

# CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

In accordance with the Corporate Governance Code for Slovene public joint-stock companies (Official Gazette of the Republic of Slovenia, 40/04, henceforth the Code), which entered into force on 18 March 2004, binds Krka, d. d., Novo mesto (henceforth also Company) to publish a statement of compliance with the Code (the compliance statement). The Company issued first compliance statement for a period from 18 March to 27 September 2004. The compliance statement is published on the Ljubljana Stock Exchange website, SEOnet (<http://seonet.ljse.si>).

The compliance statement for a period from 27 September 2004 to the date of 2004 Annual Report release, is as follows:

The Company complied with the Code's provisions with the exception of the following provision:

*2.3.10. Internal rules on prohibition of trading with the Company's shares and with Group companies' shares for members of Krka's and Group companies' bodies and for those employees who have access to insider information.*

Krka has no specific act regarding prohibition of trading with the Company's shares and Group companies' shares. The Company's Information Confidentiality Policy and associated internal regulations govern relevant information confidentiality. The reporting of management board and supervisory board members, regarding transactions with the Company's shares, is regulated by the relevant provisions adopted by the Company's management and supervisory board. Due to the adoption of the amended Securities Market Act and associated decrees by the Securities Market Agency of the Republic of Slovenia dated 26 February 2005, the Company keeps updated records of persons with access to insider information. These persons are notified in writing of the legal prohibition of insider trading and of their reporting obligations to the Securities Market Agency of the Republic of Slovenia concerning transactions with the Company's securities and of the formal guidelines these reports must adhere to.

The compliance statement will be published in each Annual Report.

Novo mesto, March 2005

Krka, d. d., Novo mesto  
Management Board