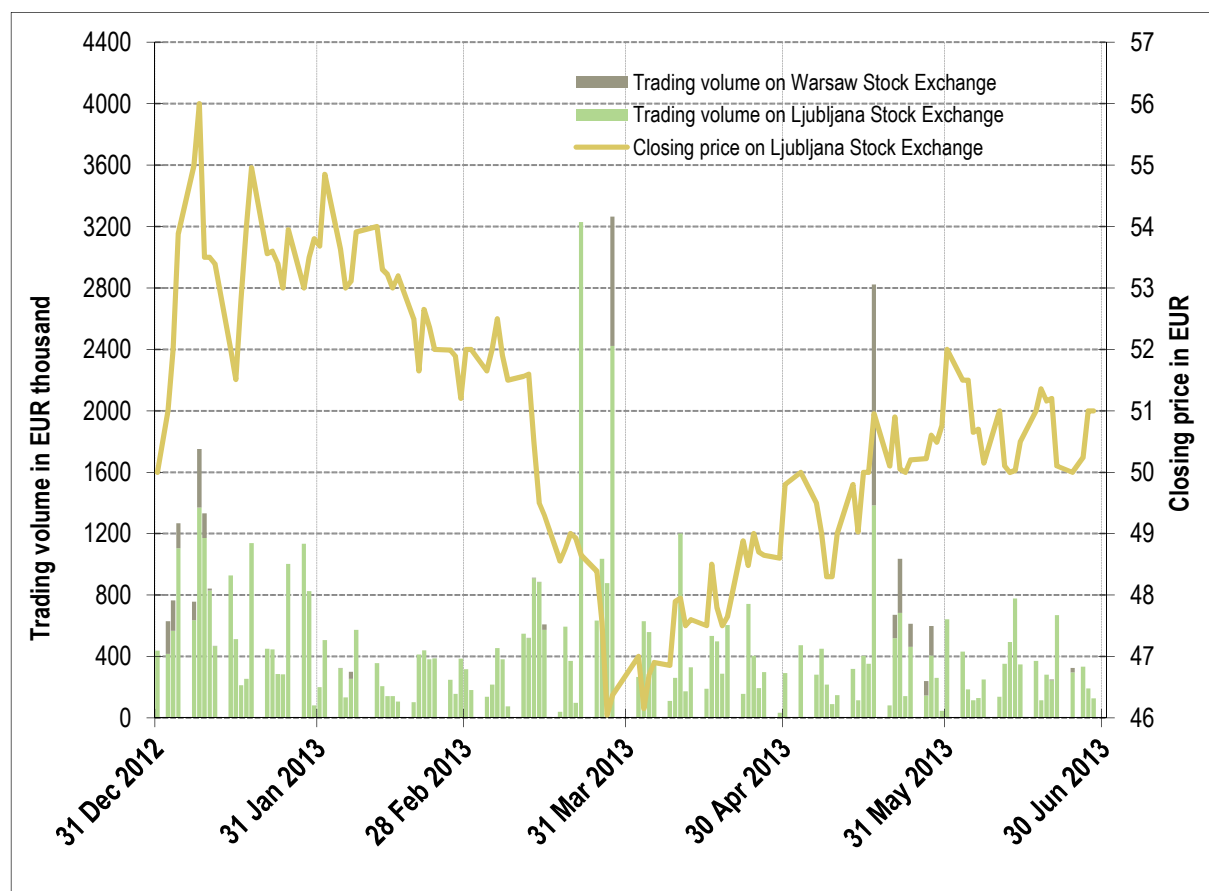
On 30 June 2013 Krka's ten largest shareholders held a total of 13,545,990 shares, which is 38.24% of the Company's issued shares.

On 30 June 2013 members of the Krka Management and Supervisory Boards held a total of 50,895 of the Company's shares, which is 0.144% of all issued shares.

Shares in equity and shares of voting rights held by members of the Krka Management Board and Supervisory Board on 30 June 2013

| | No. of shares | Share in equity (%) | Share of voting rights (%) |
|----------------------------------|---------------|---------------------|----------------------------|
| Management Board members | | | |
| Jože Colarič | 22,500 | 0.064 | 0.068 |
| Aleš Rotar | 12,770 | 0.036 | 0.039 |
| Zvezdana Bajc | 1,660 | 0.005 | 0.005 |
| Vinko Zupančič | 120 | 0.000 | 0.000 |
| Danica Novak-Malnar | 0 | 0.000 | 0.000 |
| Total Management Board | 37,050 | 0.105 | 0.112 |
| Supervisory Board members | | | |
| Jože Lenič | 180 | 0.001 | 0.001 |
| Matjaž Rakovec | 400 | 0.001 | 0.001 |
| Franc Šašek | 540 | 0.002 | 0.002 |
| Julijana Kristl | 230 | 0.001 | 0.001 |
| Vincenc Manček | 11,543 | 0.033 | 0.035 |
| Mojca Osolnik Videmšek | 452 | 0.001 | 0.001 |
| Tomaž Sever | 500 | 0.001 | 0.002 |
| Sergeja Slapničar | 0 | 0.000 | 0.000 |
| Mateja Vrečer | 0 | 0.000 | 0.000 |
| Total Supervisory Board | 13,845 | 0.039 | 0.042 |

Share trading in the first half of 2013



In the first half of the year Krka's share price on the Ljubljana Stock Exchange peaked at the beginning of January, when it traded at EUR 56.00, and reached its low at the end of March, when it stood at EUR 46.05. The closing price of Krka's share on 30 June 2013 was EUR 51.00.

On 30 June 2013 Krka's market capitalisation on the Ljubljana Stock Exchange was EUR 1.8 billion. Deals in Krka's share generated an average daily trading volume of EUR 0.5 million over the reported period, making Krka the most traded security on the

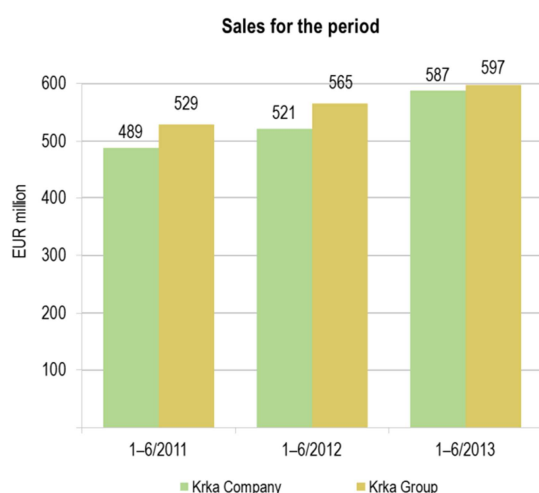
Ljubljana Stock Exchange.

Since April 2012 Krka's shares have also been listed on the Warsaw Stock Exchange. During the initial months of the listing trading in Warsaw was scarce, but in September, October and December 2012 it stepped up considerably. The positive trend continued in the initial days of January this year, whereupon trading volume first decreased and then turned upwards again toward the end of March, and picked up once again in the second half of May.

Business operations analysis

The business operations analysis includes data for the Krka Group and the Krka Company, whereas the comments relate primarily to the Group.

Revenues



Compared to the first half of last year, sales revenues at the Group level increased by 6% and by 13% at the Company level. The Krka Company sold EUR 587.4 million worth of prescription pharmaceuticals, non-prescription products and

animal health products, while the Group generated EUR 597.1 million of sales revenues from these products plus the health resort and tourist services.

The sales of prescription pharmaceuticals increased by 5% compared to the same period last year, representing just over 83% of total Krka Group sales revenues. The Group generated 93% of its sales revenues in markets outside Slovenia.

Taking into account other operating and financial income, the Group generated a total of EUR 601.2 million of revenues, and the Company EUR 590.9 million.

A more detailed analysis of sales results by individual markets and groups of products and services is given in the chapter Marketing and Sales below.

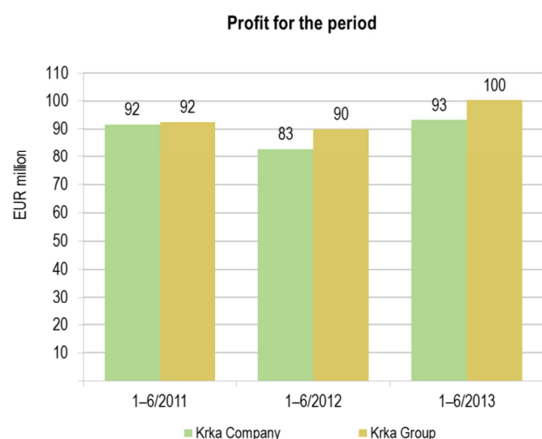
Expenses

Total Group expenses incurred in the first half of 2013 amounted to EUR 483.5 million, up 5% compared to the same period last year.

The Group incurred EUR 467.7 million of operating expenses, of which the cost of sales amounted to EUR 221.6 million, distribution expenses amounted to EUR 156.2 million, R&D costs amounted to EUR 51.2 million, and administrative expenses amounted to EUR 38.7 million.

The Group cost of sales increased by 1% compared to the same period last year, on the costs to sales ratio of 37.1%. Distribution expenses increased by 5% compared to the same period last year, on the costs to sales ratio of 26.2%. Group R&D costs increased by 7%, on the costs to sales ratio of 8.6%. The Group does not capitalise R&D costs, therefore they are recognised as expenses for the period in full. Administrative expenses increased by one tenth compared to the same period last year, on a costs to sales ratio of 6.5%.

Operating result



The Group recorded EUR 132.8 million of operating profit, up 15% compared to the same period last year. Profit before tax amounted to EUR 117.6 million, up 8% compared to the same period last year.

Income tax totalled EUR 17.3 million and the effective tax rate was 14.7%.

The Group reported EUR 100.3 million of profit for the period, up 11% compared to the same period last year, and the Company generated EUR 93.2 million of profit for the period, up 13%.

Assets

Krka Group assets were worth EUR 1,756.4 million at the end of June 2013, an increase by 8% compared to the end of 2012.

Non-current assets represent 53.7% of total assets, their proportion down 3.2 of a percentage point from the beginning of the year. The largest item under non-current assets, which totalled EUR 943.6 million, was property, plant and equipment on EUR 790.2 million. They represented 45.0% of the Group's total assets, their value having increased by

2% from the beginning of the year. Intangible assets amounted to EUR 117.2 million.

Current assets increased by 16% in the first half of the year, to EUR 812.8 million. Inventories were up 12% to EUR 280.6 million, and receivables increased by 4% to EUR 430.8 million (of which trade receivables amounted to EUR 388.0 million, which is a 4% increase from the beginning of the year).

Equity and liabilities

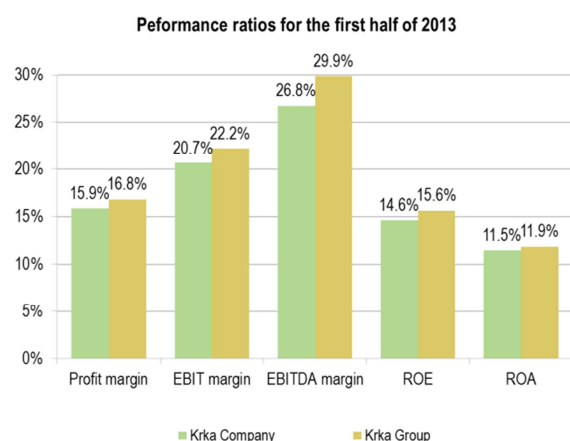
The Group's equity increased by 7% from the end of 2012, to EUR 1,326.5 million, and represents 75.5% of total equity and liabilities.

Amounting to EUR 145.6 million, non-current liabilities represent 8.3% of the Group's total assets. Provisions, which amounted to EUR 104.7 million at the end of the period, are at the same level as at the year-end of 2012. The value of non-current borrowings did also not change in the reported period.

Current liabilities increased by 18% compared to the end of 2012 and totalled EUR 284.2 million, which is 16.2% of the Group's total assets. Among current liabilities, trade payables amounted to EUR 124.5 million, up 18% compared to the end of 2012, with current borrowings amounting to EUR 8.9 million, down one third. The combined value of non-current and current borrowings decreased by 17% compared to the year-end of 2012.

Other current liabilities amounted to EUR 144.1 million, up 21% compared to the end of last year.

Performance ratios



The Krka Group profit margin for the first half of 2013 was 16.8% (Krka Company 15.9%), its EBIT margin 22.2% (Krka Company 20.7%) and its EBITDA margin 29.9% (Krka Company 26.8%).

ROE at the Krka Group level was 15.6% (Krka Company 14.6%), with ROA at 11.9% (Krka Company 11.5%).

Marketing and sales

Both the Krka Company and the Krka Group exceeded in the first half of the year the sales figures recorded in the same period last year. Group

sales were EUR 597.1 million and Krka Company sales amounted to EUR 587.4 million.

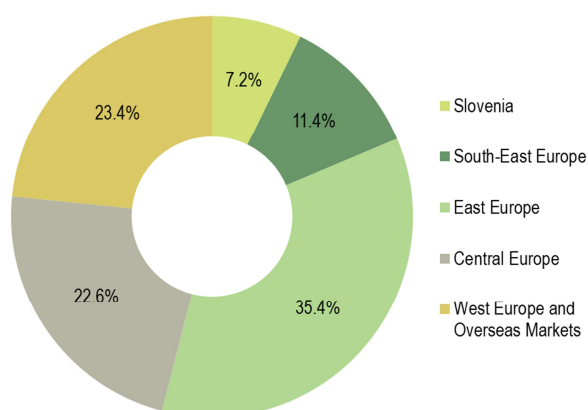
Sales by Region

Krka's sales were the highest in Region East Europe, where they amounted to EUR 211.2 million, which is more than 35% of total Group sales. Region West Europe and Overseas Markets reported the second best result, sales there amounting to EUR 139.7 million and representing more than 23% of total sales. The third largest area

in terms of sales was the Region Central Europe, where Krka sold EUR 134.9 million worth of products, which is almost 23% of total Group sales. Sales in Region South-East Europe amounted to EUR 68.0 million, which is just over 11% of total Group sales, while in Slovenia sales totalled EUR 43.3 million, which is 7% of total Krka Group sales.

| EUR thousand | Krka Group | | | Krka Company | | |
|----------------------------------|----------------|----------------|------------|----------------|----------------|------------|
| | 1-6/2013 | 1-6/2012 | Index | 1-6/2013 | 1-6/2012 | Index |
| Slovenia | 43,253 | 46,974 | 92 | 29,579 | 31,449 | 94 |
| South-East Europe | 68,026 | 73,846 | 92 | 81,734 | 78,387 | 104 |
| East Europe | 211,197 | 167,941 | 126 | 213,091 | 145,806 | 146 |
| Central Europe | 134,932 | 137,903 | 98 | 134,558 | 142,189 | 95 |
| West Europe and Overseas Markets | 139,663 | 138,628 | 101 | 128,475 | 123,443 | 104 |
| Total | 597,071 | 565,292 | 106 | 587,437 | 521,274 | 113 |

Krka Group sales by Region, January–June 2013



Slovenia

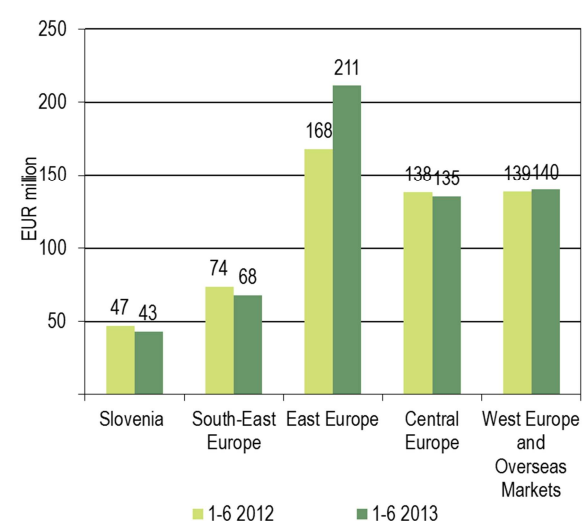
In the first half of the year product and service sales in the domestic market amounted to EUR 43.3 million. Prescription pharmaceuticals contributed EUR 23.9 million, non-prescription products EUR 3.6 million and animal health products EUR 1.1 million. Health resort and tourist services sales in the period were EUR 14.2 million.

Despite pressures to reduce the prescribing of medicines and lower their prices, caused by the Rules on the Classification of Medicines on the Reimbursement List, which were implemented in April, Krka achieved an 11.7% market share in the reported period and thus strengthened its position as the leading producer of pharmaceuticals in the Slovenian market.

We continue to focus on the sales and identity of products treating cardiovascular diseases, especially antihypertensives and statins. Special attention is devoted to Prenessa (perindopril), Prenewel (perindopril and indapamide), Amlessa (perindopril and amlodipine) and Sorvasta (rosuvastatin).

In April our portfolio was expanded with 4 mg and 8 mg Prenessa (perindopril) orodispersible tablets, which will contribute to improving the treatment of high blood pressure. In June we introduced a new

Krka Group sales by Region, January–June 2012 and 2013



anti-dementia medicine to the market, Memaxa (memantine), in the form of 10 mg and 20 mg tablets. Our range of anti-dementia medicines now covers all forms of Alzheimer's disease.

We also strengthened brand recognition for the antidiabetic Gliclada (gliclazide) and the analgesic Doreta (paracetamol and tramadol), and for the non-prescription products Naklofen gel, which has received a revamped packaging design, and B-complex.

Our best-selling prescription pharmaceuticals are Prenessa (perindopril), Prenewel (perindopril and indapamide), Atoris (atorvastatin), Sorvasta (rosuvastatin) and Ultop (omeprazole). The leaders among products available without prescription were Bilobil (ginkgo biloba), the sale of which continues to rise, and Nalgesin S (naproxen). The most important animal health products in terms of sales were Kvestigin (amoxicillin) and Fypryst (fipronil). The latter's market share increased also due to the newly launched spray version of the product.

The sales of health resort and tourist services totalled EUR 14.2 million, down one percentage point from the same period last year, and they represent 32.9% of total sales in the Region.

South-East Europe

Product sales in the markets of South-Eastern Europe totalled EUR 68.0 million in the first half of 2013, down 8% compared to the same period last year. Krka remains the leading foreign supplier of medicines in Bosnia and Herzegovina, Macedonia and Kosovo, and the leading foreign supplier of generic medicines in Romania and Croatia.

In **Romania**, the Region's largest market, sales in the first half of the year amounted to EUR 21.2 million. Despite primary sales being slightly down compared to the same period last year, Krka strengthened its market position in this market.

Our best-selling pharmaceuticals were Atoris (atorvastatin), Bilobil (ginkgo biloba), Enap (enalapril), Karbis (candesartan), Prenessa/Co-Prenessa (perindopril, and perindopril with indapamide), Roswera (rosuvastatin) and Tolura (telmisartan). A considerable contribution to overall sales came from the prescription pharmaceuticals launched in the past three years. Among non-prescription products, Naldorex (naproxen) and Herbion ivy syrup represent the greatest potential for future sales growth, both having been launched in 2012. Veterinary product sales were up mainly due to increased sales to large farms and due to sales growth in the group of products for companion animals.

Sales in the key market **Croatia** amounted to EUR 15.7 million, a decrease compared to the same period last year. Nevertheless, Krka remains the leading foreign producer of generic pharmaceuticals in this market. We have preserved large market shares in the sales of statins and certain groups of antimicrobial substances (macrolides, quinolones), while also recording sales growth in the important therapeutic groups of sartans, proton pump inhibitors and ACE inhibitors.

Our most important products in terms of sales were Atoris (atorvastatin), Helex (alprazolam), Valsacor (valsartan), Ampril (ramipril), Nalpaza (pantoprazole), Perineva (perindopril), Enap (enalapril), Emanera (esomeprazole), Panatus (butamirate) and Lorista (losartan). In February we launched Rolpryna SR (ropinirole) and Herbion ivy syrup, and in April Nalpaza control (pantoprazole).

Sales in the market of **Bosnia and Herzegovina** totalled EUR 9.5 million, remaining on a similar level as in the comparable period last year. The main

sales drivers were prescription pharmaceuticals, especially Enap (enalapril), Lorista (losartan), Naklofen (diclofenac), Roswera (rosuvastatin), Zyllt (clopidogrel), Atoris (atorvastatin) and Lexaurin (bromazepam). New products with the highest sales growth rates remain Roswera (rosuvastatin), Valsacor (valsartan) and Elicea (escitalopram). The best-selling non-prescription products were Septotele, B-complex, Bilobil (ginkgo biloba) and Nalgesin (naproxen).

In the **Macedonian market** sales totalled EUR 6.7 million, remaining on a similar level as in the first half of last year. The most important products in terms of sales were prescription pharmaceuticals, especially Enap (enalapril), Atoris (atorvastatin), Helex (alprazolam), Tanyz (tamsulosin), Lorista (losartan), Cordipin (nifedipine) and Roswera (rosuvastatin). Among non-prescription products, the best sales results were recorded for Bilobil (ginkgo biloba), Daleron (paracetamol), B-complex, Herbion and Septotele.

In **Serbia** we sold EUR 4.9 million worth of products. This is a decrease compared to the same period last year, and it is the result of a new public procurement act. In the future we plan to achieve sales growth by taking part in public tenders published by pharmacies. We are also continuing with extensive promotional and sales activities, focusing on pharmaceuticals on the reimbursement list. Our products being included and remaining on this list is possible due to our status of a domestic producer in the country, and we are strengthening this status by working with a new cooperation partner.

Our most important products in terms of sales in the first half of 2013 were Atoris (atorvastatin), Ampril (ramipril) and Zyllt (clopidogrel).

Sales in **Bulgaria** amounted to EUR 5.8 million, up 3% compared to the first half of last year. The most important product group in terms of sales was prescription pharmaceuticals, especially Lorista (losartan, and losartan with hydrochlorothiazide), Valsacor (valsartan, and valsartan with hydrochlorothiazide), Enap (enalapril, and enalapril with hydrochlorothiazide), Atoris (atorvastatin) and Prenessa (perindopril, and perindopril with indapamide). Sales growth was driven by non-prescription products and animal health products. The sales of the former increased by half, and the

sales of the latter almost doubled compared to the first half of last year.

Sales in **Kosovo** totalled EUR 2.4 million, remaining on the same level as in the comparable period last year. The majority of sales came from prescription pharmaceuticals, while sales growth was recorded mainly for products available without prescription. In **Albania** sales amounted to EUR 1.4 million, a

East Europe

Sales in Region East Europe amounted to EUR 211.2 million and exceeded last year's sales by 26%. Winter season impacts contributed to almost 30% higher non-prescription product sales.

In the key market the **Russian Federation**, Krka's largest individual market, sales amounted to EUR 149.1 million, up 30% compared to the first half of last year. The leading products in terms of sales were Lorista (losartan), Enap (enalapril), Herbion, Orsoten (orlistat), Zyllt (clopidogrel), Atoris (atorvastatin), Perineva (perindopril), Pikovit, Vasilip (simvastatin) and Nolicin (norfloxacin). An increasingly important contribution to sales is coming from pharmaceuticals launched on the market in the last three years, of which the ones that recorded the highest sales growth in the reported period were Lorista (losartan), Herbion, individual products of the Pikovit brand, Zyllt (clopidogrel) and Orsoten (orlistat). Sales results were also good for Roxera (rosuvastatin), which had been launched last year.

In the Russian Federation Krka is one of the leading suppliers of ACE inhibitors, statins, sartans, multivitamin products for children and cough syrups, proton pump inhibitors and pharmaceutical products for the treatment of obesity. Good sales results and high sales growth rates were also recorded for products treating diseases of the central nervous system.

Increased demand for pharmaceuticals and especially promotion activities in the **Ukrainian market** contributed to an 11% sales growth compared to the same period last year. Sales there totalled EUR 29.9 million. Intensified activities by our medical representatives and a reorganisation drove non-prescription product sales up 53%. The most sales value in the first half of the year was generated by prescription pharmaceuticals, especially Enap (enalapril), Atoris (atorvastatin),

decrease compared to the same period last year, attributable to the legally imposed reduction of the prices of some of our key products. Our most important prescription pharmaceuticals were Atoris (atorvastatin) and Zalasta (olanzapine), and the best-selling non-prescription product was Daleron (paracetamol). The sales value recorded in **Montenegro** was EUR 0.4 million, similar to the comparable period last year.

Coryol (carvedilol) and Naklofen (diclofenac), as well as Roxera (rosuvastatin), which had been launched in 2012 and which recorded the highest sales growth among all of them. The best-selling non-prescription product is Herbion, while the highest sales growth was recorded for the intensely promoted Nalgesin (naproxen).

Above-average sales growth compared to market growth continues in **Kazakhstan**. Total sales there amounted to EUR 8.2 million, up 25% compared to the same period last year. Sales growth was mainly driven by prescription pharmaceuticals, and we also managed to increase our market share. Our most important products in the Kazakhstani market are Enap (enalapril), Lorista (losartan), Zyllt (clopidogrel) and Herbion. Sales growth is set to continue due to Emanera (esomeprazole), Monkasta (montelukast) and Nalgesin (naproxen), products launched on the market in the first half of 2013.

Sales in **Uzbekistan** increased by 29% compared to the same period last year, to EUR 7.2 million. The majority came from the successful sales of prescription pharmaceuticals, especially Enap (enalapril) and Lorista (losartan). The leading non-prescription products in terms of sales were Pikovit, Septotele and Duovit. In the reported period we successfully launched the sales of Niperten (bisoprolol), which is produced in Krka's subsidiary in Russia, and the products Vizarsin (sildenafil), Duovit for men and Duovit for women. Due to specifics in payment transactions in this market, we continue to devote special attention to shortening payment periods and controlling receivables.

In **Belarus** sales amounted to EUR 4.3 million, an increase by 41% compared to the same period last year. This was the highest sales growth recorded among the producers of generic pharmaceuticals in the market. The main sales drivers were Lorista

(losartan), Septotele and Enap (enalapril), while our new product in this market is Amlessa (perindopril and amlodipine). Due to the fact that the reported period coincided with the cold and flu season, and especially due to promotion activities of our sales representatives, non-prescription product sales were up 99%.

Product sales in **Moldova** were up 11% compared to the same period last year, and amounted to EUR 2.9 million. The majority came from prescription pharmaceuticals, especially Ampril (ramipril), Rawel (indapamide), Enap (enalapril) and Kaptopril (captopril). The best-selling non-prescription product was Herbion. Holding a 5% market share in Moldova, Krka is one of the three largest providers of pharmaceuticals in the market.

Sales in the three states of the Caucasus amounted to a total of EUR 3.4 million. In **Georgia** sales were up 27%, and our market share there is 3.2%. Due to a temporary expiration of marketing authorisations for certain prescription pharmaceuticals, total sales in **Azerbaijan** did not match the sales recorded there in the same period last year. This was despite the fact that sales growths were recorded for non-prescription products and animal health products. Sales in **Armenia**, meanwhile, were up 8% in the reported period. Our most important product there

remains Enap (enalapril), followed by Kaptopril (captopril) and Atoris (atorvastatin).

In **Mongolia** sales increased by 31% to EUR 2.7 million. The majority came from prescription pharmaceuticals, however non-prescription products recorded a higher sales growth rate. In the first half of 2013 we also sold our first animal health products in the Mongolian market.

In **Kyrgyzstan**, where due to intensified marketing activities and newly-hired staff we now cover the country's entire territory, sales increased by 44% to EUR 1.5 million. The largest contributors to total sales were Pikovit, Hiconcil (amoxicillin) and Duovit. In **Turkmenistan**, where marketing activities have been implemented by our own representative office since March, sales in the reported period amounted to EUR 1.2 million, up 5% compared to the same period last year. The centralised system of pharmaceutical procurement via a national distributor in this country has a major impact on our sales, which are highly cyclical. The leading products in terms of sales were prescription pharmaceuticals, especially Naklofen (diclofenac), Virolex (acyclovir) and Enap (enalapril). Sales in **Tajikistan** were up 19%, mainly due to prescription pharmaceuticals.

Central Europe

Sales in the markets of Central Europe totalled EUR 134.9 million in the first half of the year, down 2% compared to the same period last year. Sales growth was nonetheless recorded in the majority of markets, with the only exceptions being the key market the Czech Republic, and Lithuania.

Poland remains the leading market in the Region. Sales there were up 10% in the six months, to EUR 61.1 million. The majority of our best-selling products in the reported period were prescription pharmaceuticals, especially Atoris (atorvastatin), Roswera (rosuvastatin), Lorista (losartan), Valsacor (valsartan), Nolpaza (pantoprazole) and Prenessa (perindopril). In terms of sales, the most important products launched on the market in the last three years were, in addition to Karbis (candesartan), Doreta (paracetamol and tramadol), Tolura/Tolucombi (telmisartan) and Emanera (esomeprazole). The leading non-prescription products in terms of sales remain Septotele and Bilobil (ginkgo biloba), while in the group of animal

health products the best-sellers are Fypryst (fipronil) and Floron (florfenicol).

The **Czech Republic** is the second most important market in the Region and one of Krka's key markets. Sales there amounted to EUR 25.1 million, which is a decrease compared to the same period last year, attributable mainly to changes in the country's health care system and the related price reductions. The leading product group in terms of sales was prescription pharmaceuticals, of which the most important ones were Atoris (atorvastatin), Lorista (losartan), Lexaurin (bromazepam), Prenessa (perindopril), Lanzul (lansoprazole) and Fromilid (clarithromycin). The leading non-prescription products in terms of sales were Septotele and Nalgesin (naproxen).

Sales in the key market **Hungary** remain impacted by changes in the reimbursement of medicines and the formation of their prices, caused by the reform of the country's health care system. In spite of this

we managed to increase sales by 1% to EUR 20.3 million. The main sales drivers were prescription pharmaceuticals, especially Prenessa (perindopril), Atoris (atorvastatin), Roxera (rosuvastatin), Lavestra (losartan), Nolpaza (pantoprazole), Tenox (amlodipine) and Fromilid (clarithromycin).

Sales in the **Slovak market** amounted to EUR 13.6 million, up 1% compared to the same period last year. The largest contributors to sales were prescription pharmaceuticals, especially Prenessa (perindopril), Atoris (atorvastatin), Valsacor (valsartan), Nolpaza (pantoprazole) and Fromilid

(clarithromycin). The leading non-prescription products were Nalgesin (naproxen) and Septotele.

As to the three Baltic markets, sales growth in the six months to June was recorded in two: sales were up 7% in **Estonia** and 5% in **Latvia**. In **Lithuania** sales were down 5% compared to the same period last year. The main sales drivers in all three markets were prescription pharmaceuticals. The best-selling products in Estonia were Enap (enalapril) and Valsacor (valsartan), in Latvia Enap (enalapril) and Prenessa (perindopril), and in Lithuania Valsacor (valsartan) and Prenessa (perindopril).

West Europe and Overseas Markets

Sales in Region West Europe and Overseas Markets amounted to EUR 139.7 million in the first half of 2013, up 1% compared to the same period last year. The most sales were generated in the markets of Western Europe, where the leader remains Germany, followed by France, the Nordic countries, Italy, Spain, the UK and Ireland, Portugal and the Benelux. Sales also stepped up in the overseas markets, their contribution to sales becoming increasingly important.

Compared to the same period last year, sales via unaffiliated companies in the markets of Western Europe decreased in the first six months, the most in Germany and the UK. At the same time, the sales of Krka brand products via our subsidiaries, of which there are currently as many as eight, increased. The highest sales value growth among them was recorded by the Spain-based Krka Farmacéutica, which had successfully competed at a public tender in Andalusia. High sales value growths were also recorded by Krka Sverige and by the Portugal-based Krka Farmacêutica. The latter remains one of the fastest growing pharmaceutical companies in Portugal. Good sales growth results in relative terms are also reported by Krka's subsidiaries in Austria, Ireland and Italy. In France, where our first products were launched in September 2012, sales are increasing each month. Sales in Germany were down 7% compared to the same period last year, mainly due to the increasing segment of pharmaceuticals being sold via public tenders, where price levels are usually lower.

The majority of sales were driven by prescription pharmaceuticals, with the largest contributors being esomeprazole, clopidogrel, pantoprazole, candesartan with fixed-dose combinations, perindopril with fixed-dose combinations, ropinirole SR, galantamine SR and gliclazide SR. In the first half of the year our subsidiaries launched montelukast, ziprasidone, memantine and sildenafil. In West Europe Krka remains the leading producer of the generic esomeprazole, clopidogrel, galantamine SR, gliclazide SR, ropinirole SR and memantine, and one of the leading producers of the generic olanzapine, pantoprazole, perindopril and donepezil.

The sales of animal health products in the first six months were down 5% compared to the same period last year, mainly due to orders for certain important products being delayed until the second half of the year. According to our estimates, stronger sales in the second half of the year will surpass the sales results recorded last year. The best-selling products of the first half of the year were enrofloxacin and fipronil, and in March we successfully launched the fipronil spray and flubendazole.

Sales in the overseas markets increased by 14% compared to the same period last year, with the leading market being the Arabian Peninsula and Iran, followed by the Republic of South Africa. We expect high sales growth to continue in these markets in the future.

Krka Group and Krka Company sales by product and service group

The Group generated 94% of overall sales during the period January–June 2013 in human health products, making this Krka's most important product group. Their sales increased by 7%.

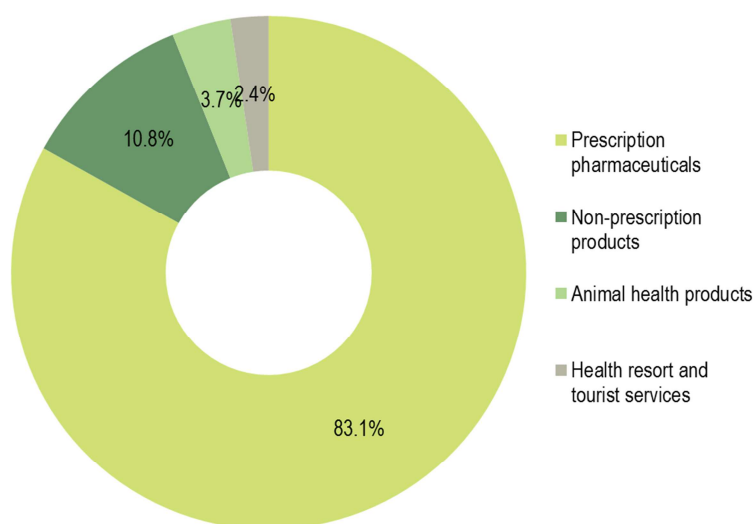
The most sales, 83%, were generated in prescription pharmaceuticals, followed by non-prescription products on 11% of total Group sales,

and animal health products, which represent 4%. An additional 2% of the overall Krka Group sales came from health resort and tourist services.

Compared to the same period last year sales increased the most for non-prescription products, followed in terms of the sales growth rate by prescription pharmaceuticals.

| EUR thousand | Krka Group | | | Krka Company | | |
|------------------------------------|----------------|----------------|------------|----------------|----------------|------------|
| | 1-6/2013 | 1-6/2012 | Index | 1-6/2013 | 1-6/2012 | Index |
| Human health products | 560,374 | 526,090 | 107 | 563,526 | 498,083 | 113 |
| – Prescription pharmaceuticals | 495,694 | 473,681 | 105 | 506,445 | 455,993 | 111 |
| – Non-prescription products | 64,680 | 52,409 | 123 | 57,081 | 42,090 | 136 |
| Animal health products | 22,028 | 22,736 | 97 | 22,918 | 22,252 | 103 |
| Health resort and tourist services | 14,247 | 15,952 | 89 | | | |
| Other | 422 | 514 | 82 | 993 | 939 | 106 |
| Total | 597,071 | 565,292 | 106 | 587,437 | 521,274 | 113 |

Krka Group sales by product and service group, January–June 2013



Prescription pharmaceuticals

The Krka Group sold EUR 495.7 million worth of prescription pharmaceuticals, 5% more than in the same period last year.

Sales increased the most in Region East Europe (up 26%), and they also increased in Region West Europe overseas markets. In the other regions sales were slightly down.

With respect to large markets, the highest sales growth rates for prescription pharmaceuticals compared to the same period last year were recorded in the Russian Federation (up 34%) and Poland (up 7%).

As to mid-size markets, high sales growths were recorded in Spain (up 57%), Italy (up 45%), Kazakhstan (up 39%), France (up 35%), the Nordic countries (up 17%), Portugal (up 15%), and the Arabian Peninsula and Iran (up 15%).

Among smaller markets for Krka's prescription pharmaceuticals, the highest sales growths were recorded in Kyrgyzstan (up 38%), Uzbekistan (up 33%), Belarus (up 27%) and Mongolia (up 26%).

The ten leading prescription pharmaceuticals in terms of sales are Lorista/Lavestra (losartan), Atoris (atorvastatin), Enap (enalapril), Prenessa/Perineva (perindopril), Zyllt (clopidogrel), Nolpaza (pantoprazole), Emozul/Emanera (esomeprazole), Valsacor (valsartan), Roswera/Roxera (rosuvastatin) and Karbis/Candecor (candesartan). The highest sales growth rates in absolute terms compared to the same period last year were recorded for the leading products Lorista/Lavestra (losartan), Roswera/Roxera (rosuvastatin) and Zyllt (clopidogrel), and for Karbis/Candecor (candesartan), Memando (memantine), Orsoten (orlistat) and Rolpryna SR/Ralnea SR (ropinirole) from the group of other important products.

In 2013 we entered the important new therapeutic area of oncology medications. We began marketing products with three active substances, imatinib, letrozole and exemestane. Meaxin/Neopax (imatinib) was launched in Slovenia, the Russian Federation, Latvia, Estonia, Lithuania and Slovakia, Lortanda/Likarda (letrozole) in Poland, the Czech Republic, Slovakia, Estonia and Lithuania, and Etadron (exemestane) in Poland.

We launched several products on new markets in the first six months of 2013:

- Karbis (candesartan) and Karbicombi (candesartan and hydrochlorothiazide) in Hungary;
- Valsacor (valsartan) in Spain, and Valsacor (valsartan) and Valsacombi (valsartan and hydrochlorothiazide) in Kosovo;

- Ifirmasta (irbesartan) in France and Albania, and Ifirmacombi (irbesartan and hydrochlorothiazide) in Spain and Portugal;
- Co-Olimestra (olmesartan and hydrochlorothiazide) in Latvia;
- Amlesa/Dalnessa/Dalneva (amlodipine and perindopril) in Macedonia, Bulgaria, Estonia and Belarus;
- Ampril/Amprilan (ramipril) in Bulgaria;
- Niperten (bisoprolol) in Uzbekistan and Kyrgyzstan;
- Gliclada (gliclazide) in Slovenia;
- Emanera (esomeprazole) in Kazakhstan and Albania;
- Zalbex/Gelbra (rabeprazole) in Lithuania, the Czech Republic, Austria and Spain;
- Memaxa/Maruxa/Mentixa/Maryzola (memantine) in France, the UK, Portugal, Ireland, Austria, the Nordic countries, Slovenia and Lithuania;
- Elicea/Ecytara (escitalopram) in Kosovo;
- Zypsil/Zipsilan (ziprasidone) in Germany, the Nordic countries and the Czech Republic;
- Rolpryna SR (ropinirole) in Croatia;
- Dasselta/Esradin (desloratadine) in Poland, Italy and Spain;
- Nalgesin/Analgesin/Naldorex (naproxen) in Poland, Hungary, Portugal, Romania and Kyrgyzstan;
- Doreta (tramadol and paracetamol) in France and the UK, and Tadol (tramadol) in Tajikistan,
- Monkasta (montelukast) in Germany, France, Spain and Italy.

With these launches we have primarily supplemented the range of our products in the key therapeutic areas of medicines for the treatment of the heart and circulation, the alimentary tract and metabolism, and the central nervous system, and we have consolidated our position in the area of analgesics.

Having been present in existing markets for many years, we operate one of the strongest marketing networks, and we are expanding it further, especially in the Russian Federation and the other Eastern European markets. We are also further consolidating and strengthening our own marketing and sales network in the markets of Western Europe.

Non-prescription products

We sold EUR 64.7 million worth of non-prescription products, 23% more than in the same period last year.

Sales increased in all regions, with the highest increases reported for Region East Europe (up 29%), Region Central Europe (up 26%) and Region West Europe and Overseas Markets (up 18%).

We managed to increase sales in the majority of markets, with high growth rates reported for large

markets, including the Russian Federation (up 23%), Ukraine (up 53%), Slovenia (up 9%), Poland (up 61%), Uzbekistan (up 25%), Germany (up 2%), Belarus (up 99%) and Slovakia (up 6%).

In most markets we witnessed sales growth for seasonal products like Herbion, Pikovit, Septotele, Duovit and Daleron (paracetamol), while sales also increased for Bilobil (ginkgo biloba), Panzynom and Fitoval.

Animal health products

Animal health product sales totalled EUR 22.0 million in this year's first six months, which is 3% less than in the same period last year.

In Region Central Europe sales increased (by 31%), while in the other regions they were down.

As to large markets, sales increased the most in the Czech Republic (up 124%), Poland (up 44%),

France (up 16%) and Lithuania (up 12%).

The leading products in terms of sales are Enroxil (enrofloxacin), Floron (florfenicol) and Fypryst (fipronil), while good sales results are also reported for the new products Toltarox/Tolzesya (toltrazuril) and Quiflox/Marfloxin (marbofloxacin), which were launched on the majority of markets in 2012.

Health resort and tourist services

The Terme Krka Group generated EUR 14.2 million of sales, a decrease by 11% compared to the first half of last year. Overnight stays by foreign guests were up 2%, however overnight stays by domestic guests decreased by 7%.

The number of domestic patients in health spa therapy remained on the same level as in the first half of 2012, while the number of domestic guests coming for preventive health recreation and the number of individual guests decreased by a tenth.

As to foreign guests, overnight stays were up 10% for German guests, 19% for Dutch guests, and 7% for Israeli guests.

In the "Top wellness centre 2013" contest, our Vitarium Spa&Clinique of the Šmarješke Toplice resort was again declared the best small relaxation centre, and our Balnea Wellness Centre of the Dolenjske Toplice resort was declared the second best among the competition of large relaxation centres.

Research and development

In the first half of 2013 we received first marketing authorisations for **eight new products in 15 different dosage forms and strengths**, and one certificate of the first notification for a new biocidal

veterinary product. A total of 294 new marketing authorisations were obtained in different markets for 83 products.

Prescription pharmaceuticals

We obtained marketing authorisations for seven new prescription pharmaceuticals and expanded their marketing opportunities in all regions by applying EU procedures (mutual recognition procedure – MRP, decentralised procedure – DCP, centralised procedure – CP) and national procedures.

In the area of treatments for cardiovascular diseases we obtained approvals for the new product **Amaloris** (fixed-dose combination of **atorvastatin** and **amlodipine**) in the form of film-coated tablets, which contain 10 mg of each of the two active substances. The fixed-dose combination of the two substances from different indication areas allows for a holistic treatment of patients with cardiovascular conditions and efficiently reduces cardiovascular risks.

Our range of products used to lower blood pressure was supplemented with the new product **Tolucombi** (fixed-dose combination of **telmisartan** and **hydrochlorothiazide**) in the form of tablets, for which marketing authorisations were granted in all European countries. It is used to lower blood pressure in patients in which monotherapy is insufficiently effective.

By having obtained approvals for Tolucombi we successfully completed the development of our first product in the form of bilayer tablets. Bilayer tableting enables the incorporation of several active substances into one tablet, even with substances that are not well compatible on account of their physical and chemical properties and mutual interactions. The bilayer form also allows for different releases of one or more active substances incorporated into different layers.

Applying the DCP we obtained marketing authorisations in 15 European countries for **Elenarp** (fixed-dose combination of **enalapril** and **lercanidipine**) in the form of tablets in two strengths. It is indicated in the treatment of essential

hypertension in cases when monotherapy with lercanidipine proves insufficient and does not give the adequate results for high blood pressure.

Applying the CP we acquired marketing authorisations for **memantine** film-coated tablets in two strengths. It is used to treat patients with mild to moderate Alzheimer's disease. Treatment with memantine enables a gradual increase of dosage up to the maintenance dose, therefore decreasing the likelihood of adverse effects.

Our range of products for the treatment of the central nervous system was supplemented with the antidepressant **Elicea Q-Tab (escitalopram)** in the form of orodispersible tablets in four strengths, which was approved in nine European countries under the DCP. This new form of the medication eases administration for the patient, as the orodispersible tablet dissolves rapidly in the mouth and is therefore appropriate for patients that have difficulty swallowing a tablet.

In the Russian Federation we obtained marketing authorisations for the new product **Naklofen Protect dual pack**, which contains 75 mg **diclofenac** capsules and 15 mg **lansoprazole** capsules in the same pack. It is used to alleviate pain and treat all forms of rheumatic diseases that require long-term treatment with diclofenac. The simultaneous use of lansoprazole decreases the possibility of bleeding, ulceration and perforations of the intestinal mucosa, which are frequent adverse effects caused by diclofenac, especially during its long-term use, in older patients, and in patients with pre-existing intestinal hypersensitivity and gastric erosions.

In the area of oncology medications we obtained marketing authorisations for two new products, **Meaxin (imatinib)** film-coated tablets, which were approved in nine European countries under the DCP, and the **Tolnexa (docetaxel)** concentrate for solution for infusion, which was approved in 12

European countries. Meaxin is used to treat chronic myeloid leukaemia, and Tolnexa is used either separately or in combination therapy to treat breast cancer, locally advanced or non-small cell metastatic lung cancer, metastatic prostate cancer, metastatic stomach cancer, and locally advanced head and neck cancer.

We have also entered the area of oncology in the Russian Federation, where we were granted a marketing authorisation for our new product **Neopax (imatinib)** in the form of hard gelatin capsules, and in Croatia, where in addition to **Neopax (imatinib)** we also obtained approvals for **Lortanda (letrozole)**, **Etadron (exemestane)** and **Cansata (capecitabine)**.

An important achievement from the first half of the year is the approval obtained for our product

Non-prescription products

In the first half of 2013 we expanded marketing opportunities for Krka's analgesics and obtained approvals for the new product **Nalgesin 220 mg** (naproxen sodium) in seven European countries. Nalgesin 220 mg supplements Krka's range of pain relievers with a dosage permitted in most markets without subscription.

As to herbal products, marketing opportunities were expanded for the key brands **Bilobil** and **Herbion**. The 120 mg **Bilobil Intense** capsules were additionally approved in the Russian Federation, Armenia and Tajikistan, the **Herbion Iceland moss** syrup in Hungary, Latvia, Macedonia and Croatia,

Animal health products

In Slovenia we obtained a certificate of the first notification for our new veterinary hygiene biocidal product **Ecocid Advanced** in the form of water-soluble powder. It is an all-purpose highly active disinfectant intended for the disinfection of surfaces and equipment in veterinary health and contemporary animal breeding. The release of peracetic acid decontaminates from viruses, bacteria and their spores, yeasts and moulds.

Filing an application for the DCP we obtained marketing authorisations for our **toltrazuril** oral suspension, the applicability of which was thus

Dalneva/Amlessa (perindopril and amlodipine) in the Russian Federation, Ukraine, Kazakhstan, Uzbekistan and Georgia. The two active substances in this product supplement each other to enable a safer and more effective lowering of high blood pressure, and reduce the risk of cardiovascular complications.

In the markets of Eastern Europe new marketing authorisations were granted for **Emanera (esomeprazole)** in the Russian Federation and Ukraine, and for **Roxera (rosuvastatin)** in Ukraine, Turkmenistan, Kazakhstan and Kyrgyzstan. In Uzbekistan and Ukraine we received approvals to market our ACE inhibitors **Zonixem (lisinopril)**, and **Zonixem H** and **Zonixem HD (lisinopril and hydrochlorothiazide)**.

and the **Herbion ivy** syrup in the Russian Federation.

The well-established Septotele brand was expanded to the markets of Western Europe, where we obtained approvals for the **Septotele plus honey and lime** and the **Septotele plus menthol** lozenges in Austria.

Marketing authorisations were also obtained for the **Septoaqua nasal spray for children** and the **Septoaqua nasal spray for adults** in Ukraine, while in Lithuania and Latvia these two products have been approved for marketing in the group of medical devices.

expanded to bovine animals. The product is used to prevent *Coccidia* infestations and the related diarrhoea in neonatal calves.

We expanded marketing opportunities for the **Marfloxin (marbofloxacin)** solution for injection for calves and pigs, which was additionally approved in Croatia and Ukraine. In the markets of South-Eastern Europe we obtained additional marketing authorisations for the **Fypryst spot on (fipronil)** solution and for the **Fypryst (fipronil)** cutaneous spray.

Investments

In the first half of the year the Krka Group allocated EUR 70.6 million to investments, of which the controlling company invested EUR 44.9 million and subsidiaries EUR 25.7 million. Investments are primarily increasing and modernising our production capacity, and research and development infrastructure.

In implementing investment projects we take into account environmental standards, as the used equipment corresponds to the best available technology (BAT) in the areas of environmental protection and energy efficiency, while at the same time ensuring safety and efficacy of operations.

In June 2012 construction works started at Krka's central location at Ločna in Novo mesto, Slovenia for Notol 2, a production plant for solid dosage pharmaceuticals. This is the largest investment in the history of the Company. The estimated investment value of the 55,000 m² plant is EUR 200 million, and its target production capacity is 4.5 billion finished products per year. Production will start by the end of 2015.

The investment into Krka's subsidiary Farma GRS, d. o. o., a company which we founded together with partners in a project aimed at advancing the pharmaceuticals industry, is in its final stage. At our location in Ločna, Novo mesto, Slovenia we are setting up new research and development, and production capacity. The project's investment value is EUR 45 million and it is being co-funded by the European Union, contributing over EUR 10 million from the European Regional Development Fund. The newly-founded company will set up the conditions for developing new products and technologies related to pharmaceutical chemistry and technology.

The construction of a new complex for the production of active pharmaceutical ingredients in Krško, Slovenia began in July 2012. In the first stage we are building the Sinteza 1 production plant and related infrastructure. The investment is worth an estimated EUR 85 million. The Sinteza 1 project substantiates Krka's philosophy of vertical integration, which keeps us in control of the entire product development and production process, from the production of APIs to the production of finished products, and to launching products on the market.

Construction is going according to plans; manufacturing equipment will be fitted in the second half of 2013 and installation works finished by the end of the year. Testing, and equipment and system start-ups will follow next year. Production will start by the end of 2014.

The Sterile product production plant will gradually increase ampoule production to 130 million per year. The estimated value of the entire investment is EUR 22 million.

Cogeneration, i.e. the simultaneous generation of useful heat and electricity, increases the recovery of energy conversion and enables an efficient use of primary energy. At Ločna in Novo mesto, Slovenia, we have set up a natural-gas-powered gas engine cogeneration system. The investment has increased the economic efficiency of our generation of electricity and utilisation of heat energy. In June we passed the technical inspection, and the operating permit is expected to be issued shortly. The project's investment value is EUR 1.7 million.

One of the Krka Group's more important ongoing investments is Krka Rus 2, the construction of a new plant and expansion of our logistics centre in the Russian Federation. The plant, with the target production capacity of 1.8 billion tablets and capsules per year and a total surface area of 36,000 m², is consolidating Krka's status as a domestic pharmaceuticals producer in this country.

Construction is going according to plans, with the logistics centre including the high-bay warehouse completed, and system connections between the old and new warehouse established back in May. The production plant is undergoing finishing works, with technological equipment already fitted. System and equipment qualifications are ongoing, and we are currently in the process of obtaining the relevant permits from competent institutions to start production. The investment value of the entire project is estimated at EUR 135 million, with the first stage, which is to be completed this year, worth EUR 95 million.

In April the subsidiary Terme Krka opened an adventure park in Otočec. It is diversifying our tourist offer, increasing the area's tourist appeal, and providing an innovative form of recreation to the youth and families who wish to be active outdoors in

their free time. The project was partly co-funded by the European Agricultural Fund for Rural Development (EAFRD) under Axis 4: LEADER.

In the Dolenjske Toplice spa resort we are constructing a new geothermal well to supply

sufficient thermal water and provide heating for the Balnea Wellness Centre building. In the autumn we plan to renovate the restaurant of another spa resort, Šmarješke Toplice, and start with the construction of a small pool by the Hotel Šport in Otočec.

Employees

Employees are the key to good business performance, therefore we have always invested in their development. We tend to good interpersonal relationships and well-being in the workplace and outside it. The number of Krka Group employees increased by 378 in the first half of the year.

At the end of June the Group had 9,839 employees,

up 4% from the beginning of the year. The number of employees increased by 80 in Slovenia and by 298 abroad.

Krka's subsidiaries and representative offices outside Slovenia employ 51% of the Group's employees, with 64% of the Krka team having at least a higher professional education.

Educational structure

| | 30 Jun 2013 | | 31 Dec 2012 | |
|-------------------------------|------------------|--------------|------------------|--------------|
| | No. of employees | Share (%) | No. of employees | Share (%) |
| Doctorate | 111 | 1.1 | 106 | 1.1 |
| Master of science | 331 | 3.4 | 281 | 3.0 |
| University education | 4,740 | 48.2 | 4,522 | 47.8 |
| Higher professional education | 1,130 | 11.5 | 1,072 | 11.3 |
| Vocational college education | 269 | 2.7 | 263 | 2.8 |
| Secondary school education | 1,908 | 19.4 | 1,864 | 19.7 |
| Other | 1,350 | 13.7 | 1,353 | 14.3 |
| Total | 9,839 | 100.0 | 9,461 | 100.0 |

We ensure a continuous inflow of new talented employees by offering study grants to students. Currently there are 69 students that receive Krka study grants. They are primarily pharmacy and chemistry students, while scholarships are also granted to promising students from other fields of interest to Krka.

Employees show a keen interest in gaining new knowledge and attaining higher academic degrees. Currently there are 46 employees enrolled into postgraduate studies towards obtaining a specialisation, master's degree or doctoral degree, and 168 are enrolled into part time graduate studies. During the first half of the year 16 employees completed their studies, and in autumn an additional 45 are enrolling into various study programmes, including six employees from abroad.

Krka is the only certificate-awarding body in Slovenia with the power to examine and approve candidates taking the National Vocational Qualification (NVQ) exams in the area of pharmaceuticals. By examining and approving candidates under the NVQ system between 2002 and May 2013, we awarded 875 NVQ certificates to Krka employees and 142 to participants from other organisations in the pharmaceutical industry, a total of 1,017 certificates for four vocational qualifications. Currently there are 159 Krka employees in the process towards obtaining two NVQ: Pharmaceutical Process Operator and API Production Operator.

With preventive as well as curative healthcare measures and with a wide range of activities, we provide for our employees' wholesome quality of work and life, which contributes to their satisfaction, raises the Company's employer appeal to top

experts and thus contributes to successful performance. Every year we organise a joint sporting and social event for all employees.

Additional motivation comes from various product and cash awards, special attention is devoted to our best and long-service employees. At the Krka

Awards Day in June we bestowed recognition awards to 486 most loyal employees and to the best managers and other employees. We also awarded our most innovative employees: in the first half of 2013, 267 Krka employees put forward 324 useful proposals.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP, WITH NOTES

Consolidated statement of financial position of the Krka Group

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--------------------------------------|------------------|------------------|------------|
| Assets | | | |
| Property, plant and equipment | 790,161 | 772,291 | 102 |
| Intangible assets | 117,207 | 118,507 | 99 |
| Deferred tax assets | 24,884 | 24,512 | 102 |
| Non-current loans | 6,044 | 5,387 | 112 |
| Non-current investments | 5,082 | 5,100 | 100 |
| Other non-current assets | 201 | 203 | 99 |
| Total non-current assets | 943,579 | 926,000 | 102 |
| Inventories | 280,596 | 250,751 | 112 |
| Trade receivables | 387,979 | 372,305 | 104 |
| Other receivables | 42,854 | 42,928 | 100 |
| Current loans | 78,868 | 11,091 | 711 |
| Current investments | 715 | 679 | 105 |
| Cash and cash equivalents | 21,798 | 22,994 | 95 |
| Total current assets | 812,810 | 700,748 | 116 |
| Total assets | 1,756,389 | 1,626,748 | 108 |
| | | | |
| Equity | | | |
| Share capital | 59,126 | 59,126 | 100 |
| Treasury shares | -61,592 | -55,656 | 111 |
| Reserves | 189,643 | 192,069 | 99 |
| Retained earnings | 1,137,948 | 1,043,544 | 109 |
| Equity holders of the parent | 1,325,125 | 1,239,083 | 107 |
| Non-controlling interest | 1,416 | 1,438 | 98 |
| Total equity | 1,326,541 | 1,240,521 | 107 |
| Liabilities | | | |
| Non-current borrowings | 12,900 | 12,900 | 100 |
| Provisions | 104,664 | 104,746 | 100 |
| Deferred revenue | 13,221 | 12,424 | 106 |
| Deferred tax liabilities | 14,853 | 15,292 | 97 |
| Total non-current liabilities | 145,638 | 145,362 | 100 |
| Trade payables | 124,543 | 105,415 | 118 |
| Current borrowings | 8,933 | 13,355 | 67 |
| Income tax liabilities | 6,615 | 2,497 | 265 |
| Other current liabilities | 144,119 | 119,598 | 121 |
| Total current liabilities | 284,210 | 240,865 | 118 |
| Total liabilities | 429,848 | 386,227 | 111 |
| Total equity and liabilities | 1,756,389 | 1,626,748 | 108 |

Consolidated income statement of the Krka Group

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|--|----------------|----------------|------------|
| Revenues | 597,071 | 565,292 | 106 |
| Cost of sales | -221,542 | -220,006 | 101 |
| Gross profit | 375,529 | 345,286 | 109 |
| Other income | 3,392 | 2,386 | 142 |
| Distribution expenses | -156,235 | -149,370 | 105 |
| R&D costs | -51,224 | -47,975 | 107 |
| Administrative expenses | -38,690 | -35,124 | 110 |
| Operating profit | 132,772 | 115,203 | 115 |
| Financial income | 716 | 549 | 130 |
| Financial expenses | -15,847 | -7,236 | 219 |
| Net financial expenses | -15,131 | -6,687 | 226 |
| Profit before tax | 117,641 | 108,516 | 108 |
| Income tax expense | -17,326 | -18,461 | 94 |
| Profit for the period | 100,315 | 90,055 | 111 |
| Attributable to: | | | |
| – equity holders of the parent | 100,337 | 90,066 | 111 |
| – non-controlling interest | -22 | -11 | 200 |
| Basic earnings per share (in EUR)* | 3.03 | 2.70 | 112 |
| Diluted earnings per share (in EUR)** | 3.03 | 2.70 | 112 |

* Profit for the period/Average number of shares issued in the period exclusive of treasury shares.

** All issued shares are ordinary registered shares, therefore the diluted EPS equals the basic EPS.

Consolidated statement of comprehensive income of the Krka Group

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|---|----------------|---------------|------------|
| Profit for the period | 100,315 | 90,055 | 111 |
| Other comprehensive income for the period | | | |
| Changes in profits of previous periods | 3 | 0 | |
| Change in fair value of available-for-sale financial assets | -18 | 262 | |
| Deferred tax effect – change in fair value of available-for-sale financial assets | 23 | -52 | |
| Translation reserve | -8,367 | 0 | |
| Deferred tax effect – translation reserve | 0 | 1,313 | |
| Total other comprehensive income for the period | -8,359 | 1,523 | |
| Total comprehensive income for the period | 91,956 | 91,578 | 100 |
| Attributable to: | | | |
| – equity holders of the parent | 91,978 | 91,589 | 100 |
| – non-controlling interest | -22 | -11 | 200 |

Consolidated statement of changes in equity of the Krka Group

| EUR thousand | Reserves | | | | | | | | Retained earnings | | | Total equity of the parent | Non-controlling interest | Total equity |
|---|---------------|-----------------|------------------------------|---------------|----------------|--------------------|--------------------|---------------------|------------------------|-----------------------|-------------------|----------------------------|--------------------------|--------------|
| | Share capital | Treasury shares | Reserves for treasury shares | Share premium | Legal reserves | Statutory reserves | Fair value reserve | Translation reserve | Other revenue reserves | Profit for the period | Retained earnings | | | |
| Balance at 1 Jan 2013 | 59,126 | -55,656 | 55,656 | 101,503 | 14,990 | 30,000 | 1,667 | -11,747 | 846,998 | 121,843 | 74,703 | 1,239,083 | 1,438 | 1,240,521 |
| Profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100,337 | 0 | 100,337 | -22 | 100,315 |
| Other comprehensive income for the period | | | | | | | | | | | | | | |
| Change in fair value of available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | -18 | 0 | 0 | 0 | 0 | -18 | 0 | -18 |
| Deferred tax effect – change in fair value of available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 23 | 0 | 0 | 0 | 0 | 23 | 0 | 23 |
| Changes in profits of previous periods | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 | 0 | 3 |
| Translation reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -8,367 | 0 | 0 | 0 | -8,367 | 0 | -8,367 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 5 | -8,367 | 0 | 0 | 3 | -8,359 | 0 | -8,359 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 5 | -8,367 | 0 | 100,337 | 3 | 91,978 | -22 | 91,956 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | | | | |
| Formation of statutory reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Formation of other revenue reserves under the resolution of the Management and Supervisory Boards | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of previous period's profit to retained earnings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -121,843 | 121,843 | 0 | 0 | 0 |
| Transfer to other revenue reserves under the resolution of the Annual Meeting of Shareholders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Formation of reserves for treasury shares | 0 | 0 | 5,936 | 0 | 0 | 0 | 0 | 0 | 0 | -5,936 | 0 | 0 | 0 | 0 |
| Repurchase of treasury shares | 0 | -5,936 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -5,936 | 0 | -5,936 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisitions of non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total transactions with owners, recognised directly in equity | 0 | -5,936 | 5,936 | 0 | 0 | 0 | 0 | 0 | 0 | -127,779 | 121,843 | -5,936 | 0 | -5,936 |
| Balance at 30 Jun 2013 | 59,126 | -61,592 | 61,592 | 101,503 | 14,990 | 30,000 | 1,672 | -20,114 | 846,998 | 94,401 | 196,549 | 1,325,125 | 1,416 | 1,326,541 |

| EUR thousand | Share capital | Treasury shares | Reserves | | | | | | Retained earnings | | | Total equity of the parent | Non-controlling interest | Total equity |
|---|---------------|-----------------|------------------------------|---------------|----------------|--------------------|--------------------|---------------------|------------------------|-----------------------|-------------------|----------------------------|--------------------------|--------------|
| | | | Reserves for treasury shares | Share premium | Legal reserves | Statutory reserves | Fair value reserve | Translation reserve | Other revenue reserves | Profit for the period | Retained earnings | | | |
| Balance at 1 Jan 2012 | 59,126 | -42,584 | 42,584 | 101,503 | 14,990 | 30,000 | 1,542 | -16,210 | 760,611 | 124,150 | 62,528 | 1,138,240 | 1,514 | 1,139,754 |
| Profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 90,066 | 0 | 90,066 | -11 | 90,055 |
| Other comprehensive income for the period | | | | | | | | | | | | | | |
| Change in fair value of available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 262 | 0 | 0 | 0 | 0 | 262 | 0 | 262 |
| Deferred tax effect – change in fair value of available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | -52 | 0 | 0 | 0 | 0 | -52 | 0 | -52 |
| Deferred tax effect – translation reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,313 | 0 | 0 | 0 | 1,313 | 0 | 1,313 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 210 | 1,313 | 0 | 0 | 0 | 1,523 | 0 | 1,523 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 210 | 1,313 | 0 | 90,066 | 0 | 91,589 | -11 | 91,578 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | | | | |
| Formation of statutory reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Formation of other revenue reserves under the resolution of the Management and Supervisory Boards | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of previous period's profit to retained earnings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -124,150 | 124,150 | 0 | 0 | 0 |
| Transfer to other revenue reserves under the resolution of the Annual Meeting of Shareholders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Formation of reserves for treasury shares | 0 | 0 | 5,201 | 0 | 0 | 0 | 0 | 0 | 0 | -5,201 | 0 | 0 | 0 | 0 |
| Repurchase of treasury shares | 0 | -5,201 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -5,201 | 0 | -5,201 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisitions of non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total transactions with owners, recognised directly in equity | 0 | -5,201 | 5,201 | 0 | 0 | 0 | 0 | 0 | 0 | -129,351 | 124,150 | -5,201 | 0 | -5,201 |
| Balance at 30 Jun 2012 | 59,126 | -47,785 | 47,785 | 101,503 | 14,990 | 30,000 | 1,752 | -14,897 | 760,611 | 84,865 | 186,678 | 1,224,628 | 1,503 | 1,226,131 |

Consolidated statement of cash flows of the Krka Group

| EUR thousand | 1-6/2013 | 1-6/2012 |
|--|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 100,315 | 90,055 |
| Adjustments for: | 63,230 | 68,477 |
| – amortisation/depreciation | 45,725 | 44,278 |
| – foreign exchange differences | –978 | 17 |
| – investment income | –929 | –748 |
| – investment expense | 1,589 | 5,430 |
| – interest expense and other financial expense | 494 | 1,039 |
| – income tax | 17,326 | 18,461 |
| – other | 3 | 0 |
| Operating profit before changes in net operating current assets | 163,545 | 158,532 |
| Change in trade receivables | –23,156 | –22,593 |
| Change in inventories | –29,845 | 2,820 |
| Change in trade payables | 19,128 | –3,079 |
| Change in provisions | –82 | –90 |
| Change in deferred revenue | 797 | 244 |
| Change in other current liabilities | 24,581 | 14,271 |
| Income taxes paid | –6,371 | –14,614 |
| Net cash from operating activities | 148,597 | 135,491 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 499 | 241 |
| Dividends received | 4 | 1 |
| Proceeds from sale of property, plant and equipment | 245 | 143 |
| Purchase of intangible assets | –2,727 | –2,113 |
| Purchase of property, plant and equipment | –68,056 | –57,298 |
| Non-current loans | –755 | –1,087 |
| Proceeds from repayment of non-current loans | 501 | 539 |
| Acquisition of non-current investments | –23 | –98 |
| Proceeds from sale of non-current investments | 26 | 29 |
| Payments in connection with current investments and loans | –67,979 | –44,848 |
| Payments in connection with derivative financial instruments | 0 | –4,987 |
| Proceeds from derivative financial instruments | 0 | 102 |
| Net cash used in investing activities | –138,265 | –109,376 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | –871 | –1,344 |
| Repayment of non-current borrowings | –6,300 | –16,700 |
| Repayment of current borrowings | 2,255 | 343 |
| Dividends paid | –61 | –32 |
| Repurchase of treasury shares | –5,936 | –5,201 |
| Net cash used in financing activities | –10,913 | –22,934 |
| Net increase in cash and cash equivalents | –581 | 3,181 |
| Cash and cash equivalents at beginning of period | 22,994 | 20,187 |
| Effect of exchange rate fluctuations on cash held | –615 | –234 |
| Net cash and cash equivalents at end of period | 21,798 | 23,134 |

Segment reporting of the Krka Group

| | European Union | | South-East Europe | | East Europe | | Other | | Elimination | | Total | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| EUR thousand | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 |
| Revenues to non-Group companies | 324,551 | 335,359 | 41,075 | 45,035 | 211,197 | 167,941 | 20,248 | 16,957 | 0 | 0 | 597,071 | 565,292 |
| Revenues to Group companies | 54,764 | 37,446 | 41,045 | 35,529 | 132,450 | 74,450 | 0 | 0 | -228,259 | -147,425 | 0 | 0 |
| Revenues from reversal of long-term provisions and other operating income | 2,969 | 2,171 | 101 | 31 | 322 | 184 | 0 | 0 | 0 | 0 | 3,392 | 2,386 |
| Operating expenses | -260,703 | -266,854 | -28,697 | -32,714 | -163,815 | -140,727 | -14,476 | -12,180 | 0 | 0 | -467,691 | -452,475 |
| Operating expenses to Group companies | -112,501 | -103,686 | -62,137 | -45,724 | -234,000 | -167,610 | -6 | -5 | 408,644 | 317,025 | 0 | 0 |
| Operating profit | 66,817 | 70,676 | 12,479 | 12,352 | 47,704 | 27,398 | 5,772 | 4,777 | 0 | 0 | 132,772 | 115,203 |
| Interest revenue | 566 | 406 | 3 | 4 | 102 | 10 | 0 | 0 | 0 | 0 | 671 | 420 |
| Interest revenue to Group companies | 620 | 474 | 0 | 0 | 500 | 40 | 0 | 0 | -1,120 | -514 | 0 | 0 |
| Interest expenses | -393 | -982 | 0 | -4 | 0 | 0 | 0 | 0 | 0 | 0 | -393 | -986 |
| Interest expenses to Group companies | -526 | -278 | 0 | 0 | 0 | -159 | 0 | 0 | 526 | 437 | 0 | 0 |
| Net financial expenses/income | -2,021 | -2,025 | 332 | -1,308 | -13,421 | -3,168 | -21 | -186 | 0 | 0 | -15,131 | -6,687 |
| Income tax expense | -8,375 | -10,434 | -1,476 | -2,474 | -6,970 | -5,151 | -505 | -402 | 0 | 0 | -17,326 | -18,461 |
| Profit for the period | 56,421 | 58,217 | 11,335 | 8,570 | 27,313 | 19,079 | 5,246 | 4,189 | 0 | 0 | 100,315 | 90,055 |
| Investments | 49,093 | 39,781 | 509 | 2,188 | 20,990 | 17,403 | 0 | 0 | 0 | 0 | 70,592 | 59,372 |
| Depreciation of property, plant and equipment | 28,624 | 30,075 | 2,874 | 2,334 | 10,193 | 7,228 | 186 | 228 | 0 | 0 | 41,877 | 39,865 |
| Amortisation of intangible assets | 2,203 | 3,206 | 331 | 285 | 1,213 | 838 | 101 | 84 | 0 | 0 | 3,848 | 4,413 |
| Goodwill | 42,644 | 42,644 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 42,644 | 42,644 |
| Trademark | 41,979 | 42,403 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 41,979 | 42,403 |
| | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 |
| Total assets | 1,246,024 | 1,164,129 | 100,275 | 101,436 | 399,707 | 350,559 | 10,383 | 10,624 | 0 | 0 | 1,756,389 | 1,626,748 |
| Total liabilities | 306,369 | 274,144 | 19,345 | 20,203 | 86,973 | 76,507 | 17,161 | 15,373 | 0 | 0 | 429,848 | 386,227 |

Notes to the consolidated financial statements of the Krka Group

Costs by nature

EUR 467,691 thousand

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|---|----------------|----------------|------------|
| Cost of goods and material | 167,481 | 148,528 | 113 |
| Cost of services | 116,361 | 103,010 | 113 |
| Employee benefits cost | 151,982 | 142,207 | 107 |
| Depreciation and amortisation expense | 45,725 | 44,278 | 103 |
| Inventory write-offs and allowances | 4,370 | 4,183 | 104 |
| Impairments and write-offs of receivables | 917 | 2,170 | 42 |
| Other operating expenses | 15,252 | 19,179 | 80 |
| Total costs | 502,088 | 463,555 | 108 |
| Change in value of inventories | -34,397 | -11,080 | 310 |
| Total | 467,691 | 452,475 | 103 |

Employee benefits cost

EUR 151,982 thousand

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|---|----------------|----------------|------------|
| Gross wages and salaries and continued pay | 115,442 | 109,457 | 105 |
| Social security contributions | 9,134 | 7,930 | 115 |
| Pension insurance contributions | 16,362 | 14,168 | 115 |
| Payroll tax | 482 | 544 | 89 |
| Retirement benefits and anniversary bonuses | 1,887 | 1,838 | 103 |
| Other employee benefits cost | 8,675 | 8,270 | 105 |
| Total employee benefits cost | 151,982 | 142,207 | 107 |

Other expenses

EUR 15,252 thousand

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|---|---------------|---------------|-----------|
| Grants and assistance for humanitarian and other purposes | 884 | 1,640 | 54 |
| Environmental levies | 1,572 | 1,339 | 117 |
| Other taxes and levies | 9,419 | 12,929 | 73 |
| Loss on sale of property, plant and equipment and intangible assets | 1,589 | 440 | 361 |
| Other operating expenses | 1,788 | 2,831 | 63 |
| Total other expenses | 15,252 | 19,179 | 80 |

Other taxes and levies include taxes (claw-back and similar) that have been imposed in several markets of Krka's operations in recent periods.

Financial income and expenses

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|--|----------------|---------------|------------|
| Interest income | 671 | 420 | 160 |
| Change in fair value of investments through profit or loss | 36 | 26 | 138 |
| Income from derivative financial instruments | 0 | 102 | 0 |
| – income | 0 | 102 | 0 |
| Income from dividends and other interests in profit | 4 | 1 | 400 |
| Other income | 5 | 0 | |
| Total financial income | 716 | 549 | 130 |
| Net foreign exchange loss | –15,353 | –1,201 | 1,278 |
| Interest expense | –393 | –986 | 40 |
| Change in fair value of investments through profit or loss | 0 | –3 | 0 |
| Expenses for derivative financial instruments | 0 | –4,987 | 0 |
| – expenses | 0 | –4,987 | 0 |
| Other expenses | –101 | –59 | 171 |
| Total financial expenses | –15,847 | –7,236 | 219 |
| Net financial expenses | –15,131 | –6,687 | 226 |

Income tax expense

EUR 17,326 thousand

Current income tax amounts to EUR 18,045 thousand, which is 15.3% of pre-tax profit. Together with the deferred tax of EUR –719 thousand, the total income tax expense in the income statement

equals EUR 17,326 thousand. The effective tax rate is 14.7%, which is 2.3 of a percentage point less than in the same period last year.

Property, plant and equipment

EUR 790,161 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--|----------------|----------------|------------|
| Property | 31,369 | 31,083 | 101 |
| Plant | 308,689 | 318,078 | 97 |
| Equipment | 289,652 | 293,397 | 99 |
| Property, plant and equipment under construction | 160,451 | 129,733 | 124 |
| Total property, plant and equipment | 790,161 | 772,291 | 102 |

The value of property, plant and equipment represents 45% of the Group's total assets. Krka's

major investments are described in the chapter Investments in the Business Report.

Intangible assets

EUR 117,207 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|----------------|----------------|-----------|
| Goodwill | 42,644 | 42,644 | 100 |
| Trademark | 41,979 | 42,403 | 99 |
| Concessions, patents, licences and similar rights | 27,108 | 28,627 | 95 |
| Intangible assets under construction | 5,476 | 4,833 | 113 |
| Total intangible assets | 117,207 | 118,507 | 99 |

Loans

EUR 84,912 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|---------------|---------------|------------|
| Non-current loans | 6,044 | 5,387 | 112 |
| – loans to others | 6,044 | 5,387 | 112 |
| Current loans | 78,868 | 11,091 | 711 |
| – portion of non-current loans maturing next year | 421 | 984 | 43 |
| – loans to others | 78,209 | 10,069 | 777 |
| – current interest receivable | 238 | 38 | 626 |
| Total loans | 84,912 | 16,478 | 515 |

Non-current loans represent 21% of total loans.

loans.

Non-current loans to others include loans that the Group extends in accordance with its internal acts to its employees and that are primarily housing

Current loans to others include EUR 78,000 thousand of bank deposits with maturities longer than 30 days.

Investments

EUR 5,797 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|--------------|--------------|------------|
| Non-current investments | 5,082 | 5,100 | 100 |
| – available-for-sale financial assets | 5,082 | 5,100 | 100 |
| Current investments including derivative financial instruments | 715 | 679 | 105 |
| – shares and interests held for trading | 112 | 103 | 109 |
| – other current investments | 603 | 576 | 105 |
| Total investments | 5,797 | 5,779 | 100 |

Available-for-sale financial assets include EUR 836 thousand of investments in shares and interests in companies in Slovenia, and EUR 4,246 thousand of investments in shares and interests in companies abroad.

Other current investments refer to EUR 320 thousand worth of shares in Slovenian mutual funds, and to EUR 283 thousand worth of assets under management.

Inventories

EUR 280,596 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--------------------------|----------------|----------------|------------|
| Material | 96,430 | 98,118 | 98 |
| Work in progress | 68,895 | 54,081 | 127 |
| Products | 106,801 | 92,711 | 115 |
| Merchandise | 4,846 | 4,638 | 104 |
| Inventory advances | 3,624 | 1,203 | 301 |
| Total inventories | 280,596 | 250,751 | 112 |

Trade and other receivables

EUR 430,833 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---------------------------|----------------|----------------|------------|
| Current trade receivables | 387,979 | 372,305 | 104 |
| Other current receivables | 42,854 | 42,928 | 100 |
| Total receivables | 430,833 | 415,233 | 104 |

Cash and cash equivalents

EUR 21,798 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--|---------------|---------------|-----------|
| Cash in hand | 36 | 108 | 33 |
| Bank balances | 21,762 | 22,886 | 95 |
| Total cash and cash equivalents | 21,798 | 22,994 | 95 |

Equity

EUR 1,326,541 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|-----------------------------------|------------------|------------------|------------|
| Share capital | 59,126 | 59,126 | 100 |
| Treasury shares | -61,592 | -55,656 | 111 |
| Reserves: | 189,643 | 192,069 | 99 |
| – reserves for treasury shares | 61,592 | 55,656 | 111 |
| – share premium | 101,503 | 101,503 | 100 |
| – legal reserves | 14,990 | 14,990 | 100 |
| – statutory reserves | 30,000 | 30,000 | 100 |
| – fair value reserve | 1,672 | 1,667 | 100 |
| – translation reserves | -20,114 | -11,747 | 171 |
| Retained earnings | 1,137,948 | 1,043,544 | 109 |
| Total equity of the parent | 1,325,125 | 1,239,083 | 107 |
| Non-controlling interest | 1,416 | 1,438 | 98 |
| Total equity | 1,326,541 | 1,240,521 | 107 |

Borrowings

EUR 21,833 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--|---------------|---------------|------------|
| Non-current borrowings | 12,900 | 12,900 | 100 |
| – borrowings from domestic banks | 12,900 | 12,900 | 100 |
| Current borrowings | 8,933 | 13,355 | 67 |
| – portion of non-current borrowings maturing next year | 6,300 | 12,600 | 50 |
| – borrowings from other entities | 331 | 375 | 88 |
| – current interest payable | 229 | 380 | 60 |
| Total borrowings | 21,833 | 26,255 | 83 |

Provisions

EUR 104,664 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--|----------------|----------------|------------|
| Provisions for retirement benefits and anniversary bonuses | 49,849 | 49,928 | 100 |
| Other provisions | 54,815 | 54,818 | 100 |
| – provisions for lawsuits | 49,101 | 49,100 | 100 |
| – other provisions | 5,714 | 5,718 | 100 |
| Total provisions | 104,664 | 104,746 | 100 |

Deferred revenue

EUR 13,221 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|---------------|---------------|------------|
| Grants received for the Beta production plant in Šentjernej | 15 | 37 | 41 |
| Grants received for the Dolenjske Toplice and Šmarješke Toplice health resorts and for Golf Grad Otočec | 4,557 | 4,675 | 97 |
| Grants by the European Regional Development Fund | 15 | 17 | 88 |
| Grants by the European Regional Development Fund – development of new technologies (FBD project) | 682 | 731 | 93 |
| Grants by a European Fund – Development Centres of the Slovene Economy | 7,392 | 6,377 | 116 |
| Property, plant and equipment received for free | 560 | 565 | 99 |
| Emission coupons | 0 | 22 | 0 |
| Total deferred revenue | 13,221 | 12,424 | 106 |

The FBD project is partly funded by the European Union (European Regional Development Fund). The project is implemented as part of the Operational Programme 2007–2013 »Strengthening Regional

Development Potentials«; 1. priority axis: competitiveness and research excellence; 1.1. priority objective: improving competitiveness and research excellence.

Trade payables

EUR 124,543 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--------------------------------|----------------|----------------|------------|
| Payables to domestic suppliers | 45,128 | 37,074 | 122 |
| Payables to foreign suppliers | 73,468 | 62,978 | 117 |
| Payables from advances | 5,947 | 5,363 | 111 |
| Total trade payables | 124,543 | 105,415 | 118 |

Other current liabilities

EUR 144,119 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|----------------|----------------|------------|
| Accrued contractual discounts on products sold to other customers | 95,015 | 70,895 | 134 |
| Payables to employees – gross wages, other receipts and charges | 30,279 | 32,505 | 93 |
| Other | 18,825 | 16,198 | 116 |
| Total other current liabilities | 144,119 | 119,598 | 121 |

Contingent liabilities

EUR 23,232 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|-------------------------------------|---------------|---------------|------------|
| Guarantees issued | 22,612 | 16,779 | 135 |
| Other | 620 | 620 | 100 |
| Total contingent liabilities | 23,232 | 17,399 | 134 |

CONDENSED FINANCIAL STATEMENTS OF KRKA, D. D., NOVO MESTO, WITH NOTES

Statement of financial position of Krka, d. d., Novo mesto

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--------------------------------------|------------------|------------------|------------|
| Assets | | | |
| Property, plant and equipment | 527,774 | 519,219 | 102 |
| Intangible assets | 29,078 | 29,908 | 97 |
| Investments in subsidiaries | 282,094 | 259,455 | 109 |
| Deferred tax assets | 15,896 | 16,987 | 94 |
| Non-current loans | 32,659 | 32,837 | 99 |
| Non-current investments | 4,873 | 4,891 | 100 |
| Other non-current assets | 143 | 145 | 99 |
| Total non-current assets | 892,517 | 863,442 | 103 |
| Inventories | 196,847 | 190,555 | 103 |
| Trade receivables | 436,336 | 412,856 | 106 |
| Other receivables | 15,414 | 20,079 | 77 |
| Current loans | 136,720 | 65,305 | 209 |
| Current investments | 715 | 679 | 105 |
| Cash and cash equivalents | 10,246 | 13,369 | 77 |
| Total current assets | 796,278 | 702,843 | 113 |
| Total assets | 1,688,795 | 1,566,285 | 108 |
| Equity | | | |
| Share capital | 59,126 | 59,126 | 100 |
| Treasury shares | -61,592 | -55,656 | 111 |
| Reserves | 209,757 | 203,816 | 103 |
| Retained earnings | 1,112,210 | 1,024,929 | 109 |
| Total equity | 1,319,501 | 1,232,215 | 107 |
| Liabilities | | | |
| Non-current borrowings | 14,450 | 13,700 | 105 |
| Provisions | 96,491 | 96,491 | 100 |
| Deferred revenue | 2,381 | 2,752 | 87 |
| Deferred tax liabilities | 343 | 367 | 93 |
| Total non-current liabilities | 113,665 | 113,310 | 100 |
| Trade payables | 143,424 | 118,496 | 121 |
| Current borrowings | 67,570 | 58,917 | 115 |
| Income tax liabilities | 4,319 | 0 | |
| Other current liabilities | 40,316 | 43,347 | 93 |
| Total current liabilities | 255,629 | 220,760 | 116 |
| Total liabilities | 369,294 | 334,070 | 111 |
| Total equity and liabilities | 1,688,795 | 1,566,285 | 108 |

Income statement of Krka, d. d., Novo mesto

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|--|----------------|----------------|------------|
| Revenues | 587,437 | 521,274 | 113 |
| Cost of sales | -237,346 | -206,033 | 115 |
| Gross profit | 350,091 | 315,241 | 111 |
| Other income | 1,781 | 814 | 219 |
| Distribution expenses | -147,772 | -140,513 | 105 |
| R&D costs | -53,103 | -47,321 | 112 |
| Administrative expenses | -29,612 | -27,154 | 109 |
| Operating profit | 121,385 | 101,067 | 120 |
| Financial income | 1,701 | 2,257 | 75 |
| Financial expenses | -16,552 | -6,413 | 258 |
| Net financial expenses | -14,851 | -4,156 | 357 |
| Profit before tax | 106,534 | 96,911 | 110 |
| Income tax expense | -13,317 | -14,052 | 95 |
| Profit for the period | 93,217 | 82,859 | 113 |
| Basic earnings per share (in EUR)* | 2.82 | 2.48 | 114 |
| Diluted earnings per share (in EUR)** | 2.82 | 2.48 | 114 |

* Profit for the period/Average number of shares issued in the period exclusive of treasury shares.

** All issued shares are ordinary registered shares, therefore the diluted EPS equals the basic EPS.

Statement of comprehensive income of Krka, d. d., Novo mesto

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|---|---------------|---------------|------------|
| Profit for the period | 93,217 | 82,859 | 113 |
| Other comprehensive income for the period | | | |
| Change in fair value of available-for-sale financial assets | -18 | 262 | |
| Deferred tax effect – change in fair value of available-for-sale financial assets | 23 | -52 | |
| Total other comprehensive income for the period | 5 | 210 | 2 |
| Total comprehensive income for the period | 93,222 | 83,069 | 112 |

Statement of changes in equity of Krka, d. d., Novo mesto

| | Share capital | Treasury shares | Reserves | | | | | Retained earnings | | | Total equity |
|---|---------------|-----------------|------------------------------|----------------|----------------|--------------------|---------------------|------------------------|-----------------------|-------------------|------------------|
| | | | Reserves for treasury shares | Share premium | Legal reserves | Statutory reserves | Fair value reserves | Other revenue reserves | Profit for the period | Retained earnings | |
| EUR thousand | | | | | | | | | | | |
| Balance at 1 Jan 2013 | 59,126 | -55,656 | 55,656 | 101,503 | 14,990 | 30,000 | 1,667 | 846,998 | 116,543 | 61,388 | 1,232,215 |
| Profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 93,217 | 0 | 93,217 |
| Other comprehensive income for the period | | | | | | | | | | | |
| Change in fair value of available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | -18 | 0 | 0 | 0 | -18 |
| Deferred tax effect – change in fair value of available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 23 | 0 | 0 | 0 | 23 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 5 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 93,217 | 0 | 93,222 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | |
| Formation of statutory reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Formation of other revenue reserves under the resolution of the Management and Supervisory Boards | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of previous period's profit to retained earnings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -116,543 | 116,543 | 0 |
| Transfer to other revenue reserves under the resolution of the Annual Meeting of Shareholders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Formation of reserves for treasury shares | 0 | 0 | 5,936 | 0 | 0 | 0 | 0 | 0 | -5,936 | 0 | 0 |
| Repurchase of treasury shares | 0 | -5,936 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -5,936 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total transactions with owners, recognised directly in equity | 0 | -5,936 | 5,936 | 0 | 0 | 0 | 0 | 0 | -122,479 | 116,543 | -5,936 |
| Balance at 30 Jun 2013 | 59,126 | -61,592 | 61,592 | 101,503 | 14,990 | 30,000 | 1,672 | 846,998 | 87,281 | 177,931 | 1,319,501 |

| EUR thousand | Share capital | Treasury shares | Reserves | | | | | Retained earnings | | | Total equity |
|---|---------------|-----------------|------------------------------|---------------|----------------|--------------------|---------------------|------------------------|-----------------------|-------------------|--------------|
| | | | Reserves for treasury shares | Share premium | Legal reserves | Statutory reserves | Fair value reserves | Other revenue reserves | Profit for the period | Retained earnings | |
| Balance at 1 Jan 2012 | 59,126 | -42,584 | 42,584 | 101,503 | 14,990 | 30,000 | 1,542 | 760,611 | 111,741 | 60,972 | 1,140,485 |
| Profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82,859 | 0 | 82,859 |
| Other comprehensive income for the period | | | | | | | | | | | |
| Change in fair value of available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 262 | 0 | 0 | 0 | 262 |
| Deferred tax effect – change in fair value of available-for-sale financial assets | 0 | 0 | 0 | 0 | 0 | 0 | -52 | 0 | 0 | 0 | -52 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 210 | 158 | 0 | 0 | 210 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 210 | 158 | 82,859 | 0 | 83,069 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | |
| Formation of statutory reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Formation of other revenue reserves under the resolution of the Management and Supervisory Boards | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of previous period's profit to retained earnings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -111,741 | 111,741 | 0 |
| Transfer to other revenue reserves under the resolution of the Annual Meeting of Shareholders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Formation of reserves for treasury shares | 0 | 0 | 5,201 | | 0 | 0 | 0 | 0 | -5,201 | 0 | 0 |
| Repurchase of treasury shares | 0 | -5,201 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -5,201 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total transactions with owners, recognised directly in equity | 0 | -5,201 | 5,201 | 0 | 0 | 0 | 0 | 0 | -116,942 | 111,741 | -5,201 |
| Balance at 30 Jun 2012 | 59,126 | -47,785 | 47,785 | 101,503 | 14,990 | 30,000 | 1,752 | 760,769 | 77,658 | 172,713 | 1,218,353 |

Statement of cash flows of Krka, d. d., Novo mesto

| EUR thousand | 1-6/2013 | 1-6/2012 |
|---|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 93,217 | 82,859 |
| Adjustments for: | 51,466 | 52,032 |
| – amortisation/depreciation | 35,756 | 34,251 |
| – foreign exchange differences | 1,860 | –734 |
| – investment income | –1,720 | –2,186 |
| – investment expense | 1,267 | 5,226 |
| – interest expense and other financial expense | 986 | 1,423 |
| – income tax | 13,317 | 14,052 |
| Operating profit before changes in net operating current assets | 144,683 | 134,891 |
| Change in trade receivables | –26,927 | –18,980 |
| Change in inventories | –6,293 | 3,592 |
| Change in trade payables | 24,928 | –5,413 |
| Change in deferred revenue | –371 | –351 |
| Change in other current liabilities | –2,970 | –1,956 |
| Income taxes paid | –802 | –7,143 |
| Net cash from operating activities | 132,248 | 104,640 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 1,333 | 764 |
| Dividends received | 4 | 1 |
| Proportionate profit of subsidiaries | 1,008 | 1,000 |
| Proceeds from sale of property, plant and equipment and intangible assets | 200 | 793 |
| Purchase of intangible assets | –2,311 | –1,541 |
| Purchase of property, plant and equipment | –42,619 | –25,822 |
| Acquisition of subsidiaries and a share of minority interest | –22,824 | –24,370 |
| Refund of subsequent payments in subsidiaries | 185 | 0 |
| Non-current loans | –1,132 | –1,484 |
| Proceeds from repayment of non-current loans | 484 | 2,297 |
| Acquisition of non-current investments | –19 | –69 |
| Proceeds from sale of non-current investments | 21 | 29 |
| Payments in connection with current investments and loans | –71,576 | –51,456 |
| Payments in connection with derivative financial instruments | 0 | –4,987 |
| Proceeds from derivative financial instruments | 0 | 102 |
| Net cash used in investing activities | –137,246 | –104,743 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | –1,159 | –1,698 |
| Repayment of non-current borrowings | –6,300 | –16,700 |
| Non-current borrowings | 750 | 200 |
| Acquisition of current borrowings | 15,126 | 24,611 |
| Dividends paid | –61 | –32 |
| Repurchase of treasury shares | –5,936 | –5,201 |
| Net cash used in financing activities | 2,420 | 1,180 |
| Net increase in cash and cash equivalents | –2,578 | 1,077 |
| Cash and cash equivalents at beginning of period | 13,369 | 15,023 |
| Effect of exchange rate fluctuations on cash held | –545 | –196 |
| Net cash and cash equivalents at end of period | 10,246 | 15,904 |

Segment reporting of Krka, d. d., Novo mesto

| | European Union | | South-East Europe | | East Europe | | Other | | Total | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| EUR thousand | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 | 1-6/2013 | 1-6/2012 |
| Revenues | 300,481 | 310,783 | 54,783 | 49,578 | 213,091 | 145,806 | 19,082 | 15,107 | 587,437 | 521,274 |
| Revenues from reversal of provisions and other income | 1,584 | 613 | 40 | 44 | 157 | 157 | 0 | 0 | 1,781 | 814 |
| Operating expenses | -241,455 | -245,236 | -41,667 | -35,366 | -170,235 | -128,239 | -14,476 | -12,180 | -467,833 | -421,021 |
| Operating profit | 60,610 | 66,160 | 13,156 | 14,256 | 43,013 | 17,724 | 4,606 | 2,927 | 121,385 | 101,067 |
| Interest revenue | 1,161 | 851 | 0 | 0 | 500 | 41 | 0 | 0 | 1,661 | 892 |
| Interest expenses | -907 | -1,246 | 0 | 0 | 0 | -159 | 0 | 0 | -907 | -1,405 |
| Net financial expenses/income | -1,759 | -512 | 10 | -165 | -13,081 | -3,293 | -21 | -186 | -14,851 | -4,156 |
| Income tax expense | -6,650 | -9,093 | -1,443 | -1,958 | -4,719 | -2,599 | -505 | -402 | -13,317 | -14,052 |
| Profit for the period | 52,201 | 56,555 | 11,723 | 12,133 | 25,213 | 11,832 | 4,080 | 2,339 | 93,217 | 82,859 |
| Investments | 44,900 | 26,728 | 0 | 0 | 0 | 0 | 0 | 0 | 44,900 | 26,728 |
| Depreciation of property, plant and equipment | 22,836 | 24,904 | 1,768 | 1,341 | 7,855 | 4,861 | 186 | 228 | 32,645 | 31,334 |
| Amortisation of intangible assets | 1,591 | 1,739 | 290 | 277 | 1,129 | 816 | 101 | 85 | 3,111 | 2,917 |
| | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 |
| Total assets | 1,175,890 | 1,116,425 | 92,613 | 90,417 | 409,911 | 348,820 | 10,381 | 10,623 | 1,688,795 | 1,566,285 |
| Total liabilities | 250,031 | 237,212 | 23,357 | 20,264 | 78,744 | 61,221 | 17,162 | 15,373 | 369,294 | 334,070 |

Notes to the financial statements of Krka, d. d., Novo mesto

Costs by nature

EUR 467,833 thousand

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|--|----------------|----------------|------------|
| Cost of goods and material | 178,966 | 142,660 | 125 |
| Cost of services | 162,357 | 143,502 | 113 |
| Employee benefits cost | 90,524 | 86,448 | 105 |
| Depreciation and amortisation expense | 35,756 | 34,251 | 104 |
| Inventory write-offs and allowances | 2,670 | 2,361 | 113 |
| Receivables impairments and write-offs | 332 | 1,205 | 28 |
| Other operating expenses | 10,704 | 13,292 | 81 |
| Total costs | 481,309 | 423,719 | 114 |
| Change in value of inventories | -13,476 | -2,698 | 499 |
| Total | 467,833 | 421,021 | 111 |

Employee benefits cost

EUR 90,524 thousand

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|---|---------------|---------------|------------|
| Gross wages and salaries and continued pay | 70,443 | 67,276 | 105 |
| Social security contributions | 4,295 | 4,090 | 105 |
| Pension insurance contributions | 7,584 | 7,149 | 106 |
| Retirement benefits and anniversary bonuses | 1,534 | 1,620 | 95 |
| Other employee benefits cost | 6,668 | 6,313 | 106 |
| Total employee benefits cost | 90,524 | 86,448 | 105 |

Other expenses

EUR 10,704 thousand

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|--|---------------|---------------|-----------|
| Grants and assistance for humanitarian and other purposes | 596 | 859 | 69 |
| Environmental levies | 1,181 | 1,117 | 106 |
| Other taxes and levies | 6,639 | 9,739 | 68 |
| Loss on the sale of property, plant and equipment and intangible assets and write-offs | 1,267 | 236 | 537 |
| Other operating expenses | 1,021 | 1,341 | 76 |
| Total other expenses | 10,704 | 13,292 | 81 |

Other taxes and levies include taxes (claw-back and similar) that have been imposed in several markets of Krka's operations in recent periods.

Financial income and expenses

| EUR thousand | 1-6/2013 | 1-6/2012 | Index |
|--|----------------|---------------|------------|
| Net foreign exchange gain | 0 | 236 | 0 |
| Interest income | 1,661 | 892 | 186 |
| Change in fair value of investments through profit or loss | 36 | 26 | 138 |
| Income from derivative financial instruments | 0 | 102 | 0 |
| – income | 0 | 102 | 0 |
| Income from dividends and other interests in profit | 4 | 1,001 | 0 |
| Total financial income | 1,701 | 2,257 | 75 |
| Net foreign exchange loss | –15,566 | 0 | |
| Interest expense | –907 | –1,405 | 65 |
| Change in fair value of investments through profit or loss | 0 | –3 | 0 |
| Expenses for derivative financial instruments | 0 | –4,987 | 0 |
| – expenses | 0 | –4,987 | 0 |
| Other expenses | –79 | –18 | 439 |
| Total financial expenses | –16,552 | –6,413 | 258 |
| Net financial expenses | –14,851 | –4,156 | 357 |

Income tax expense

EUR 13,317 thousand

Current income tax amounts to EUR 12,226 thousand, which is 11.5% of pre-tax profit. Together with the deferred tax of EUR 1,091 thousand, the total income tax expense in the

income statement equals EUR 13,317 thousand. The effective tax rate is 12.5%, which is 2.0 of a percentage point less than in the same period last year.

Property, plant and equipment

EUR 527,774 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--|----------------|----------------|------------|
| Property | 19,326 | 19,020 | 102 |
| Plant | 212,647 | 218,714 | 97 |
| Equipment | 233,198 | 235,022 | 99 |
| Property, plant and equipment under construction | 62,603 | 46,463 | 135 |
| Total property, plant and equipment | 527,774 | 519,219 | 102 |

The value of property, plant and equipment represents just over 31% of the Krka Company's

total assets. Krka's major investments are described in the chapter Investments in the Business Report.

Intangible assets

EUR 29,078 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|---------------|---------------|-----------|
| Concessions, patents, licences and similar rights | 23,667 | 25,671 | 92 |
| Intangible assets under construction | 5,411 | 4,237 | 128 |
| Total intangible assets | 29,078 | 29,908 | 97 |

Intangible assets refer to software and marketing authorisation documentation for new medicines.

Loans

EUR 169,379 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|----------------|---------------|------------|
| Non-current loans | 32,659 | 32,837 | 99 |
| – loans to subsidiaries | 26,969 | 27,744 | 97 |
| – loans to others | 5,690 | 5,093 | 112 |
| Current loans | 136,720 | 65,305 | 209 |
| – portion of non-current loans maturing next year | 818 | 1,307 | 63 |
| – loans to subsidiaries | 57,044 | 53,550 | 107 |
| – loans to others | 78,126 | 10,043 | 778 |
| – current interest receivable | 732 | 405 | 181 |
| Total loans | 169,379 | 98,142 | 173 |

Non-current loans represent 19% of total loans.

loans.

Non-current loans to others include loans that the Company extends in accordance with its internal acts to its employees and that are primarily housing

Current loans to others include EUR 78,000 thousand of bank deposits with maturities longer than 30 days.

Investments

EUR 5,588 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|--------------|--------------|------------|
| Non-current investments | 4,873 | 4,891 | 100 |
| – available-for-sale financial assets | 4,873 | 4,891 | 100 |
| Current investments including derivative financial instruments | 715 | 679 | 105 |
| – shares and interests held for trading | 112 | 103 | 109 |
| – other current investments | 603 | 576 | 105 |
| Total investments | 5,588 | 5,570 | 100 |

Available-for-sale financial assets include EUR 628 thousand of investments in shares and interests in companies in Slovenia, and EUR 4,245 thousand of investments in shares and interests in companies abroad.

Other current investments refer to EUR 320 thousand worth of shares in Slovenian mutual funds, and to EUR 283 thousand worth of assets under management.

Inventories

EUR 196,847 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--------------------------|----------------|----------------|------------|
| Material | 82,234 | 88,138 | 93 |
| Work in progress | 55,800 | 45,085 | 124 |
| Products | 51,239 | 50,650 | 101 |
| Merchandise | 6,132 | 6,399 | 96 |
| Inventory advances | 1,442 | 283 | 510 |
| Total inventories | 196,847 | 190,555 | 103 |

Trade and other receivables

EUR 451,750 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|----------------|----------------|------------|
| Current receivables due from subsidiaries | 255,392 | 226,858 | 113 |
| Current receivables due from customers other than Group companies | 180,944 | 185,998 | 97 |
| Current receivables relating to dividends of subsidiaries | 0 | 1,008 | |
| Other current receivables | 15,414 | 19,071 | 81 |
| Total receivables | 451,750 | 432,935 | 104 |

Cash and cash equivalents

EUR 10,246 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--|---------------|---------------|-----------|
| Cash in hand | 4 | 7 | 57 |
| Bank balances | 10,242 | 13,362 | 77 |
| Total cash and cash equivalents | 10,246 | 13,369 | 77 |

Equity

EUR 1,319,501 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--------------------------------|------------------|------------------|------------|
| Share capital | 59,126 | 59,126 | 100 |
| Treasury shares | -61,592 | -55,656 | 111 |
| Reserves: | 209,757 | 203,816 | 103 |
| – share premium | 101,503 | 101,503 | 100 |
| – reserves for treasury shares | 61,592 | 55,656 | 111 |
| – legal reserves | 14,990 | 14,990 | 100 |
| – statutory reserves | 30,000 | 30,000 | 100 |
| – fair value reserve | 1,672 | 1,667 | 100 |
| Retained earnings | 1,112,210 | 1,024,929 | 109 |
| Total equity | 1,319,501 | 1,232,215 | 107 |

Borrowings

EUR 82,020 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--|---------------|---------------|------------|
| Non-current borrowings | 14,450 | 13,700 | 105 |
| – borrowings from subsidiaries | 1,550 | 800 | 194 |
| – borrowings from domestic banks | 12,900 | 12,900 | 100 |
| Current borrowings | 67,570 | 58,917 | 115 |
| – portion of non-current borrowings maturing next year | 6,300 | 12,600 | 50 |
| – borrowings from subsidiaries | 60,632 | 45,463 | 133 |
| – borrowings from other entities | 331 | 375 | 88 |
| – current interest payable | 307 | 479 | 64 |
| Total borrowings | 82,020 | 72,617 | 113 |

Provisions

EUR 96,491 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--|---------------|---------------|------------|
| Provisions for retirement benefits and anniversary bonuses | 47,491 | 47,491 | 100 |
| Provisions for lawsuits | 49,000 | 49,000 | 100 |
| Total provisions | 96,491 | 96,491 | 100 |

Deferred revenue

EUR 2,381 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|--------------|--------------|-----------|
| Grants received for the Beta production plant in Šentjernej | 15 | 37 | 41 |
| Grants by the European Regional Development Fund | 15 | 17 | 88 |
| Grants by a European Fund – development of new technologies (FBD project) | 682 | 731 | 93 |
| Property, plant and equipment received for free | 560 | 565 | 99 |
| Emission coupons | 0 | 22 | 0 |
| Other deferred revenue | 1,109 | 1,380 | 80 |
| Total deferred revenue | 2,381 | 2,752 | 87 |

The FBD project is partly funded by the European Union (European Regional Development Fund). The project is implemented as part of the Operational Programme 2007–2013 »Strengthening Regional

Development Potentials«; 1. priority axis: competitiveness and research excellence; 1.1. priority objective: improving competitiveness and research excellence.

Trade payables

EUR 143,424 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|--------------------------------|----------------|----------------|------------|
| Payables to subsidiaries | 49,904 | 41,571 | 120 |
| Payables to domestic suppliers | 40,728 | 32,479 | 125 |
| Payables to foreign suppliers | 50,461 | 42,710 | 118 |
| Payables from advances | 2,331 | 1,736 | 134 |
| Total trade payables | 143,424 | 118,496 | 121 |

Other current liabilities

EUR 40,316 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|---|---------------|---------------|-----------|
| Accrued contractual discounts on products sold to other customers | 12,373 | 12,373 | 100 |
| Payables relating to unpaid equity of subsidiaries | 258 | 258 | 100 |
| Payables to employees – gross wages, other receipts and charges | 22,720 | 25,612 | 89 |
| Other | 4,965 | 5,104 | 97 |
| Total other current liabilities | 40,316 | 43,347 | 93 |

Contingent liabilities

EUR 25,875 thousand

| EUR thousand | 30 Jun 2013 | 31 Dec 2012 | Index |
|-------------------------------------|---------------|---------------|------------|
| Guarantees issued | 25,255 | 19,273 | 131 |
| Other | 620 | 620 | 100 |
| Total contingent liabilities | 25,875 | 19,893 | 130 |

MANAGEMENT BOARD STATEMENT OF RESPONSIBILITIES

The Management Board of Krka, d. d., Novo mesto hereby states that the condensed financial statements of the Krka Company and the condensed consolidated financial statements of the Krka Group for the six months ended 30 June 2013 were drawn up so as to provide a true and fair view of the financial standing and operating results of the Krka Company and the Krka Group. The condensed statements for the period January–June 2013 were drawn up using the same accounting principles as for the annual financial statements of the Krka Company and Group for 2012.

The condensed interim financial statements for the six months ended 30 June 2013 were drawn up

pursuant to IAS 34 – Interim Financial Reporting, and must be read in conjunction with the annual financial statements drawn up for the business year ended 31 December 2012.

The Management Board is responsible for implementing measures to maintain the value of the Krka Company and Krka Group assets, and to prevent and detect frauds or other forms of misconduct.

The Management Board states that all transactions between related parties in the Krka Group were executed on the basis of purchase contracts, using market prices for products and services.

Novo mesto, 17 July 2013



Jože Colarič
President of the Management Board and Chief Executive



Dr Aleš Rotar
Member of the Management Board



Zvezdana Bajc
Member of the Management Board



Dr Vinko Zupančič
Member of the Management Board



Danica Novak Malnar
Worker Director – Member of the Management Board