



**Unaudited Interim Report  
for the Krka Group  
and the Krka Company  
for January–September 2011**

Novo mesto, November 2011

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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 January–September 2011 and for January–September 2010 are unaudited, while the statements for the full 2010 business year present audited figures. The company has no authorised capital and has not made a conditional share capital increase.

The company promptly announces all significant changes to the data given in its listing prospectus

on the Ljubljana Stock Exchange electronic information dissemination system SEOnet and/or the Delo daily newspaper. The January–September 2011 Report for the Krka Group and Company is also available on the Krka website: [www.krka.si](http://www.krka.si).

The Supervisory Board discussed the January–September 2011 Report for the Krka Group and Company at its regular meeting on 16 November 2011.

### Highlights January–September 2011

- The Group sold EUR 768.2 million worth of products and services, of which the Krka Company sold EUR 705.2 million.
- Group sales were up 6% compared to the same period in 2010 and Company sales were up 2%.
- The Group generated EUR 169.0 million of operating profit, up 9% compared to the same period in 2010, while the Krka Company generated EUR 148.0 million of operating profit, down 7%.
- The Group recorded EUR 115.4 million of net profit, down 4% compared to the same period in 2010, while the Krka Company generated EUR 109.2 million of net profit, down 17%. Both the Company and the Group recorded lower net profits mainly due to negative foreign exchange differences of EUR 15.8 million net. Over the same period in 2010 Krka recognised net positive foreign exchange differences.
- The highest absolute sales growth (up EUR 22.2 million) was recorded in Region East Europe, and the highest relative sales growth (up 14%) in Region West Europe and Overseas Markets. Region Central Europe remains Krka's leading Region by sales value as this is where Krka generates 28% of its total sales revenues.
- The Group generated 90%, and the Krka Company 93%, of its sales revenues in markets outside Slovenia.
- On 30 September 2011 Krka traded at EUR 51.39 on the Ljubljana Stock Exchange, down 18% on year-end 2010. Krka's market capitalisation on 30 September 2011 was EUR 1,820.5 million.
- The Group spent EUR 76.3 million on investments in the first nine months of 2011, of which the controlling company invested EUR 57.9 million and the controlled companies EUR 18.4 million.
- At the end of September 2011 the Krka Group employed 8,926 staff, up 4% compared to the beginning of the year.

## Financial highlights

in EUR thousand	Krka Group		Krka, d. d., Novo mesto	
	1-9/2011	1-9/2010	1-9/2011	1-9/2010
Sales revenues	768,150	726,627	705,183	692,825
EBIT	168,976	154,629	147,999	159,485
EBITDA	233,062	215,482	196,395	205,254
Net profit	115,423	120,861	109,238	132,039
R&D costs	66,541	71,662	62,710	67,300
Investments	76,251	77,072	57,847	56,571

	30 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
Non-current assets	852,674	846,506	811,912	807,409
Current assets	654,568	641,698	629,748	638,902
Equity	1,096,487	1,053,327	1,103,769	1,058,154
Non-current liabilities	205,030	202,709	173,409	171,542
Current liabilities	205,725	232,168	164,482	216,615

<b>RATIOS</b>	1-9/2011	1-9/2010	1-9/2011	1-9/2010
EBIT margin	22.0%	21.3%	21.0%	23.0%
EBITDA margin	30.3%	29.7%	27.9%	29.6%
Net profit margin (ROS)	15.0%	16.6%	15.5%	19.1%
ROE <sup>1</sup>	14.3%	16.7%	13.5%	18.0%
ROA <sup>2</sup>	10.3%	11.6%	10.1%	12.9%
Liabilities/Equity	0.375	0.429	0.306	0.372
R&D costs/Sales revenues	8.7%	9.9%	8.9%	9.7%

<b>NUMBER OF EMPLOYEES</b>	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
As at	8,926	8,578	4,357	4,528

<b>SHARE INFORMATION</b>	1-9/2011	1-9/2010
Total number of shares issued	35,426,120	35,426,120
Earnings per share in EUR <sup>3</sup>	4.58	4.77
Share price at end of period in EUR	51.39	63.52
Price/Earnings ratio (P/E)	11.23	13.32
Book value in EUR <sup>4</sup>	30.95	28.40
Price/Book value (P/B)	1.66	2.24
Market capitalisation in EUR thousand (at end of period)	1,820,548	2,250,267

<sup>1</sup> Net profit, annualised/average equity balance over period.

<sup>2</sup> Net profit, annualised/average total assets balance over period.

<sup>3</sup> Net profit attributable to equity holders of the parent, annualised/average number of shares issued in period, excluding own shares.

<sup>4</sup> Book value was calculated using the total number of issued shares.

## Krka Group ID card

The controlling company in the Group is Krka, tovarna zdravil, d. d., Novo mesto.

**Registered office:** Šmarješka cesta 6, 8501 Novo mesto, Slovenia

**Telephone:** +386 7 331 21 11

**Fax:** +386 7 332 15 37

**E-mail:** info@krka.biz

**Website:** www.krka.si

**Core business:** manufacture of pharmaceutical preparations

**Business classification code:** 21.200

**Year established:** 1954

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

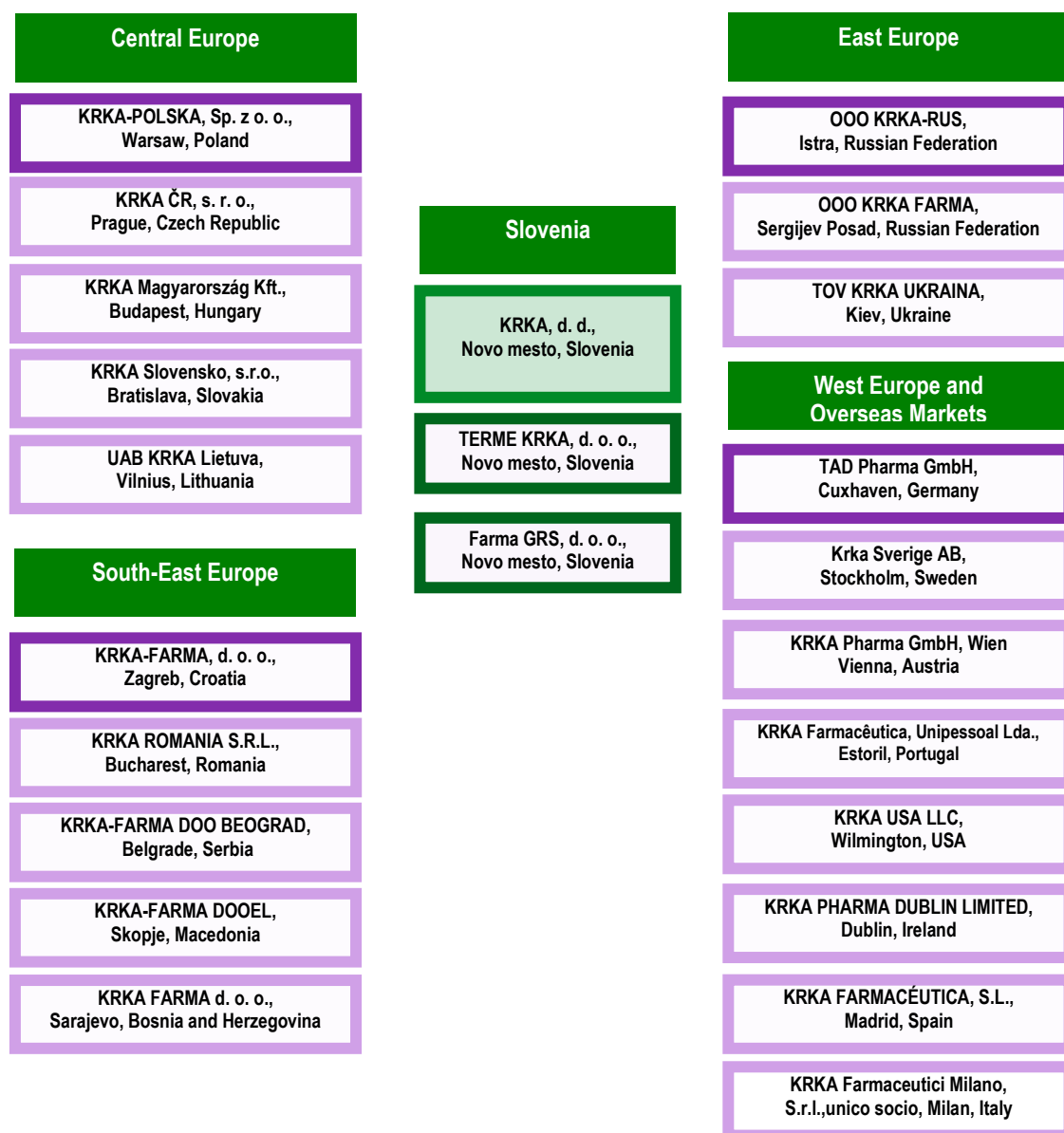
**VAT identification number:** SI82646716

**Company ID number:** 5043611

**Share capital:** EUR 59,126,194.28

**Shares:** 35,426,120 ordinary registered no-par value shares. Krka has been listed on the Ljubljana Stock Exchange under ticker code KRKG since 1997.

## Krka Group organisation chart



### Production-distribution companies

Three new subsidiaries were integrated into the Krka Group in 2011 – one in Slovenia and two abroad.

Farma GRS, farmacevtsko gospodarsko razvojno središče, d. o. o. was registered in Slovenia. It was established together with partners Metronik, Iskra Pio and the Chamber of Commerce and Industry of Dolenjska and Bela krajina after successful application for European grants at a public tender promoting investment into R&D. The project is worth EUR 45 million, for which Krka will receive EUR 10.3 million of grants and the three partners together EUR 0.3 million. We are thus setting up

### Other subsidiaries outside Slovenia

new R&D and manufacturing facilities at Ločna in Novo mesto.

In August 2011 Krka registered a new subsidiary in Spain, and in October another one in Italy. Wholly-owned by Krka, these two companies will deal with sales and marketing.

The controlling company, Krka, d. d., Novo mesto, holds 100% ownership stakes in all of the above subsidiaries, apart from Farma GRS in which it holds 99.7%.

## Krka Group business model

Krka is one of the world's leading generic pharmaceutical companies. It is headquartered in Slovenia and has over 55 years of experience in the industry.

Krka is the market leader in Slovenia and has a strong presence on generic pharmaceutical markets in:

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

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

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

Our modern pharmaceutical production process 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, self-medication products, and animal health and cosmetic products. The majority of Krka's products come in solid dosage pharmaceutical forms. Krka's core business is complemented by the health-resort and tourist services offered by the Terme Krka Group.

We focus on generic prescription pharmaceuticals, which Krka markets under its own brands. We will continue to invest efforts into marketing our brands and into the development of our own marketing and sales network, either by establishing new companies or purchasing local pharmaceutical companies in selected markets. Our objective is to strengthen the market position of the Krka Group especially on European and Central Asian markets.

In order to increase the competitive advantage of our products and maintain a high proportion of vertically integrated products, Krka has been investing ca. 9% of its sales revenues into R&D in recent years. A significant percentage of our total sales revenues is generated from the sales of new products, i.e. products launched over the recent five years. We will continue to invest into R&D, as there are over 100 new Krka products in the pipeline.

## Krka Group development strategy 2012–2016

The Group updates its development strategy on a bi-annual basis. In the beginning of November 2011 the Krka Management Board adopted a new five-year development strategy, for 2012–2016, and

presented it to the Supervisory Board at its November meeting. The key Krka Group objectives and strategies to 2016 are set out below.

### Key strategic objectives to 2016

- Reach an average annual sales growth of at least 6%, in EUR.
- Have new products account for at least one third of total sales.
- Increase cost efficiency in products.
- Strengthen the competitive advantage of the product portfolio by maintaining vertical product integration, and be the first generic pharmaceutical company to launch selected products on selected key markets.
- Improve asset efficiency.
- Strengthen innovation across all business functions.
- Remain an independent entity.

## Key strategies to 2016

- A priority focus on the markets of Europe and Central Asia.
- Strengthen the pharmaceuticals and chemicals business, especially prescription pharmaceuticals for key therapeutic areas (pharmaceuticals for cardiovascular diseases, pharmaceuticals to treat alimentary and metabolic diseases, and pharmaceuticals for diseases of the central nervous system).
- Develop generic pharmaceuticals and prepare the marketing authorisation documentation prior to the expiry of the product patent for an original medicine.
- Strengthen vertical integration from development of a product to its production.
- Strengthen competitiveness in West European markets by establishing our own marketing companies.
- Strengthen the professional and cost synergies inside the Krka Group, and maximise the competitive advantages offered by the business environments of Krka companies outside Slovenia.
- Secure a permanent supply of input materials and optimize the costs of supply.
- Strengthen the internationalisation of all business functions.
- Reduce the impact of financial risk and economic risk on the operations of the Krka Group.
- Pursue the policy of moderate dividend increases.
- Maintain a sense of responsibility with respect to the surroundings in which we operate, in an economic and social sense as well as in relation to preserving the environment.
- Operate according to the principles of business excellence.

## Estimated realisation of Krka Group objectives for 2011

- On a growth rate of 6% compared to the year 2010, the sales of products and services is planned to amount to EUR 1,070 million.
- Central Europe will remain our largest sales region, while the highest sales growth is expected in Region West Europe. The Russian Federation will remain Krka's largest individual market.
- Estimated sales outside Slovenia will account for over 90% of total Krka sales.
- The planned net profit of EUR 162 million is expected to be realised.
- At year-end 2011 the Krka Group is planned to employ 9,181 staff, 49% outside Slovenia.
- Investment spending is planned to amount to EUR 117 million, which is less than originally planned due to certain investment projects being realised later than planned; however, the planned investment projects have remained unchanged.



## BUSINESS REPORT

### Financial risks

#### Foreign exchange risk

Due to its widespread international operations the Group is exposed to foreign exchange risk with respect to the Russian rouble, Romanian leu, Croatian kuna, Polish złoty, Czech koruna, Hungarian forint, Ukrainian hryvnia and Serbian dinar. The Group statement of financial position shows a surplus of assets over liabilities in all the currencies mentioned, which we consider a long currency position.

The increase of currency positions came to a halt in the first half of 2011, while over the third quarter the currency positions in Russian roubles and Croatian kunas witnessed a moderate decrease. In other currencies we recorded no substantial changes in

currency positions.

In the first three quarters of 2011 currency positions were not hedged. The costs of foreign exchange hedges for the key currencies are high.

In the third quarter we witnessed increasing foreign exchange volatility, and the currencies of Central and East European countries depreciated. As a result we generated negative foreign exchange differences from long positions in these currencies. At the end of September our largest exposure was with respect to Russian roubles. As we write this Report, the mentioned currencies are picking up.

#### Interest rate risk

At the end of the third quarter of 2011 the Group had four long-term loans with a 6 month EURIBOR interest rate.

No new long-term loans were arranged during the first nine months of 2011.

All existing long-term borrowings have been repaid to the extent where market interest rate changes no longer have a decisive impact on the increase of the Group's overall financial expense.

#### Credit risk

Our credit control process involves obtaining credit ratings for customers to which the controlling company and subsidiaries sell products worth an annual EUR 100,000 or more, and regular, dynamic monitoring of customer payment discipline. Over a total of 400 of the Group's customers are included into the credit control system.

Total trade receivables decreased in the third quarter of 2011, mainly due to the seasonal sales dynamics. Past due receivables have remained at a

level that Krka considers normal and acceptable. A part of our trade receivables have a trade credit insurance cover.

The quality of trade receivables in terms of maturity structure and assessed customer risk are estimated to have remained unchanged on average. On account of our active management of receivables and past due receivables over the first nine months of 2011, we have not recorded any major write-offs of receivables.

## Liquidity risk

On account of a stable and continuous cash flow from the Group's operations the liquidity risk is estimated to be low. Occasional shortages of liquidity required to finance working capital, cover investments and pay dividends were covered with short-term bank loans.

The risks related to the Group's liquidity were, further, managed by effective short-term cash flow planning, including daily, rolling weekly, monthly and longer-term planning and monitoring of cash inflows, and by optimizing bank balances of subsidiaries. In the reported period we settled our liabilities regularly and on time.

## Property, business interruption and liability insurance

Krka broadened and unified its instructions for the insurance of property, liability and business interruption, and thus set out clear guidelines for the implementation of its master insurance policy at Group level. Over the reported period Krka integrated into its insurance system the new subsidiary Farma GRS, d. o. o. and thus managed the risks and liabilities related to its investments in the Krka's production plants development and control centre RKC 3, solid dosage plant OTO and Krka-Rus II. In addition to its periodic annual insurance covers, it took out insurance on several clinical trials around the world, conducted an analysis of car insurance abroad and reviewed how local insurance is being taken out.

Controlling the risk of maximum possible loss (MPL) with respect to the so-called »fire complexes« has required that we constantly monitor the exposure of buildings, equipment and inventories, and take measures to reduce the potential consequences and ensure business continuity. The Ločna production location has the most fire complexes. They are separated with fire walls or natural obstacles and with sufficient distance in between. However, since these fire complexes are connected into a complex production process, damage to one of them can cause an interruption of production and sales. To set off lower revenues due to damage suffered in a fire complex, certain expenses and expected profits must be allocated to insurance.

## Share information

**The share of international investors in Krka's ownership structure has never been as large as today.**

Over the first nine months of 2011 Krka's stock price decreased 18%, while over the same period the Slovene blue-chip index SBI TOP lost 27%. In the reported period international investors increased their

shareholding most significantly; on the current stake of over 15% this is the largest share of Krka that international investors have ever held. Slovene retail investors and investment companies, investment funds, and other companies, on the other hand, have decreased their holdings. At the end of September 2011 Krka had a total of 73,989 shareholders.

### Shareholder structure (%)

	30 Sep 2011	31 Dec 2010
Slovene retail investors	41.7	43.5
State restitution fund (Slovenska odškodninska družba)	15.0	15.0
State asset manager (Kapitalska družba) and its pension fund PPS	10.2	10.2
Slovene investment companies and funds	3.9	5.0
Other Slovene companies	8.2	8.6
International investors	15.5	13.0
Own shares	5.5	4.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

In the first nine months of 2011 Krka acquired 276,753 own (treasury) shares. On 30 September 2011 Krka thus held a total of 1,939,034 own

shares, which stands for 5.47% of the value of its share capital.

### 10 largest shareholders on 30 September 2011

	Country	No. of shares	Share in equity (%)	Share of voting rights (%)
SLOVENSKA ODŠKODNINSKA DRUŽBA, d.d.	Slovenia	5,312,070	14.99	15.86
KAPITALSKA DRUŽBA, D.D.	Slovenia	3,493,030	9.86	10.43
NEW WORLD FUND INC	USA	755,000	2.13	2.25
HYPO ALPE-ADRIA-BANK D.D.	Croatia	625,372	1.77	1.87
SOCIETE GENERALE–SPLITSKA BANKA D.D.	Croatia	459,580	1.30	1.37
LUKA KOPER, d.d.	Slovenia	433,970	1.23	1.30
ZAVAROVALNICA TRIGLAV, d.d.	Slovenia	388,300	1.10	1.16
TRIGLAV VZAJEMNI SKLADI	Slovenia	374,698	1.06	1.12
UNICREDIT BANK AUSTRIA AG	Austria	339,587	0.96	1.01
UNICREDIT BANK HUNGARY ZRT.	Hungary	332,869	0.94	0.99
<b>Total</b>		<b>12,514,476</b>	<b>35.34</b>	<b>37.36</b>

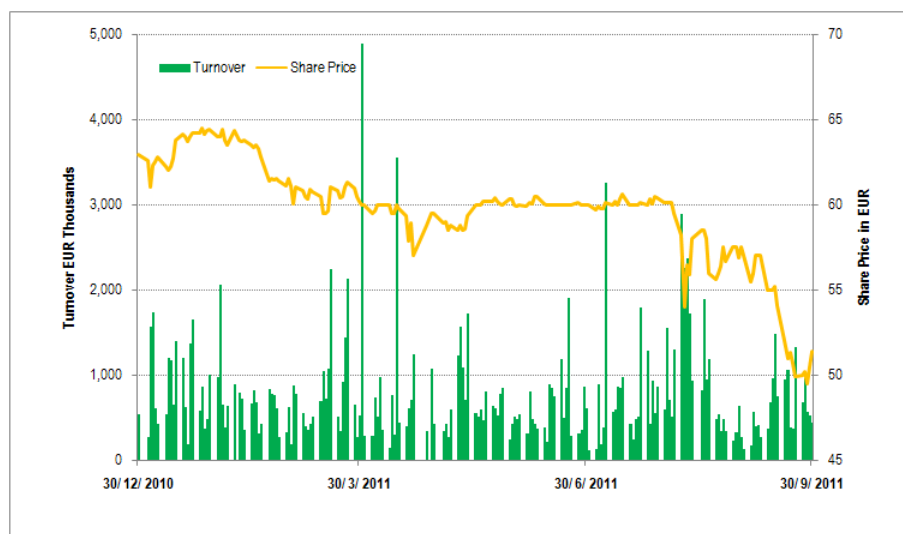
On 30 September 2011 Krka's 10 largest shareholders held a total of 12,514,476 shares, which is 35.34% of all issued shares. On 30

September 2011 members of the Management Board and Supervisory Board held a total of 50,895 shares, which is 0.145% 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 September 2011

	No. of shares	Share in equity (%)	Share of voting rights (%)
<b>Management Board members</b>			
Jože Colarič	22,500	0.064	0.067
Zvezdana Bajc	1,660	0.005	0.005
Aleš Rotar	12,770	0.036	0.038
Vinko Zupančič	120	0.000	0.000
Danica Novak-Malnar	0	0.000	0.000
<b>Total Management Board</b>	<b>37,050</b>	<b>0.105</b>	<b>0.110</b>
<b>Supervisory Board members</b>			
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	0.034
Mojca Osolnik Videmšek	452	0.001	0.001
Tomaž Sever	500	0.001	0.001
Sergeja Slapničar	0	0.000	0.000
Mateja Vrečer	0	0.000	0.000
<b>Total Supervisory Board</b>	<b>13,845</b>	<b>0.040</b>	<b>0.041</b>
<b>Total Management Board and Supervisory Board</b>	<b>50,895</b>	<b>0.145</b>	<b>0.151</b>

## Share trading January to September 2011



Krka reached its peak in the reporting period at the end of January, when it traded at EUR 64.48, and hit its low at the end September, when it stood at EUR 49.50. On 30 September Krka's closing price was EUR 51.39.

Krka's market capitalisation on 30 September 2011 was EUR 1.8 billion, with an average daily trading volume of EUR 0.8 million over the period.

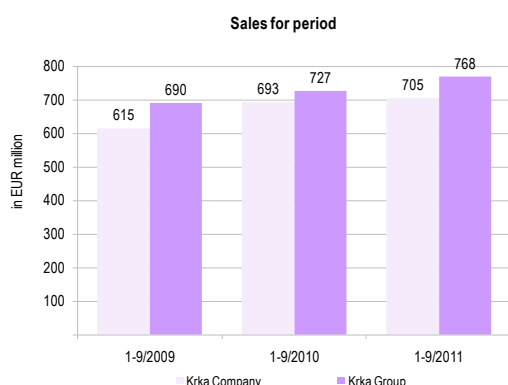
**Krka remains the share that changes hands most often on the Ljubljana Stock Exchange.**

## Business operations analysis

The business operations analysis includes data for the Krka Group and the Krka Company, whereas

the commentary relates mainly to the Krka Group.

### Revenues



**Group sales revenues were up 6%, with Company sales revenue increasing 2% compared to the same period in 2010.**

Group sales revenues increased 6% compared to the same period in 2010, with Company sales revenues growing 2%. The Krka Company sold EUR

705.2 million worth of prescription pharmaceuticals, self-medication products, cosmetic and animal health products, while the Group generated EUR 768.2 million of sales revenues from these products plus the health-resort and tourist services.

The Group generated 90% of its sales revenues in markets outside Slovenia. 82% of the Group's sales revenues came from prescription pharmaceuticals, up 5% compared to the same period in 2010.

The Group generated EUR 776.3 million of total revenues, up 5% compared to the same period in 2010, while the Krka Company made EUR 718.8 million of total revenues (i.e. sales revenues plus other operating and financial income).

The breakdown of sales results into individual markets and according to groups of products and

services is given under *Marketing and sales* below.

## Expenses

**Group expenses increased 8% compared to the same period in 2010.**

Total Group expenses during January–September 2011 amounted to EUR 629.2 million, up 8% compared to the same

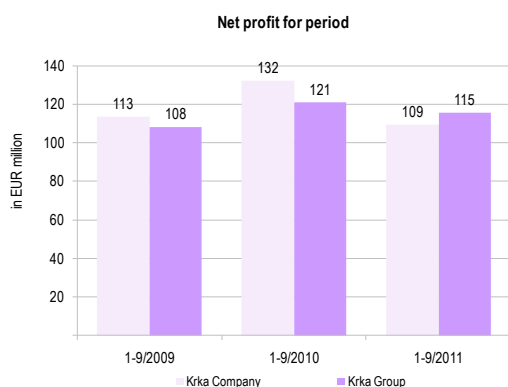
period in 2010.

The Group incurred EUR 605.8 million of operating expenses, up 5%, of which EUR 289.3 million were production costs of goods sold, EUR 194.1 million were distribution expenses, EUR 66.6 million were R&D costs, and EUR 55.8 million were administrative expenses.

Production costs for goods sold increased 8% compared to the same period in 2010, on the costs to sales ratio of 37.7%. Distribution expenses increased 8%, on the costs to sales ratio of 25.3%.

Group R&D costs were down 7% compared to the same period in 2010, on a costs to sales ratio of 8.7%. The Group does not capitalise R&D costs, therefore they are recognised as expenses for the period in full. Administrative expenses decreased 5%, on a costs to sales ratio of 7.3%.

## Operating results



The Group recorded EUR 169.0 million of operating profit, up 9% on the same period in 2010. This increase was generated mainly due to the favourable product mix. In most markets, however, we continue to face severe pressure to lower our prices of pharmaceuticals.

Pre-tax profit amounted to EUR 147.1 million, down 5% compared to the same period in 2010. Lower profit before tax is mainly the result of net negative foreign exchange differences of EUR 15.8 million (over the same period in 2010 Krka recorded net positive foreign exchange differences worth EUR 3.7 million).

Income tax totalled EUR 31.7 million and the effective tax rate was 21.5%.

The Group generated EUR 115.4 million of net profit, down 4% compared to the same period in 2010, of which the Krka Company generated EUR 109.2 million of net profit, down 17%.

## Assets

**Total assets of the Krka Group increased 1% from the beginning of the year.**

The Group's assets totalled EUR 1,507.2 million at the end of September, up 1% compared to year-end 2010. Non-current assets stood for 56.6% of total assets, down

0.3 of a percentage point compared to the beginning of the year.

The largest item under non-current assets, which totalled EUR 852.7 million, was property, plant and

equipment on EUR 695.2 million. Property, plant and equipment stood for 46.1% of the Group's total assets. The value of property, plant and equipment increased 1% from the beginning of the year. Intangible assets totalled EUR 120.3 million at the end of September.

Current assets increased 2% to EUR 654.6 million, inventories increased 14% to EUR 260.7 million, while receivables were down 12% to EUR 353.2 million.

## Equity and liabilities

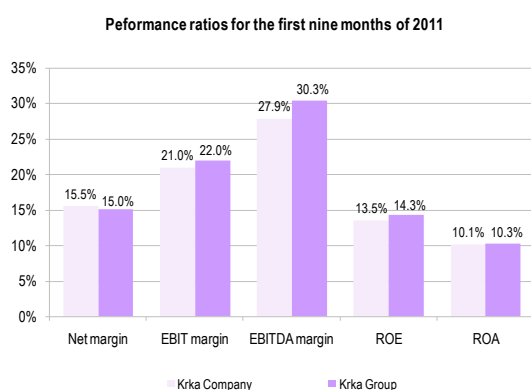
Group equity amounted to EUR 1,096.5 million at the end of September, up 4% compared to year-end 2010, standing for 72.8% of total equity and liabilities.

Amounting to EUR 205.0 million, non-current liabilities stand for 13.6% of the Group's total assets. The Group had EUR 109.7 million worth of provisions at the end of September. Long-term borrowings amounted to EUR 67.2 million and thus remained on the same level with year-end 2010.

Current liabilities decreased 11% compared to year-end 2010 and totalled EUR 205.7 million, which stands for 13.6% of the Group's total assets. The breakdown of current liabilities shows that operating liabilities amounted to EUR 75.7 million, down 17% compared to year-end 2010, and that short-term borrowings amounted to EUR 30.5 million, down 47%. Total long-term and short-term borrowings decreased 22% compared to year-end 2010.

Other current liabilities at the end of the reporting period totalled EUR 96.6 million.

## Performance ratios



The Group's net margin was 15.0% (Krka Company 15.5%), the EBIT margin 22.0% (21.0%) and the EBITDA margin 30.3% (27.9%). ROE at Group level was 14.3% (Krka Company 13.5%), with ROA at 10.3% (10.1%).

## Risk forecasts to the end of 2011

For the final quarter of the year we do not anticipate significantly different risks and uncertainties to those witnessed during the first nine months of 2011. The

only exception is foreign exchange volatility, where we expect more favourable trends towards the end of the year.

## Marketing and sales

In the first nine months of 2011 Krka exceeded the sales figures recorded over the same period in 2010 both at Group level and Krka Company level. The

Group sold EUR 768.2 million worth of products and services, while the Krka Company contributed EUR 705.2 million to the total sales revenues.

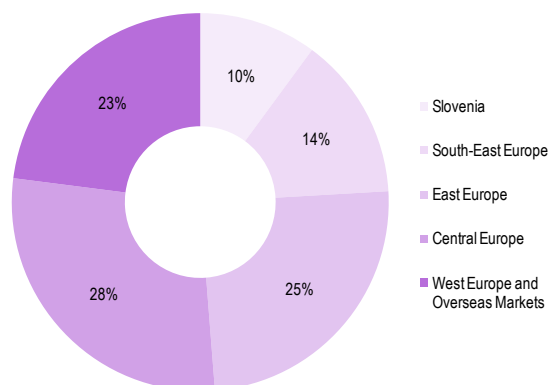
## Sales by region

Krka's sales were the highest in Region Central Europe, where it sold EUR 217.1 million worth of products, which is 28% of total Group sales. Krka's second largest sales value was recorded in Region East Europe, where Krka made EUR 189.6 million, which is 25% of its total sales. The third largest region in terms of sales value is Region West

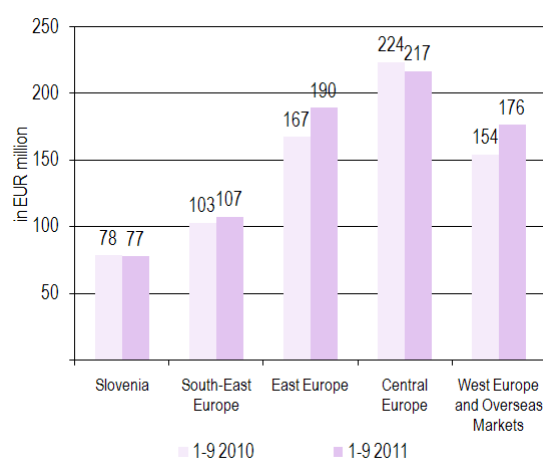
Europe and Overseas Markets, where Krka made EUR 176.5 million or 23% of its sales. Krka sold an additional EUR 107.5 million (14% of total sales) worth of products in South-East Europe, while Slovenia, where Krka generated a total of EUR 77.5 million of sales revenues, represents 10% of the total Krka Group sales.

in EUR thousand	Krka Group			Krka Company		
	1-9/2011	1-9/2010	Ind.	1-9/2011	1-9/2010	Ind.
Slovenia	77,456	78,224	99	51,035	56,678	90
South-East Europe	107,500	102,873	104	105,374	104,785	101
East Europe	189,600	167,381	113	176,998	184,961	96
Central Europe	217,109	223,864	97	211,856	219,708	96
West Europe and Overseas Markets	176,485	154,285	114	159,920	126,693	126
<b>Total</b>	<b>768,150</b>	<b>726,627</b>	<b>106</b>	<b>705,183</b>	<b>692,825</b>	<b>102</b>

## Krka Group sales by region, January–September 2011



## Krka Group sales by region, January–September 2010 and 2011



## Slovenia

Over the first nine months of 2011 Krka sold EUR 77.5 million worth of products and services in the Slovene market. The majority of sales revenues came from prescription pharmaceuticals, which contributed EUR 41.2 million. Self-medication and cosmetic products contributed a further EUR 5.6 million, while EUR 2.1 million came from animal health products. Having recorded a sales growth rate of 16%, the Terme Krka Group contributed an additional EUR 27.1 million to the overall sales in Slovenia.

### Krka is still the leader in the pharmaceutical market in Slovenia.

The fact that prices are still going down, the ever stronger competition in the generics market, which is due to numerous new generic pharmacists and molecules entering, and the restrictive legislation have all caused a reduction in Krka's sales. Nevertheless Krka remains the largest provider of pharmaceuticals in Slovenia, holding a 12% market share.

## South-East Europe

### Offering the most modern generic pharmaceuticals, Krka is strengthening its position among the leading generics in the markets of South-East Europe.

At the end of the nine months **Romania** is still the leading sales market in Region South-East Europe. Krka sold EUR 35.1 million worth of products there, up 13% compared to the same period in 2010. Prescription pharmaceuticals contributed most to the sales figure, having witnessed a 19% sales growth, the drivers of which were Prenessa (perindopril), Enap (enalapril), Atoris (atorvastatin), Ciprinol (ciprofloxacin), Tolura (telmisartane), Tramadol (tramadol) and Oprymeia (pramipexole). In the final days of September we launched two new products to the market, Roswera (rosuvastatin) and Zalasta (olanzapine).

The sales of self-medication products remained on the same levels as in 2010. The strongest driver of sales growth is still Bilobil (ginkgo biloba), our most important product in sales terms. The best-selling animal health products were Enroxil (enrofloxacin)

In the reported period our best-selling prescription pharmaceuticals were Prenessa (perindopril), Renewel (perindopril, indapamide), Atoris (atorvastatin), Ultop (omeprazole), Enap (enalapril), Lorista (losartan), Nolpaza (pantoprazole) and Valsacor (valsartan). Sales growth was also recorded for Emozul (esomeprazole) and Sorvasta (rosuvastatin), which were launched to the market in 2010, and for Asolfena (solifenacin), which was launched this year. The best-selling self-medication products were Nalgesin S (naproxen), Septotele and Bilobil (ginkgo biloba), while the newly launched product in this group was the self-medication pantoprazole: Nolpaza Control. The 19% sales growth recorded in the animal health products group is due to the good sales results for Fypryst (fipronil), which was launched last year.

and Floron (florfenicol), while products to treat pets, especially Fyprist (fipronil), also recorded significant sales growth.

With sales on the **Croatian** market worth EUR 28.0 million, Krka has remained the leading foreign generic pharmacist in the country. Krka has also remained the market leader with respect to the statin therapeutic group and select groups of antimicrobial active pharmaceutical ingredients, such as clarithromycin and quinolones. Krka has strengthened its market shares in the proton pump inhibitor and sartan groups, and is the leading producer of the ACE inhibitor and benzodiazepine groups.

Our best-selling products in the reported period were Zyllt (clopidogrel), Atoris (atorvastatin), Enap (enalapril), Lanzul (lansoprazole), Ampril (ramipril), Helax (alprazolam), Vasilip (simvastatin) and Valsacor (valsartan). Future sales growth depends on newly launched products. In addition to Perineva and Co-Perineva (perindopril and fixed-dose combination with indapamide), and Azibiot (azithromycin), which we launched to the market in the first half of the year, we further launched Emanera (esomeprazole) in September, while we expect to additionally expand our portfolio by the end



of the year with Roswera (rosuvastatin) and Nolpaza (pantoprazole). In the self-medication products group Septotele plus oral spray was launched in August.

In **Bosnia and Herzegovina** sales reached EUR 13.3 million, up 7%. Prescription pharmaceuticals contributed the largest share, especially Enap (enalapril), Naklofen (diclofenac), Zyllt (clopidogrel), Lorista (losartan) and Atoris (atorvastatin). Recently we have also added Roswera (rosuvastatin) to our product portfolio.

The sales of self-medication products witnessed a 23% growth, mainly on account of Septotele, B-Complex, Bilobil (ginkgo biloba) and Nalgesin (naproxen).

Our sales in **Macedonia** generated EUR 9.3 million in the first nine months of 2011, an increase of one-tenth over the same period in 2010. This ranks Krka the leading foreign generic pharmaceutical producer in the country. Our best-selling prescription pharmaceuticals in the reported period were Enap (enalapril), Helex (alprazolam) and Atoris (atorvastatin). On a high sales growth ratio, self-medication products generated EUR 1.6 million.

Expectations with respect to future sales growth are related mainly to the newly launched products Nolpaza (pantoprazole), Prenessa (perindopril), Emanera (esomeprazole), Elicea (escitalopram) and Roswera (rosuvastatin), as well as Bilobil Intense (ginkgo biloba), Septotele plus oral spray and Fitoval anti-dandruff shampoo.

Sales in **Bulgaria** were up 11% to EUR 7.6 million. The most important products in terms of sales are prescription pharmaceuticals, especially Lorista (losartan), Enap (enalapril), Atoris (atorvastatin) and Rawel (indapamide). The high sales growth rates were recorded by Co-Valsacor (valsartan,

hydrochlorothiazide), Emanera (esomeprazole) and Prenessa (perindopril). We have recently expanded our product portfolio in the Bulgarian market with Karbis (candesartan), Co-Prenessa (perindopril, hydrochlorothiazide) and Lanzul 28x30 mg. In the group of animal health products, the sales results were the best for Fyprist (fipronil).

Sales in the **Serbian** market generated EUR 7.1 million during the first nine months of 2011. The key drivers of the 47% sales growth rate were the new products listed on the approved medicines list in February and July. We have continued our work related to cooperative production in Serbia, due to which we enjoy the status of a domestic producer. This, in addition to new Krka products being added to the approved medicines list, is namely the key driver of future sales growth.

Our most successful prescription pharmaceuticals in terms of sales were Atoris (atorvastatin), Ampril (ramipril) and Zyllt (clopidogrel), while the strongest contributors to sales in the self-medication and animal health products groups were Bilobil (ginkgo biloba) and Floron (florfenicol), respectively.

In **Kosovo** Krka remains the leading pharmaceuticals producer. During the first nine months of 2011 we sold EUR 3.4 million worth of products there. Despite the people's low purchasing power we have recorded sales growth both for prescription pharmaceuticals and self-medication products.

Sales in **Albania** reached EUR 2.8 million, a decrease compared to the same period in 2010. In **Montenegro** sales were up to EUR 0.8 million.

## East Europe

Sales in East European markets were up 13% to EUR 189.6 million. Most markets in the region recorded better results compared to the same period in 2010.

**In the portfolio of products sold in the key market Russian Federation, the share of new products has increased considerably.**

In the **Russian Federation** the Krka Group sold EUR 127.5 million worth of products in the first nine

months of 2011, up 4%. This maintains the Russian Federation Krka's largest individual market. The majority of sales, 72%, were contributed by prescription pharmaceuticals, 22% by self-medication products and 6% by animal health products.

Our leading products in this market were Enap (enalapril), Lorista (losartan), Herbion, Atoris (atorvastatin), Zyllt (clopidogrel), Orsoten (orlistat),

Vasilip (simvastatin), Panzynom, Pikovit and Perineva (perindopril). Krka has maintained its position among the leading producers of several therapeutic groups: in the area of ACE inhibitors, statins, sartans, multivitamins for children and cough syrups. The highest sales growth was recorded with the new products Lorista (losartan), Perineva (perindopril), Atoris (atorvastatin), Nolpaza (pantoprazole), Niperten (bisoprolol). Good sales results were recorded also for Kventiax (quetiapine) and Zalasta (olanzapine) treating the central nervous system, which we launched at the beginning of the year.

The construction of the new production and distribution centre in Krka's subsidiary Krka Rus is coming along according to plans.

The consolidation of the pharmaceuticals market in **Ukraine** and our strengthened promotion efforts have resulted in Krka's sales there growing 58% to EUR 34.2 million. The main drivers of sales growth were prescription pharmaceuticals, which were up 98%, mainly Enap (enalapril), Naklofen (diclofenac) and Atoris (atorvastatin).

In **Kazakhstan** the sales growth trend has continued, allowing Krka to further consolidate its market share. Sales were up 28% to EUR 6.9 million, mainly due to the sales value of prescription pharmaceuticals Enap (enalapril), Zyllt (clopidogrel) Vasilip (simvastatin) and Gliklada (gliclazide). The best sales results there are still recorded for Duovit.

Sales in **Uzbekistan** reached EUR 6.1 million, which is on the same level as in 2010. The main obstacle to our reaching better results is the fact that our customers there have limited access to foreign currency. Nevertheless Krka remains a leading pharmaceutical company in the country. Our best-selling prescription pharmaceuticals are Enap (enalapril) and Naklofen (diclofenac), while the best performing self-medication products are Pikovit and Septotele.

Despite decreasing prices of prescription pharmaceuticals, sales to **Moldova** were worth EUR

3.4 million, up 50% compared to the same period in 2010. Sales drivers were prescription pharmaceuticals, including Ampril (ramipril), Rawel (indapamide), Enap (enalapril), Ciprinol (ciprofloxacin), Fromilid (clarithromycin) and Tenox (amlodipine). Ampril is also the market's leading ramipril. High growth rates were further recorded for self-medication products, where Panzynom and Herbion, contributed most to the total sales value. Herbion was launched to the market in the fourth quarter of the previous year and has already become the second best-selling cough treatment there.

Sales growth continued in **Belarus**, resulting in EUR 3.0 million of sales revenues, up 11% compared to the same period in 2010. The most important sales drivers were prescription pharmaceuticals Enap (enalapril), Lorista (losartan) and Macropen (midecamycin), while among self-medication products most sales were generated in Duovit and Septotele.

Strong sales growth was also recorded in certain smaller markets of Krka's sales Region East Europe. On sales worth EUR 2.4 million, up 78%, we remain a leading pharmaceutical producer in **Mongolia**. We have launched Pikovit IQ, Pikovit Prebio, Herbion cowslip syrup, Herbion plantain syrup, as well as Nalgesin and Nalgesin forte (naproxen) to that market. The 56% sales growth recorded in **Azerbaijan** was mainly due to Krka's strong promotion activities there and the strong sales of self-medication products, which nearly doubled. In **Kyrgyzstan**, where we have performed marketing activities through our own representation office since the beginning of the year, we recorded a 52% growth in sales and have launched several new products, including Lorista (losartan), Nolpaza (pantoprazole), Pikovit IQ, Pikovit Prebio, Pikovit Complex, Herbion cowslip syrup and Herbion plantain syrup. Krka has recorded sales growth in other markets as well: in **Georgia** sales grew 6%, in **Turkmenistan** 14%, and in **Tajikistan** 15%. In **Armenia** Krka's sales were down, which was due to the consolidated distribution of pharmaceuticals in the country.

## Central Europe

**Region Central Europe is still Krka's leading Region in terms of sales value.**

Krka sold EUR 217.1 million worth of products in Region Central Europe during the first nine months of 2011, down 3% compared to the same period in 2010.

**Poland**, another one of Krka's key markets, contributed 41% to the total value of sales made in Region Central Europe over the nine months. Sales in Poland were slightly down to EUR 90.0 million. Lower sales are mainly due to the reform of the public healthcare system, which enters into effect at the beginning of next year but has already started to affect our business.

Most sales revenues were again generated on prescription pharmaceuticals, of which the leading products in terms of sales are: Atoris (atorvastatin), which is also the leading product treating high cholesterol levels in this market, Lorista (losartan), Nolpaza (pantoprazole), Valsacor (valsartan), Zalasta (olanzapine), Prenessa (perindopril), Sulfasalazin (sulfasalazine) and Vasilip (simvastatin). The sales of Valsacor (valsartan) were up 10%, making it Krka's fourth best-selling product in the Polish market.

The sales of self-medication products were down 9% compared to 2010, while our most important self-medication products in terms of sales are still Septotele and Bilobil (ginkgo biloba). The sales of animal health products were up 48% and the best-selling products in this group remained Floron (florfenicol) and Fyprist (fipronil).

The **Czech Republic** is Krka's second largest market in the region and has at the beginning of the year become one of Krka's key markets, as has Hungary. In the first three quarters of 2011 Krka sold EUR 45.7 million worth of products there, up

4% compared to 2010. Our sales drivers in the Czech Republic among prescription pharmaceuticals were Atoris (atorvastatin), Lorista (losartan), Lexaurin (bromazepam), Prenessa (perindopril), Asentra (sertraline), Ampril (ramipril) and Lanzul (lansoprazole). The leading self-medication product in terms of sales value has become Septotele.

Sales in **Hungary** were up 1% to EUR 44.0 million. The largest contributors to sales revenues are still Atoris (atorvastatin), Prenessa (perindopril), Nolpaza (pantoprazole), Lavestra (losartan), Tenox (amlodipine), Kardogrel (clopidogrel) and Fromilid (clarithromycin). The highest sales growth was recorded for Fromilid (clarithromycin), which was up 31% in terms of sales value. The sales of animal health products were up 32%, while the sales of self-medication products were slightly down.

In **Slovakia** Krka sold EUR 18.1 million worth of products, down 10% compared to the same period in 2010, which was mainly due to extensive price decreases in the market. Our most important products in terms of sales are Atoris (atorvastatin), Prenessa (perindopril), Valsacor (valsartan), Fromilid (clarithromycin), Nolpaza (pantoprazole) and Lexaurin (bromazepam). The highest growth rate was recorded by Valsacor (valsartan), which was up 21% in terms of sales and has therefore remained our third best-selling product in that market. Self-medication products were down 4% in terms of sales compared to the same period in 2010, and contributed EUR 1.4 million to the total sales result.

In the three Baltic markets the highest sales growth rate, 8%, was recorded in **Latvia**. In the other two markets, **Lithuania** and **Estonia**, sales were only slightly up on the figures recorded last year.

## West Europe and Overseas Markets

Krka sold EUR 176.5 million worth of products in Region West Europe and Overseas Markets in the first nine months of 2011, up 14%. The decreasing prices of existing products were successfully compensated for by the sales of new products, which will be crucial for future sales growth in these markets.

Prescription pharmaceuticals have remained the strongest contributors to the total sales value. We

consolidated out sales via partners as well as the sales of Krka's products marketed under our own brands through subsidiaries. The highest relative sales growth was recorded by subsidiary Krka Farmacêutica in Portugal, which expanded its Krka

**In the first three quarters of 2011 we consolidated sales through partners, and we have also been successful in marketing products sold under Krka's own brands through subsidiaries.**

product portfolio and increased the market shares of our products, especially clopidogrel, perindopril and losartan, with fixed-dose combinations.

The highest growth level in absolute terms was recorded by Krka's German subsidiary TAD Pharma, while the sales figures of Krka Pharma in Vienna remained on the same levels with 2010. The sales reported by Krka Sverige were slightly lower than in the same period last year, however, we expect sales to bounce back in the fourth quarter when we launch new products to the market. At mid-year we launched sales through Krka Pharma Dublin, which will introduce Krka's brand products to the Irish market.

Our most important markets in Region West Europe and Overseas Markets in terms of sales value remain **Germany, France, the Nordic countries, Italy, the UK, the Benelux countries and Spain.**

At the end of the third quarter Krka's most important product in sales terms is esomeprazole. Krka is the leading generic pharmaceutical company in West

Europe in terms of generic esomeprazoles. We are also a leading generic producer of pantoprazole, clopidogrel, olanzapine, lansoprazole, gliclazide SR, perindopril and enalapril. We strengthened our product portfolio in certain markets of the region by launching ropinirole SR, levetiracetam, pioglitazone, galantamine SR and olanzapine.

The sales of animal health products nearly doubled compared to the results for the same period in 2010, with the best-selling product remaining enrofloxacin. In all key markets of West Europe we have continued investing efforts into increasing the sales of toltrazuril and marbofloxacin.

Overseas Markets saw the positive sales trends witnessed in the first half of the year continue into the third quarter, with sales up 18% compared to the figure recorded in 2010. Due to our planned launches of new products and entry into new markets the upward sales trend is expected to continue into the future.

## Sales by product and service group

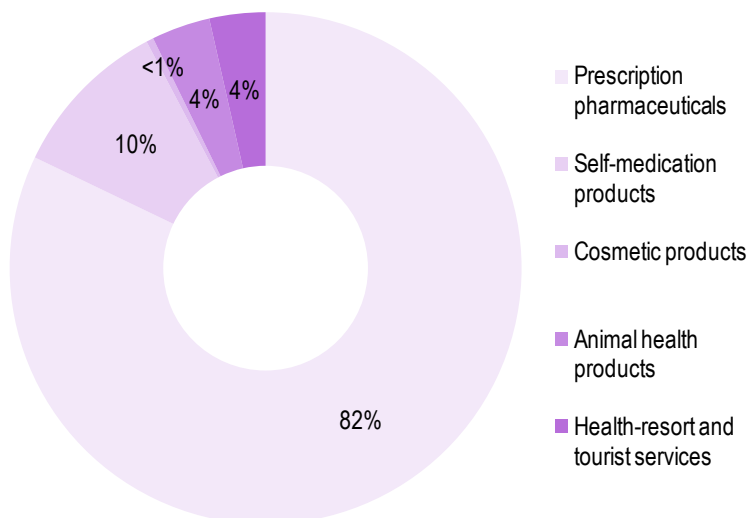
Having generated 92% of overall Krka Group sales during January–September 2011, human health products are Krka's most important group of products in terms of sales. Prescription pharmaceuticals contributed as much as 82% to total Krka Group sales, followed by self-medication products, which stand for 10%, and animal health products, which stand for 4%. Health-resort and tourist services stand for another 4% of the overall Krka Group sales. The proportion of sales of cosmetic products in total Group sales is 0.5%. Sales growth was recorded in all major groups of

products and services, with the highest levels achieved in animal health products, and health-resort and tourist services. High sales growth recorded in the health-resort and tourist services over the reported period was largely due to the extensive renovation of the Talaso Strunjan hotel at the beginning of 2010 and the related reduction in sales then.

**Standing for 82% of total Krka Group sales, the leading product group in terms of sales is prescription pharmaceuticals.**

in EUR thousand	Krka Group			Krka Company		
	1-9/2011	1-9/2010	Ind.	1-9/2011	1-9/2010	Ind.
Human health products	711,214	681,170	104	674,425	669,215	101
- prescription pharmaceuticals	629,675	601,541	105	596,047	584,599	102
- self-medication products	78,052	75,406	104	74,954	80,247	93
- cosmetic products	3,487	4,223	83	3,424	4,369	78
Animal health products	28,437	21,109	135	28,685	20,810	138
Health-resort and tourist services	27,126	23,446	116			
Other	1,373	902	152	2,073	2,800	74
<b>Total</b>	<b>768,150</b>	<b>726,627</b>	<b>106</b>	<b>705,183</b>	<b>692,825</b>	<b>102</b>

## Krka Group sales by product and service group, January–September 2011



### Prescription pharmaceuticals

The Group sold EUR 629.7 million worth of prescription pharmaceuticals, up 5% compared to the same period in 2010.

**Krka recorded the highest sales growth rate in prescription pharmaceuticals in Region East Europe and Region West Europe and Overseas Markets.**

Sales of prescription pharmaceuticals increased most in Region East Europe (up 16%), and Region West Europe and Overseas Markets (up 12%). Sales were also up in Region South-East Europe (up 6%), but they were slightly down

in Region Central Europe and in Region Slovenia.

With respect to larger individual markets Krka recorded the highest sales growth in prescription pharmaceuticals in Germany (up 49%), while sales in the Czech Republic and Russian Federation were also up (up 4% in both).

With respect to mid size individual markets, sales growth was the highest in Spain (up 182%), Ukraine (up 98%), the Benelux countries (up 63%), Italy (up 53%), Romania (up 19%) and France (up 16%).

With respect to smaller individual markets, the highest growth rates were recorded in Serbia (up 67%), Mongolia (up 63%), Moldova (up 46%), Azerbaijan (up 40%), Kazakhstan (up 28%), Georgia (up 21%), Austria (up 15%) and Kosovo

(14%). Sales growth was recorded in other markets as well.

Krka's 10 leading prescription pharmaceuticals are Atoris (atorvastatin), Enap (enalapril), Lorista/Lavestra (losartan), Prenessa/Perineva (perindopril), Nolpaza (pantoprazole), Zyllt (clopidogrel), Emozul/Emanera (esomeprazole), Zalasta/Zolrix (olanzapine), Lanzul/Lansoptol (lanzoprazole), Valsacor (valsartan).

The highest growth rate among the most important prescription pharmaceuticals compared to the same period in 2010 was recorded by Emozul/Emanera (esomeprazole), Zalasta/Zolrix (olanzapine) and Valsacor (valsartan).

**The best-selling prescription pharmaceutical is Atoris (atorvastatin), while the highest sales growth rate among the leading prescription pharmaceuticals was recorded by Emozul/Emanera (esomeprazole).**

During the first nine months of 2011 Krka started marketing several prescription pharmaceuticals with active ingredients or their fixed-dose combinations new to the Krka portfolio. They were mainly launched in Slovenia and/or the markets of Central and West Europe. These products include Asolfena (solifenacin), which treats incontinence, Rolpryna SR/Ralnea SR (ropinirole), which treats Parkinson's disease, Galsya SR (galantamine), which treats Alzheimer's disease, as well as Dalnessa/Amlessa

(fixed-dose combination of perindopril and amlodipine) and combination of irbesartan and hydrochlorothiazide, both treating high blood pressure.

We also launched active ingredients already present in the Krka portfolio but in new pharmaceutical forms, including Yasnal (donepezil) in the form of orodispersible tablets and Tanyz ERAS (tamsulosin) in the new form of tablets with prolonged release.

In the first nine months of 2011 Krka launched several existing products to new markets, of which some of the most important include: the launch of Atoris (atorvastatin) in Romania, the launch of Zalasta (olanzapine) in Slovakia, Hungary and the Russian Federation, the launch of Roswera/Roxera/Sorvasta (rosuvastatin) in Slovakia, Hungary, Macedonia and Latvia, the launch of Perineva (perindopril) as well as its fixed-dose combination with indapamide in Croatia and Serbia, the launch of Prenessa/Perineva (perindopril) in Macedonia and Georgia, and the launch of perindopril in fixed-dose combination with indapamide in Kazakhstan and Ukraine. Other

important launches included that of Ifirmasta/lrabel (irbesartan) in Romania, the Czech Republic, Slovakia and Hungary, Karbis (candesartan) in Bulgaria, and Lorista (losartan) in several smaller markets, mainly in East Europe. We also launched Nolpaza (pantoprazole) in Macedonia, Bosnia and Herzegovina, Belarus and Kazakhstan, Orsoten (orlistat) and Gliklada (gliclazide) in Kazakhstan, Yasnal (donepezil) in Romania, and rabeprazole and quetiapine in Portugal.

The majority of our marketing efforts focused on raising awareness about some of the most common illnesses of the present times, including cardiovascular diseases, diseases of the alimentary tract and metabolism, and diseases of the central nervous system, and on educating target groups about the contemporary treatment doctrines. The key aspect of our marketing activities includes promoting Krka prescription pharmaceuticals for the treatment of these conditions as high quality, safe and effective products with high added value.

## Self-medication products

**The sales of self-medication products increased compared to the same period in 2010 in the majority of Krka's most important markets.**

Krka sold EUR 78.1 million worth of self-medication products, up 4% compared to the same period last year.

Sales increased most in Region East Europe (up 5%). The sales of self-

medication products were also slightly up in Region Central Europe and Region South-East Europe (up 1% in both), while in Region Slovenia sales figures remained on the same level as in 2010.

In South-East Europe we recorded sales growth in Macedonia (up 34%), Serbia (up 30%), Bosnia and Herzegovina (up 23%) and Kosovo (up 6%). With respect to Region East Europe, our sales figures for

self-medication products in two of our most important markets, the Russian Federation and Ukraine, remained on the same levels as in 2010, while on all other markets in the region we recorded high growth rates: in Azerbaijan sales were up 93%, in Moldova 76%, in Uzbekistan 31%, in Kazakhstan 28% and in Belarus 18%. With respect to Region Central Europe, our sales figures increased compared to those from 2010 in Estonia (up 57%), the Czech Republic (up 12%) and Lithuania (up 181%).

Krka's leading self-medication products are Bilobil, Herbion, Septolete, Pikovit and Duovit, which are also the products that the majority of marketing activities focus on.

## Cosmetic products

Krka sold EUR 3.5 million worth of cosmetic products, down 17% compared to the same period last year. Sales in Slovenia were down 35%, but we did increase sales in the Russian Federation and Ukraine.

Our best-selling product was Fitoval, a treatment for damaged hair and scalp. Its sales were up 23%. Fitoval is the only Krka cosmetic product with marketing support.

## Animal health products

In the first nine months of 2011 Krka sold EUR 28.4 million worth of animal health products, up 35% compared to the same period in 2010.

The highest sales growth was recorded in Region West Europe and Overseas Markets, where sales were up 83%. Our sales figures were highest in France and Germany. On the growth rate of 35%, Region Central Europe is the second largest region in terms of sales, where the largest contributors were Poland and Hungary. The growth trend extended to Slovenia, where sales were up 19%. Sales growth was even higher in Region East Europe (up 21%), where the leader in terms of sales value is the Russian Federation.

## Health-resort and tourist services

In the first nine months of 2011 the Terme Krka Group, which includes business units Terme Dolenjske Toplice, Terme Šmarješke Toplice, Terme Talaso Strunjan, Hoteli Otočec, Hotel Krka and company Golf Grad Otočec, sold EUR 27.1 million of services, up 16% compared to the same period last year. The largest driver of sales growth was business unit Talaso Strunjan, which had been closed for renovation for four months at the beginning of 2010 and which generated EUR 8.7 million worth of sales in the nine months this year. Terme Šmarješke Toplice contributed EUR 7.7 million to the total sales and Terme Dolenjske Toplice a further EUR 7.6 million.

The leading animal health product in terms of sales is Enroxil (enrofloxacin), while sales also grew for sales-wise important products Floron (florfenicol) and Ecocid S. Further in the group of the leading brands in terms of sales value, sales tripled for the relatively new Fypryst (fipronil).

Quiflox/Quiflor (marbofloxacin) that was recently launched in several markets is an animal health product that contains an active ingredient new to the Krka portfolio, while we have also launched to several new markets Tolzesya/Toltarox (toltrazuril) and Rycarfa (carprofen).

Compared to last year, Hoteli Otočec increased sales by 16% to EUR 2.9 million, while the Novo mesto Hotel Krka increased sales by 22%. The best occupancy rates were recorded in the Strunjan hotels Svoboda and Laguna (85%), while the occupancy rates were 75% in Šmarješke Toplice and 68% in Dolenjske Toplice. Of the total 276,990 lodgings 71% were by Slovene guests, while the most numerous group of foreign guests were the Italians, which contributed 10% of all lodgings, followed by German-speaking guests on a 5% share and guests from the Russian Federation on a 4% share.

## Research and development

In the first nine months of 2011 Krka acquired first marketing authorisations for 16 new products in 37 pharmaceutical dosage forms and strengths.

### Prescription pharmaceuticals

We acquired marketing authorisations for seven new prescription pharmaceuticals in 22 dosage forms and strengths in the reported period.

We acquired the marketing authorisation for a fixed-dose combination of **perindopril** and **amlodipine** in tablet form, in four strengths. Due to the synergies and complementation of both active ingredients, the combination of **perindopril** and **amlodipine** has a strong anti-hypertension effect, offers better protection for the target organs, minimises adverse effects and ensures improved patient compliance. We obtained the first marketing authorisation for this product under the EU decentralised procedure (DCP).

We obtained the marketing authorisation for the new product **desloratadin** in the form of 5 mg film-coated tablets. **Desloratadin** is an antihistamine alleviating the symptoms of allergic rhinitis and urticaria, and is free from the parallel sedating effect. Marketing authorisation was obtained for the new product under the EU centralised procedure (CP) run by the European Medicines Agency (EMA) for the entire EU.

We expanded our portfolio of antidiabetic medications by acquiring marketing authorisations for **pioglitazone** in tablet form, in three strengths, in the countries of West Europe. The product treats type 2 diabetes.

Applying a decentralised procedure we, further, acquired the marketing authorisation for **levetiracetam** in the form of film-coated tablets, in four strengths. This antiepileptic may be used independently or to support other treatment of epileptic seizures.

The range of pharmaceuticals to treat cardiovascular diseases was expanded with additional sartans. Marketing authorisations were acquired for products based on two key molecules – **irbesartan** and **candesartan**. The new fixed-dose combinations of candesartan and irbesartan with a

Krka expanded its markets in all regions. In various countries we were granted 728 new marketing authorisations.

diuretic supplement and consolidate the established Krka brands **Candecor**, **Karbis** and **Ifirmasta**. We acquired the marketing authorisation for the fixed-dose combination of candesartan and hydrochlorothiazide (**Candecombi/Karbicombi**) in tablet form, in four strengths, across the majority of EU countries, while the marketing authorisation for **Ifirmacombi**, a fixed-dose combination of **irbesartan** and **hydrochlorothiazide** in film-coated tablet form, in three strengths, was acquired for the entire EU applying the centralised procedure. Both combinations of active ingredients yield the desired effects in the treatment of high blood pressure, which monotherapy cannot offer. Our sartans increased Krka's market share in certain European countries also due to additional registrations having been obtained for **losartan**, in the form of film-coated tablets, in three strengths.

Marketing authorisation was acquired for the new product **Galsya/Galnora** with the active ingredient **galantamine** in the form of capsules with sustained release, in three strengths. It is used for symptomatic treatment of mild to moderate Alzheimer's disease. Capsules with sustained release allow for the medicine to be taken only once a day. Having obtained the marketing authorisation for **galantamine** Krka now offers a complete set of medicines for Alzheimer's disease and has registered all the ingredients from the group of acetylcholine esterase inhibitors that are today used in the clinical practice of treating Alzheimer's. Following the EU decentralised procedure we acquired marketing authorisations for galantamine in most European countries.

We expanded our portfolio of statins. Applying the decentralised procedure Krka acquired the marketing authorisation for **atorvastatin (Atoris)** in the form of film-coated tablets, in three new strengths. The 80 mg Atoris tablets represent the maximum daily dosage and are intended for patients with a high risk of cardiovascular complications, particularly for the prevention of strokes. The two intermediate Atoris tablet strengths



(30 mg and 60 mg) offer a further choice of dosage when seeking the most appropriate ratio between efficacy and safety.

In order to secure the chances for increasing Krka's market share we filed for the additional registration of **rosuvastatin (Roswera)** in the form of film-coated tablets, in six strengths. The EU decentralised procedure has been finalised, granting Krka marketing authorisations for **rosuvastatin** in an additional 12 European countries.

In the area of anxiolytics we applied for the mutual recognition procedure (MRP) in three countries of West Europe and obtained a new marketing authorisation for **alprazolam** in the form of tablets with prolonged release, in three strengths.

Efforts to increase our market shares included new marketing authorisations obtained in the markets of West and Central Europe. We acquired new marketing authorisations in the majority of European countries for **levocetirizine (Cezero)** in the form of film-coated tablets. In six European countries we obtained new marketing authorisations for **sertraline hydrochloride** in the form of film-coated

### Self-medication products

In the reported period Krka finalised marketing authorisation procedures for four new self-medication products.

One of them is the new **Orlistat 60 mg capsules (Orsoten slim)**, which we obtained a first marketing authorisation for in the Russian Federation. The product is recommended to adults as an aid in weight control, and should be used together with a low-calorie low-fat diet.

In the group of herbal self-medication products, we obtained the first marketing authorisation for **Herbion ivy syrup** in Slovenia. It contains a dry extract of the leaves of common ivy (*Hedera helix*). It dilutes thick mucus in the respiratory tract and is used to facilitate expectoration with increased mucus secretion.

Also in Slovenia we obtained marketing authorisations for two new food supplement products: chewable tablets **Pikoplus 11+ for girls** and **Pikoplus 11 for boys**. The chewable tablets contain a balanced combination of the most

tablets, in two strengths. In four European countries we obtained additional marketing authorisations for **candesartan (Canocord)** in the form of tablets, in four strengths. **Donepezil**, in the form of film-coated tablets, in two strengths, received a new marketing authorisation in 13 European countries.

By obtaining the marketing authorisation for **sildenafil (Vizarsin)** film-coated tablets, in three strengths, we have secured our chances of increasing our market share in the Russian Federation.

Additional marketing authorisations were also applied for in the markets of South-East Europe. In Croatia we were granted the marketing authorisation for **ezetimibe (Ezoleta)** in tablet form and **telmisartane (Tolura)** in tablet form, in three strengths. In the other South-East European countries we filed for new marketing authorisations for **rosuvastatin (Roswera)** in the form of film-coated tablets, in four strengths, for **pantoprazole (Nolpaza)** in powder form for solution for injection, for **esomeprazole (Emanera)** in the form of gastro resistant capsules, in two strengths, and for **repaglinide (Enyglid)** in tablet form, in three strengths.

important vitamins, minerals and the micronutrient choline. We have included especially the nutrients that help growing-up girls overcome changes of the skin and body, and those helping boys recover energy lost due to increased physical activity.

We expanded our markets in herbal products. In Ukraine we obtained the marketing authorisation for **Palprostes** in the form of soft gel capsules, recommended to alleviate the symptoms of benign prostatic hyperplasia and to aid in the complex therapy for this state.

We took Krka's key brand **Septolete** to new markets: marketing authorisation was granted for the **Septolete plus spray** in the Czech Republic (**Neoseptolete DUO**), Croatia, Macedonia and Bulgaria. The **Septolete plus honey and lime** lozenges were introduced to the markets of West Europe, after being granted marketing authorisations in Portugal.

Additional marketing authorizations were acquired for **Bilobil** capsules 120 mg in Latvia and in the

markets of South-East Europe.

We also reinforced the market prospects of **Orsoslim** in capsule form. On the basis of clinical

### Animal health products

In the first nine months of 2011 Krka acquired marketing authorisations for three new animal health products in nine pharmaceutical dosage forms and strengths.

Marketing authorisation procedures were finalised for **Dehinel** in two forms: **Dehinel plus XL** tablets and **Dehinel plus flavour** tablets. Applying the EU decentralised procedure we acquired marketing authorisations for the two products in 20 European countries. Both products treat internal parasite infestations in dogs.

Again applying the EU decentralised procedure, we acquired marketing authorisations for the new pharmaceutical product **marbofloxacin (Marfloxin/Quiflox)** in the form of solution for injection, in two strengths. The product is used to treat bacterial infections in cattle and pigs.

In the countries of West Europe we applied the EU decentralised procedure and obtained the marketing authorisation for **fipronil** pour-on skin solution for

### Cosmetic products

Krka expanded the portfolio of cosmetic products marketed under our brand name **Fitoval**. First marketing authorisations were acquired for two new

study results **Orsoslim** was officially approved in the Russian Federation, which allows the nutritional product to be labelled with indications.

cats and dogs. A new marketing authorisation was acquired for the medicine **fipronil (Fypryst)** in Croatia, Serbia and Ukraine.

In Serbia we acquired a new marketing authorisation for **enrofloxacin** in the form of flavoured tablets (**Enroxil flavour**), in three strengths, treating bacterial infection in cats and dogs.

Krka also took its products for pets to new markets: we obtained the marketing authorisation for **Karprofen (Rycarfa)** in the form of tablets and injection solution in several European markets and the Russian Federation.

The portfolio of antiparasitic drugs was also expanded: new marketing authorisations were granted to Krka in Serbia and certain European markets for **toltrazuril** in the form of peroral suspension, preventing and treating coccidia infestations in newborn pigs.

products, **Fitoval intensive dermatological anti-dandruff shampoo** and **Fitoval maintenance dermatological anti-dandruff shampoo**.

## Investments

In the first nine months of 2011 the Krka Group allocated EUR 76.3 million for investments, of which the controlling company invested EUR 57.9 million and subsidiaries EUR 18.4 million.

### Solid dosage plant OTO

Work started in June 2009 to build a new solid dosage production plant OTO at the Krka production location in Ločna. Production capacity in that plant was increased by 2.5 billion tablets, coated tablets or capsules per year. The plant has five floors with a total surface area of 17,000 m<sup>2</sup>. The investment is worth EUR 91 million.

The steel construction was set up and the main construction work finished in 2009. Installation works started in January 2010 and by the end of September 2010 the installations fitted thus far made it possible for hardware qualification and installation of technological equipment to begin. The technical inspection of the plant was carried out as

Below we highlight some of Krka's ongoing investment projects that are currently at a very active stage of development.

planned in mid-February 2011, followed by a preliminary operation permit decision issued in March. After being verified by the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia and after having acquired the authorization to produce medicinal products, regular production on line one started in April.

In line with the gradual implementation of technological fittings we have placed the order for the fifth packaging line, with delivery date in April 2012, and for the system preparing suspensions for pelleting, which we will install during New Year holidays so as not to disturb regular production.

### Development and control centre RKC 3

To a large extent Krka's sales growth depends on the work of its R&D teams working on new products. The new development and control centre RKC 3 will facilitate the expansion of Krka's R&D projects, in terms of quantity and quality, as well as foster quality and control of incoming materials, semi-products and end products, pursuant to the standards of good laboratory practice in the new production facilities. The new RKC 3 has provided the conditions we need to operate state-of-the-art

laboratory equipment and to introduce the latest analytical methods we need to maintain our competitive advantage.

Covering a total net surface area of 11,479 m<sup>2</sup> the RKC 3 facility is located in the immediate vicinity of RKC 1 and RKC 2, with which it forms a functional and architectural whole. Migration to the new premises, worth EUR 22 million, has been completed.

### Production of sterile products, phase II

The sterile product production plant will gradually increase ampoule production to 130 million per year. Initially we will install two injection filling lines, two injection solution preparation lines and one ampoule packaging line. Orders have already been

placed for all the technological equipment apart from the packaging line. We are currently reviewing the detailed design and preparing calls for tenders with respect to the installation work.

### Production of animal health tablets

We are increasing our capacities for the production of animal health tablets in two shifts, to 80 million tablets per year. The solution and emulsion

manufacturing facility has been completed in terms of construction and installation work. The interior is now ready for the blister pack packaging line and

other technological equipment, which will be installed and qualified by the end of November

#### **Sinteza 4 – Increasing production capacity**

The additional technological equipment we are installing will help increase the flexibility and productivity of the Sinteza 4 production plant as well as increase the range of products it can generate simultaneously. In the August refitting we installed two new centrifuges that now operate at full

2011. Preliminary production is planned to begin early next year.

capacity and have increased overall centrifugal capacity. Four reactors equipped with distillation columns and condensers will be upgraded at individual lines. Equipment in the reactor section will be fully upgraded in November 2011.

#### **New distribution centre and new solid dosage production facility in the Russian Federation**

In February 2011 Krka began building a new distribution centre in the Russian Federation and a new solid dosage forms production plant. The flexible, modular construction of production facilities will progress in several phases: first we will gradually incorporate six packaging lines. The plant's capacity will be 1.5–1.8 billion tablets and capsules per year. The investment, worth EUR 135 million, is considered an important achievement of the government of the Russian Federation, which has been striving to strengthen domestic

pharmaceutical production; this project will help Krka consolidate its status of a domestic pharmaceuticals producer in the Russian Federation. Excavation work, the positioning of foundation piles and the construction of foundations was completed in spring, followed by placing concrete slabs over them and finishing off with concrete pour during the summer months. We are currently installing the steel rack construction inside the high-bay warehouse. Production in the new plant is planned to start in 2013.

#### **Increased capacities in Croatia**

The existing and partly refurbished production and distribution centre in Jastrebarsko, which operates under Krka's subsidiary Krka Farma Zagreb, will increase its production capacity for semi-products and final products in the packaging phase, as well as facilitate the manufacture of granulate and film-coated tablets in low-humidity conditions and the

production of double-layer tablets. During the August refitting we installed the air handling units. We are currently developing the design for refurbishing the interior to set up a packaging line and tablet making machines. The investment is worth an estimated EUR 3.8 million and will be finalised in the first quarter of 2012.

#### **New projects**

We started drawing up the project documentation for a new plant for solid dosage forms, Noto 2, back in 2010. The basic design was ready by the end of March 2011, while detailed design is planned to be fully compiled by the end of this year. We have

already filed for a building permit and official procedures are ongoing. The new plant will have the capacity to produce 4.5 billion end products per year.

## Employees

At the end of the third quarter of 2011 the Krka Group had 8,926 employees, 357 or 4% more compared to the beginning of the year. In the first nine months of 2011, 130 new employees joined Krka in Slovenia and 227 abroad.

Krka's subsidiaries and representation offices outside Slovenia employ 49% of the Group's staff. Of all Krka Group employees 52% have a bachelor's degree or higher.

### Krka Group employees' education profile

	30 Sep 2011		31 Dec 2010	
	No. of employees	Share (%)	No. of employees	Share (%)
PhD	94	1.1	90	1.0
Master's degree	260	2.9	245	2.9
Bachelor's degree	4,252	47.6	4,076	47.6
Higher professional degree	888	9.9	780	9.1
Vocational college degree	258	2.9	248	2.9
Upper secondary school degree	1,758	19.7	1,711	20.0
Other	1,416	15.9	1,419	16.5
<b>Total Krka Group</b>	<b>8,926</b>	<b>100.0</b>	<b>8,569</b>	<b>100.0</b>
– in Slovenia	4,589	51.4	4,459	52.0
– outside Slovenia	4,337	48.6	4,110	48.0

We have secured a continuous inflow of new talented employees by offering study grants to students. Currently there are 86 students that receive Krka study grants. They are primarily pharmacy and chemistry students, while Krka also awards grants to outstanding students from other fields that are of interest to the company. Through a staff development system and succession planning we make sure that most of Krka's key personnel requirements – both in terms of field experts and managers – are catered for within the Group.

Krka employees undergo additional training both in Slovenia and abroad related to various professional areas of expertise, quality, management, personal growth, foreign languages and informatics. Trainings are adjusted to the needs of our colleagues, the technological process, market situation and development needs of the Group. Krka organizes most of these trainings itself. We

constantly update our training methods, to make them reflect the contemporary line of work at Krka.

At the end of September 376 of Krka's employees were enrolled into part-time university studies partly funded by Krka, 74 were postgraduate students. By the end of September 117 Krka's employees had graduated from university this year.

Krka is the only certificate-awarding body in Slovenia with the power to examine and approve candidates taking the National Vocational Qualification exams in the area of pharmacy. We have awarded 828 certificates in the course of 11 years, of which 686 went to Krka's staff and 142 to the staff of other pharmacists. Currently there are 146 of our staff included into the procedure leading up to certification, and another 90 employees are planned to enrol at the beginning of next year.

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP, WITH NOTES

### Statement of consolidated financial position

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
<b>Assets</b>			
Property, plant and equipment	695,187	686,461	101
Intangible assets	120,290	122,815	98
Deferred tax assets	26,512	27,505	96
Long-term loans	5,366	4,312	124
Non-current investments	5,149	5,238	98
Other non-current assets	170	175	97
<b>Total non-current assets</b>	<b>852,674</b>	<b>846,506</b>	<b>101</b>
Inventories	260,675	229,343	114
Trade and other receivables	353,229	402,686	88
Short-term loans	20,352	1,227	1,659
Current investments, including derivative financial instruments	555	653	85
Cash and cash equivalents	19,757	7,789	254
<b>Total current assets</b>	<b>654,568</b>	<b>641,698</b>	<b>102</b>
<b>Total assets</b>	<b>1,507,242</b>	<b>1,488,204</b>	<b>101</b>
<b>Equity</b>			
Share capital	59,126	59,126	100
Own shares	-38,229	-21,749	176
Reserves	166,927	159,233	105
Retained earnings	907,110	855,140	106
<b>Equity holders of the parent</b>	<b>1,094,934</b>	<b>1,051,750</b>	<b>104</b>
Non-controlling interest	1,553	1,577	98
<b>Total equity</b>	<b>1,096,487</b>	<b>1,053,327</b>	<b>104</b>
<b>Liabilities</b>			
Long-term borrowings	67,212	67,214	100
Provisions	109,661	108,889	101
Deferred revenues	10,121	7,138	142
Deferred tax liabilities	18,036	19,468	93
<b>Total non-current liabilities</b>	<b>205,030</b>	<b>202,709</b>	<b>101</b>
Trade payables	75,731	91,386	83
Short-term borrowings	30,462	57,910	53
Income tax liabilities	2,956	9,814	30
Other current liabilities	96,576	73,058	132
<b>Total current liabilities</b>	<b>205,725</b>	<b>232,168</b>	<b>89</b>
<b>Total liabilities</b>	<b>410,755</b>	<b>434,877</b>	<b>94</b>
<b>Total equity and liabilities</b>	<b>1,507,242</b>	<b>1,488,204</b>	<b>101</b>

## Consolidated income statement

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Sales revenues	768,150	726,627	106
Production cost of goods sold	-289,321	-267,777	108
<b>Gross profit</b>	<b>478,829</b>	<b>458,850</b>	<b>104</b>
Other operating income	6,601	5,099	129
Distribution expenses	-194,138	-179,166	108
R&D costs	-66,541	-71,662	93
Administrative expenses	-55,775	-58,492	95
<b>Operating profit</b>	<b>168,976</b>	<b>154,629</b>	<b>109</b>
Financial income	1,536	4,705	33
Financial expenses	-23,393	-3,767	621
<b>Net financial expenses/income</b>	<b>-21,857</b>	<b>938</b>	<b>-2,330</b>
<b>Profit before tax</b>	<b>147,119</b>	<b>155,567</b>	<b>95</b>
Income tax expense	-31,696	-34,706	91
<b>Profit for the period</b>	<b>115,423</b>	<b>120,861</b>	<b>96</b>
<b>Attributable to:</b>			
– equity holders of the parent	115,450	120,923	95
– non-controlling interest	-27	-62	44
<b>Basic earnings per share (in EUR)*</b>	<b>3.43</b>	<b>3.58</b>	<b>96</b>
<b>Diluted earnings per share (in EUR)**</b>	<b>3.43</b>	<b>3.58</b>	<b>96</b>

\* Net profit attributable to equity holders of the parent/average number of shares issued in the period, excluding own shares.

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

## Consolidated statement of comprehensive income

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
<b>Profit for the period</b>	<b>115,423</b>	<b>120,861</b>	<b>96</b>
<b>Other comprehensive income for the period</b>			
Changes in profits of previous periods	0	1,131	0
Changes in fair value of financial assets available for sale	-179	-467	38
Deferred tax effect – change in fair value of financial assets available for sale	36	93	39
Translation reserve	-8,643	1,470	-588
<b>Total other comprehensive income for the period</b>	<b>-8,786</b>	<b>2,227</b>	<b>-395</b>
<b>Total comprehensive income for the period</b>	<b>106,637</b>	<b>123,088</b>	<b>87</b>
<b>Attributable to:</b>			
– equity holders of the parent	106,664	123,150	87
– non-controlling interest	-27	-62	44

## Consolidated statement of changes in equity

	Share capital	Own shares	Reserves					Retained earnings			Total equity holders of the parent	Non-controlling interest	Total equity
			Share premium	Legal reserves	Statutory reserves	Fair value reserves	Translation reserve	Other revenue reserves	Net profit for the period	Net profit carried forward			
in EUR thousand													
<b>Balance at 1 Jan 2011</b>	<b>59,126</b>	<b>-21,749</b>	<b>123,252</b>	<b>14,990</b>	<b>27,184</b>	<b>1,767</b>	<b>-7,960</b>	<b>684,639</b>	<b>111,765</b>	<b>58,736</b>	<b>1,051,750</b>	<b>1,577</b>	<b>1,053,327</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>115,450</b>	<b>0</b>	<b>115,450</b>	<b>-27</b>	<b>115,423</b>
<b>Other comprehensive income for the period</b>													
Changes in fair value of financial assets available for sale	0	0	0	0	0	-179	0	0	0	0	-179	0	-179
Deferred tax effect – change in fair value of financial assets available for sale	0	0	0	0	0	36	0	0	0	0	36	0	36
Translation reserve	0	0	0	0	0	0	-8,643	0	0	0	-8,643	0	-8,643
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-143</b>	<b>-8,643</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8,786</b>	<b>0</b>	<b>-8,786</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-143</b>	<b>-8,643</b>	<b>0</b>	<b>115,450</b>	<b>0</b>	<b>106,664</b>	<b>-27</b>	<b>106,637</b>
<b>Transactions with owners, recorded in equity</b>													
Formation of statutory reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Formation of other revenue reserves under the resolution of the Management Board and the Supervisory Board	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer of previous period's net profit to retained earnings	0	0	0	0	0	0	0	0	-111,765	111,765	0	0	0
Transfer to other revenue reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	60,972	0	-60,972	0	0	0
Formation of reserves for own shares			16,480								0		0
Repurchase of own shares		-16,480									-16,480		-16,480
Dividends paid	0	0	0	0	0	0	0	0	0	-47,000	-47,000	0	-47,000
Acquisition of minority interest	0	0	0	0	0	0	0	0	0	0	0	3	3
<b>Total transactions with owners, recorded in equity</b>	<b>0</b>	<b>-16,480</b>	<b>16,480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,972</b>	<b>-128,245</b>	<b>3,793</b>	<b>-63,480</b>	<b>3</b>	<b>-63,477</b>
<b>Balance at 30 Sep 2011</b>	<b>59,126</b>	<b>-38,229</b>	<b>139,732</b>	<b>14,990</b>	<b>27,184</b>	<b>1,624</b>	<b>-16,603</b>	<b>745,611</b>	<b>98,970</b>	<b>62,529</b>	<b>1,094,934</b>	<b>1,553</b>	<b>1,096,487</b>



in EUR thousand	Share capital	Own shares	Reserves					Retained earnings			Total equity holders of the parent	Non-controlling interest	Total equity
			Share premium	Legal reserves	Statutory reserves	Fair value reserves	Translation reserve	Other revenue reserves	Net profit for the period	Net profit carried forward			
<b>Balance at 1 Jan 2010</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>22,184</b>	<b>2,104</b>	<b>-9,776</b>	<b>570,354</b>	<b>106,766</b>	<b>51,434</b>	<b>918,685</b>	<b>1,684</b>	<b>920,369</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>120,923</b>	<b>0</b>	<b>120,923</b>	<b>-62</b>	<b>120,861</b>
<b>Other comprehensive income for the period</b>													
Changes in profits of previous periods	0	0	0	0	0	0	0	0	0	1,131	1,131	0	1,131
Changes in fair value of financial assets available for sale	0	0	0	0	0	-467	0	0	0	0	-467	0	-467
Deferred tax effect – change in fair value of financial assets available for sale	0	0	0	0	0	93	0	0	0	0	93	0	93
Translation reserve	0	0	0	0	0	0	1,470	0	0	0	1,470	0	1,470
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-374</b>	<b>1,470</b>	<b>0</b>	<b>0</b>	<b>1,131</b>	<b>2,227</b>	<b>0</b>	<b>2,227</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-374</b>	<b>1,470</b>	<b>0</b>	<b>120,923</b>	<b>1,131</b>	<b>123,150</b>	<b>-62</b>	<b>123,088</b>
<b>Transactions with owners, recorded in equity</b>													
Formation of statutory reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Formation of other revenue reserves under the resolution of the Management Board and the Supervisory Board	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer of previous period's net profit to retained earnings	0	0	0	0	0	0	0	0	-106,766	106,766	0	0	0
Transfer to other revenue reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	62,285	0	-62,285	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-37,179	-37,179	0	-37,179
Acquisition of minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total transactions with owners, recorded in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62,285</b>	<b>-106,766</b>	<b>7,302</b>	<b>-37,179</b>	<b>0</b>	<b>-37,179</b>
<b>Balance at 30 Sep 2010</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>22,184</b>	<b>1,730</b>	<b>-8,306</b>	<b>632,639</b>	<b>120,923</b>	<b>59,867</b>	<b>1,004,656</b>	<b>1,622</b>	<b>1,006,278</b>

## Consolidated statement of cash flows

in EUR thousand	1-9/2011	1-9/2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>115,423</b>	<b>120,861</b>
<b>Adjustments for:</b>	<b>91,475</b>	<b>108,101</b>
– amortisation/depreciation	64,086	60,853
– foreign exchange differences	-8,053	8,108
– investment income	-564	-1,157
– investment expense	1,869	1,608
– interest expense and other financial expense	2,438	2,852
– income tax	31,696	34,706
– other	3	1,131
<b>Operating profit before changes in net operating current assets</b>	<b>206,898</b>	<b>228,962</b>
Change in trade receivables	49,753	-55,023
Change in inventories	-31,332	-41,404
Change in operating debts (liabilities)	-15,655	9,414
Change in provisions	772	3,469
Change in deferred revenues	2,983	-380
Change in other current liabilities	23,286	16,573
Income taxes paid	-39,255	-19,621
<b>Cash generated from operations</b>	<b>197,450</b>	<b>141,990</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	105	610
Dividends received	15	9
Proceeds from sale of property, plant and equipment	2,499	1,177
Purchase of intangible assets	-4,995	-4,153
Purchase of property, plant and equipment	-69,368	-76,319
Long-term loans	-1,227	-1,089
Proceeds from repayment of long-term loans	605	1,071
Acquisition of non-current investments	-41	-37
Proceeds from sale of non-current investments	44	32
Payments/Proceeds in connection with current investments and loans	-19,428	1,287
Payments in connection with derivative financial instruments	-7	0
Proceeds from derivative financial instruments	5	0
<b>Net cash used in investing activities</b>	<b>-91,793</b>	<b>-77,412</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-3,201	-4,034
Repayment of long-term borrowings	-34,536	-34,895
Acquisition of short-term borrowings	7,852	9,585
Dividends paid	-46,767	-36,992
Repurchase of own shares	-16,480	0
<b>Net cash used in financing activities</b>	<b>-93,132</b>	<b>-66,336</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,525</b>	<b>-1,758</b>
Cash and cash equivalents at beginning of period	7,789	13,411
Effect of exchange rate fluctuations on cash held	-557	-199
<b>Net cash and cash equivalents at end of period</b>	<b>19,757</b>	<b>11,454</b>

## Segment reporting

in EUR thousand	European Union		South-East Europe		East Europe		Other markets		Total	
	1-9/2011	1-9/2010	1-9/2011	1-9/2010	1-9/2011	1-9/2010	1-9/2011	1-9/2010	1-9/2011	1-9/2010
<b>Revenues from non-Group companies</b>	<b>496,156</b>	<b>478,272</b>	<b>64,782</b>	<b>65,036</b>	<b>189,600</b>	<b>167,380</b>	<b>17,612</b>	<b>15,939</b>	<b>768,150</b>	<b>726,627</b>
<b>Revenues from Group companies</b>	<b>98,658</b>	<b>105,614</b>	<b>42,378</b>	<b>46,352</b>	<b>97,571</b>	<b>114,807</b>	<b>0</b>	<b>0</b>	<b>238,607</b>	<b>266,773</b>
Other operating income	4,842	4,225	54	109	1,705	765	0	0	6,601	5,099
<b>Operating profit</b>	<b>132,396</b>	<b>122,722</b>	<b>21,202</b>	<b>13,550</b>	<b>12,486</b>	<b>16,678</b>	<b>2,892</b>	<b>1,679</b>	<b>168,976</b>	<b>154,629</b>
Interest income	256	595	6	7	8	9	0	0	270	611
Interest expense	-2,292	-2,646	-12	-19	0	0	0	0	-2,304	-2,665
<b>Net financial expense/income</b>	<b>-17,216</b>	<b>201</b>	<b>-1,003</b>	<b>-380</b>	<b>-3,342</b>	<b>1,047</b>	<b>-296</b>	<b>70</b>	<b>-21,857</b>	<b>938</b>
Income tax expense	-24,034	-27,720	-3,785	-4,846	-3,529	-1,772	-348	-368	-31,696	-34,706
<b>Profit for the period</b>	<b>91,146</b>	<b>95,203</b>	<b>16,414</b>	<b>8,324</b>	<b>5,615</b>	<b>15,953</b>	<b>2,248</b>	<b>1,381</b>	<b>115,423</b>	<b>120,861</b>
Investments	61,833	72,384	1,246	316	13,172	4,372	0	0	76,251	77,072
Depreciation of property, plant and equipment	42,583	38,524	3,495	3,574	10,362	10,965	323	208	56,763	53,271
Amortisation of intangible assets	5,389	5,551	426	543	1,409	1,400	99	88	7,323	7,582
	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>
<b>Total assets</b>	<b>1,143,389</b>	<b>1,094,719</b>	<b>92,381</b>	<b>96,806</b>	<b>260,450</b>	<b>283,746</b>	<b>11,022</b>	<b>12,933</b>	<b>1,507,242</b>	<b>1,488,204</b>
<b>Total liabilities</b>	<b>266,342</b>	<b>270,408</b>	<b>29,224</b>	<b>33,239</b>	<b>107,516</b>	<b>122,723</b>	<b>7,674</b>	<b>8,507</b>	<b>410,756</b>	<b>434,877</b>

## Notes to the consolidated financial statements

### Sales revenues

**EUR 768,150 thousand**

Sales revenues consist of EUR 77,456 thousand worth of revenues generated from the sale of products, services and goods in Slovenia (10.1% of net sales revenues) and EUR 690,694 thousand

worth of sales in foreign markets (89.9% of net sales revenues). Sales revenues generated in the reported period were 6% higher than those recorded over the same period in 2010.

### Production costs of goods sold

**EUR 289,321 thousand**

Compared to the same period in 2010, the production costs of goods sold increased 8%, their costs to sales ratio being 37.7%.

### Distribution expenses

**EUR 194,138 thousand**

Distribution expenses include the costs of marketing and sales campaigns in Slovenia and abroad.

Compared to the same period in 2010, they increased 8%, on a costs to sales ratio of 25.3%.

### R&D costs

**EUR 66,541 thousand**

Krka does not capitalise R&D costs, therefore they are recognised in the current income statement in full.

Compared to the same period in 2010, they decreased 7%, on a costs to sales ratio of 8.7%.

### Administrative expenses

**EUR 55,775 thousand**

Compared to the same period in 2010, administrative expenses were down 5%, on a costs to sales ratio of 7.3%.

### Costs by nature

**EUR 605,775 thousand**

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Cost of goods and material	190,800	194,101	98
Cost of services	148,290	144,578	103
Employee benefits cost	199,303	189,159	105
Amortisation/Depreciation	64,086	60,853	105
Other operating expenses	24,419	23,236	105
<b>Total costs</b>	<b>626,898</b>	<b>611,927</b>	<b>102</b>
Change in the value of inventories	-21,123	-34,830	61
<b>Total</b>	<b>605,775</b>	<b>577,097</b>	<b>105</b>

## Employee benefits cost

EUR 199,303 thousand

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Gross wages and salaries, and continued pay	151,440	142,976	106
Social security contributions and payroll tax	34,905	31,250	112
Retirement benefits and anniversary bonuses	3,071	5,342	57
Other employee benefits cost	9,887	9,591	103
<b>Total employee benefits cost</b>	<b>199,303</b>	<b>189,159</b>	<b>105</b>

## Other operating expenses

EUR 24,419 thousand

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Grants and assistance for humanitarian and other purposes	2,672	2,096	127
Environmental levies	1,840	1,473	125
Other taxes and levies	8,223	7,016	117
Loss in the sale and write-offs of property, plant and equipment, and intangible assets	1,761	1,556	113
Write-offs and allowances for inventories	6,698	8,398	80
Other costs	3,225	2,697	120
<b>Total other operating expenses</b>	<b>24,419</b>	<b>23,236</b>	<b>105</b>

## Financial income and financial expenses

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Foreign exchange differences	0	3,681	0
Interest income	270	611	44
Change in fair value of investments through profit or loss	0	10	0
Income from derivative financial instruments, thereof:	5	0	
– inflows	5	0	
Dividend income	104	9	1,156
Reversal of impairment	1,151	382	301
Other income	6	12	50
<b>Total financial income</b>	<b>1,536</b>	<b>4,705</b>	<b>33</b>
Foreign exchange differences	-15,779	0	
Interest expense	-2,304	-2,665	86
Change in fair value of investments through profit or loss	-101	-52	194
Expense from derivative financial instruments, thereof:	-7	0	
– outflows	-7	0	
Other expenses	-132	-188	70
Impairment and write-off of receivables	-5,070	-862	588
<b>Total financial expenses</b>	<b>-23,393</b>	<b>-3,767</b>	<b>621</b>
<b>Net financial expenses/income</b>	<b>-21,857</b>	<b>938</b>	<b>-2,330</b>

## Income tax expense

**EUR 31,696 thousand**

The levied income tax amounts to EUR 32,296 thousand, which is 22.0% of pre-tax profit. Together with the deferred tax of EUR 600 thousand, the total

income tax expense in the income statement equals EUR 31,696 thousand. The effective tax rate is 21.5%.

## Property, plant and equipment

**EUR 695,187 thousand**

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Property	30,165	29,370	103
Plant	312,802	306,844	102
Equipment	296,586	274,637	108
Property, plant and equipment under construction	55,634	75,610	74
<b>Total property, plant and equipment</b>	<b>695,187</b>	<b>686,461</b>	<b>101</b>

The value of property, plant and equipment stands for 46% of the Group's total assets. Krka's major

investments are described in the *Business Report*, under *Investments*.

## Intangible assets

**EUR 120,290 thousand**

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Goodwill	42,644	42,644	100
Trademark	42,403	42,403	100
Concessions, patents, licences, trademarks and similar rights	31,474	33,077	95
Intangible assets under construction	3,769	4,691	80
<b>Total intangible assets</b>	<b>120,290</b>	<b>122,815</b>	<b>98</b>

Long-term industrial property rights and intangible assets under construction constitute market

authorisation documentation for new medicines and software.

## Loans

**EUR 25,718 thousand**

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
<b>Long-term loans</b>	<b>5,366</b>	<b>4,312</b>	<b>124</b>
– long-term loans to other entities	5,366	4,312	124
<b>Short-term loans</b>	<b>20,352</b>	<b>1,227</b>	<b>1,659</b>
– current portion of long-term loan	285	940	30
– short-term loans to other entities	20,067	285	7,041
– short-term interest receivable	0	2	0
<b>Total loans</b>	<b>25,718</b>	<b>5,539</b>	<b>464</b>

Long-term loans to other entities include loans that the company grants to its employees, pursuant to the company's internal acts, and are primarily housing loans. Long-term loans also include

deposits placed by the controlling company in the national currency for a period of over 30 days, in the amount of EUR 20,000 thousand (on 31 December 2010 these deposits had not been made).

## Investments

EUR 5,704 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
<b>Non-current investments</b>	<b>5,149</b>	<b>5,238</b>	<b>98</b>
– financial assets available for sale	5,149	5,238	98
<b>Current investments, including derivative financial instruments</b>	<b>555</b>	<b>653</b>	<b>85</b>
– instruments held for trading	66	93	71
– other current investments	489	560	87
<b>Total investments</b>	<b>5,704</b>	<b>5,891</b>	<b>97</b>

The financial assets available for sale include shares and stakes worth EUR 761 thousand in Slovenia and EUR 4,388 thousand in shares and stakes held abroad.

Other current investments comprise shares in Slovene mutual funds worth EUR 247 thousand and assets under management worth EUR 242 thousand.

## Inventories

EUR 260,675 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Material	84,428	84,463	100
Work in progress	57,326	48,263	119
Products and merchandise	118,921	96,617	123
<b>Total inventories</b>	<b>260,675</b>	<b>229,343</b>	<b>114</b>

## Trade and other receivables

EUR 353,229 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Short-term trade receivables	310,261	368,780	84
Other short-term receivables	42,968	33,906	127
<b>Total receivables</b>	<b>353,229</b>	<b>402,686</b>	<b>88</b>

## Cash and cash equivalents

EUR 19,757 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Cash in hand	56	61	92
Bank balances	19,701	7,728	255
<b>Total cash and cash equivalents</b>	<b>19,757</b>	<b>7,789</b>	<b>254</b>

## Equity

EUR 1,096,487 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Share capital	59,126	59,126	100
Own shares	-38,229	-21,749	176
Reserves	166,927	159,233	105
– share premium	139,732	123,252	113
– legal reserves	14,990	14,990	100
– statutory reserves	27,184	27,184	100
– fair value reserve	1,624	1,767	92
– translation reserves	-16,603	-7,960	209
Retained earnings	907,110	855,140	106
<b>Equity holders of the parent</b>	<b>1,094,934</b>	<b>1,051,750</b>	<b>104</b>
Non-controlling interest	1,553	1,577	98
<b>Total equity</b>	<b>1,096,487</b>	<b>1,053,327</b>	<b>104</b>

## Borrowings

EUR 97,674 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
<b>Long-term borrowings</b>	<b>67,212</b>	<b>67,214</b>	<b>100</b>
– borrowings from domestic banks	67,071	67,071	100
– borrowings from foreign banks	141	143	99
<b>Short-term borrowings</b>	<b>30,462</b>	<b>57,910</b>	<b>53</b>
– current portion of long-term borrowing	2,671	37,899	7
– borrowings from domestic banks	26,964	18,500	146
– borrowings from foreign banks	35	0	
– borrowings from other entities	361	317	114
– interest payable	431	1,194	36
<b>Total borrowings</b>	<b>97,674</b>	<b>125,124</b>	<b>78</b>

## Provisions

EUR 109,661 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Provisions for retirement benefits and anniversary bonuses	55,885	55,315	101
Other provisions	53,776	53,574	100
– provisions for lawsuits	49,015	49,015	100
– other provisions	4,761	4,559	104
<b>Total provisions</b>	<b>109,661</b>	<b>108,889</b>	<b>101</b>



## Deferred revenues

EUR 10,121 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Grants received for the Beta plant in Šentjernej	92	125	74
Grants received for Dolenjske and Šmarješke Toplice and Golf Grad Otočec	5,046	5,276	96
Grants by the European Regional Development Fund	23	26	88
Grants by the European Regional Development Fund – development of new technologies (FBD project)	947	926	102
Grants received from the Ministry of the Economy under the Slovene economy development centres programme	3,180	0	
Properties, plant and equipment received for free	582	591	98
Emission coupons	6	22	27
Other deferred revenues	245	172	142
<b>Total deferred revenues</b>	<b>10,121</b>	<b>7,138</b>	<b>142</b>

The FBD operation (project) is partly funded by the European Union (European Regional Development Fund). It is a 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 75,731 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Payables to domestic suppliers	33,862	42,365	80
Payables to foreign suppliers	41,038	48,525	85
Payables from advances	831	496	168
<b>Total trade payables</b>	<b>75,731</b>	<b>91,386</b>	<b>83</b>

## Other current liabilities

EUR 96,576 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Accrued contractual discounts on products sold to other customers	49,587	34,943	142
Payables to employees – gross wages, other charges	22,990	27,405	84
Other	23,999	10,710	224
<b>Total other current liabilities</b>	<b>96,576</b>	<b>73,058</b>	<b>132</b>

## Contingent liabilities

EUR 11,784 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Guarantees issued	9,642	2,704	357
Other	2,142	2,164	99
<b>Total contingent liabilities</b>	<b>11,784</b>	<b>4,868</b>	<b>242</b>

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

### Statement of financial position

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
<b>Assets</b>			
Property, plant and equipment	520,794	513,683	101
Intangible assets	29,050	29,752	98
Investments in subsidiaries	226,344	227,409	100
Deferred tax assets	19,028	19,162	99
Long-term loans	11,593	12,206	95
Non-current investments	4,940	5,029	98
Other non-current assets	163	168	97
<b>Total non-current assets</b>	<b>811,912</b>	<b>807,409</b>	<b>101</b>
Inventories	188,600	163,974	115
Trade and other receivables	367,495	423,042	87
Short-term loans	63,983	49,686	129
Current investments, including derivative financial instruments	555	653	85
Cash and cash equivalents	9,115	1,547	589
<b>Total current assets</b>	<b>629,748</b>	<b>638,902</b>	<b>99</b>
<b>Total assets</b>	<b>1,441,660</b>	<b>1,446,311</b>	<b>100</b>
<b>Equity</b>			
Share capital	59,126	59,126	100
Own shares	-38,229	-21,749	176
Reserves	183,530	167,193	110
Retained earnings	899,342	853,584	105
<b>Total equity</b>	<b>1,103,769</b>	<b>1,058,154</b>	<b>104</b>
<b>Liabilities</b>			
Long-term borrowings	66,800	66,800	100
Provisions	102,501	101,632	101
Deferred revenues	3,702	2,668	139
Deferred tax liabilities	406	442	92
<b>Total non-current liabilities</b>	<b>173,409</b>	<b>171,542</b>	<b>101</b>
Trade payables	85,829	109,553	78
Short-term borrowings	43,087	57,189	75
Income tax liabilities	469	8,635	5
Other current liabilities	35,097	41,238	85
<b>Total current liabilities</b>	<b>164,482</b>	<b>216,615</b>	<b>76</b>
<b>Total liabilities</b>	<b>337,891</b>	<b>388,157</b>	<b>87</b>
<b>Total equity and liabilities</b>	<b>1,441,660</b>	<b>1,446,311</b>	<b>100</b>

## Income statement

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Sales revenues	705,183	692,825	102
Production cost of goods sold	-280,056	-264,423	106
<b>Gross profit</b>	<b>425,127</b>	<b>428,402</b>	<b>99</b>
Other operating income	3,490	2,592	135
Distribution expenses	-177,071	-160,948	110
R&D costs	-62,710	-67,300	93
Administrative expenses	-40,837	-43,261	94
<b>Operating profit</b>	<b>147,999</b>	<b>159,485</b>	<b>93</b>
Financial income	10,079	6,741	150
Financial expenses	-23,105	-3,287	703
<b>Net financial expenses /income</b>	<b>-13,026</b>	<b>3,454</b>	<b>-377</b>
<b>Profit before tax</b>	<b>134,973</b>	<b>162,939</b>	<b>83</b>
Income tax expense	-25,735	-30,900	83
<b>Profit for the period</b>	<b>109,238</b>	<b>132,039</b>	<b>83</b>
<b>Basic earnings per share (in EUR)*</b>	<b>3.25</b>	<b>3.91</b>	<b>83</b>
<b>Diluted earnings per share (in EUR)**</b>	<b>3.25</b>	<b>3.91</b>	<b>83</b>

\* Net profit/average number of shares issued in the period, excluding own shares.

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

## Statement of comprehensive income

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
<b>Profit for the period</b>	<b>109,238</b>	<b>132,039</b>	<b>83</b>
<b>Other comprehensive income for the period:</b>			
Changes in fair value of financial assets available for sale	-179	-467	38
Deferred tax effect – change in fair value of financial assets available for sale	36	93	39
<b>Total other comprehensive income for the period</b>	<b>-143</b>	<b>-374</b>	<b>38</b>
<b>Total comprehensive income for the period</b>	<b>109,095</b>	<b>131,665</b>	<b>83</b>

## Statement of changes in equity

	Share capital	Own shares	Reserves				Retained earnings			Total equity
			Share premium	Legal reserves	Statutory reserves	Fair value reserves	Other revenue reserves	Net profit for the period	Net profit carried forward	
in EUR thousand										
<b>Balance at 1 Jan 2011</b>	<b>59,126</b>	<b>-21,749</b>	<b>123,252</b>	<b>14,990</b>	<b>27,184</b>	<b>1,767</b>	<b>684,639</b>	<b>106,660</b>	<b>62,285</b>	<b>1,058,154</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>109,238</b>	<b>0</b>	<b>109,238</b>
<b>Other comprehensive income for the period</b>										
Changes in fair value of financial assets available for sale	0	0	0	0	0	-179	0	0	0	-179
Deferred tax effect – change in fair value of financial assets available for sale	0	0	0	0	0	36	0	0	0	36
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-143</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-143</b>	<b>0</b>	<b>109,238</b>	<b>0</b>	<b>109,095</b>
<b>Transactions with owners, recorded in equity</b>										<b>0</b>
Formation of statutory reserves	0	0	0	0	0	0	0	0	0	0
Formation of other revenue reserves under the resolution of the Management Board and the Supervisory Board	0	0	0	0	0	0	0	0	0	0
Transfer of previous period's net profit to retained earnings	0	0	0	0	0	0	0	-106,660	106,660	0
Transfer to other revenue reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	60,972	0	-60,972	0
Formation of reserves for own shares	0	0	16,480	0	0	0	0	-16,480	0	0
Repurchase of own shares	0	-16,480	0	0	0	0	0	0	0	-16,480
Dividends paid	0	0	0	0	0	0	0	0	-47,000	-47,000
<b>Total transactions with owners, recorded in equity</b>	<b>0</b>	<b>-16,480</b>	<b>16,480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,972</b>	<b>-123,140</b>	<b>-1,312</b>	<b>-63,480</b>
<b>Balance at 30 Sep 2011</b>	<b>59,126</b>	<b>-38,229</b>	<b>139,732</b>	<b>14,990</b>	<b>27,184</b>	<b>1,624</b>	<b>745,611</b>	<b>92,758</b>	<b>60,973</b>	<b>1,103,769</b>

	Share capital	Own shares	Reserves				Retained earnings			Total equity
			Share premium	Legal reserves	Statutory reserves	Fair value reserves	Other revenue reserves	Net profit for the period	Net profit carried forward	
in EUR thousand										
<b>Balance at 1 Jan 2010</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>22,184</b>	<b>2,104</b>	<b>570,354</b>	<b>103,812</b>	<b>57,937</b>	<b>932,010</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>132,039</b>	<b>0</b>	<b>132,039</b>
<b>Other comprehensive income for the period</b>										
Changes in fair value of financial assets available for sale	0	0	0	0	0	-467	0	0	0	-467
Deferred tax effect – change in fair value of financial assets available for sale	0	0	0	0	0	93	0	0	0	93
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-374</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-374</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-374</b>	<b>0</b>	<b>132,039</b>	<b>0</b>	<b>131,665</b>
<b>Transactions with owners, recorded in equity</b>										
Formation of statutory reserves	0	0	0	0	0	0	0	0	0	0
Formation of other revenue reserves under the resolution of the Management Board and the Supervisory Board	0	0	0	0	0	0	0	0	0	0
Transfer of previous period's net profit to retained earnings	0	0	0	0	0	0	0	-103,812	103,812	0
Transfer to other revenue reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	62,285	0	-62,285	0
Dividends paid	0	0	0	0	0	0	0	0	-37,180	-37,180
<b>Total transactions with owners, recorded in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62,285</b>	<b>-103,812</b>	<b>4,347</b>	<b>-37,180</b>
<b>Balance at 30 Sep 2010</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>22,184</b>	<b>1,730</b>	<b>632,639</b>	<b>132,039</b>	<b>62,284</b>	<b>1,026,495</b>

## Statement of cash flows

in EUR thousand	1-9/2011	1-9/2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>109,238</b>	<b>132,039</b>
<b>Adjustments for:</b>	<b>68,961</b>	<b>83,978</b>
– amortisation/depreciation	48,396	45,769
– foreign exchange differences	714	6,084
– investment income	-10,025	-2,865
– investment expense	1,658	1,401
– interest expense and other financial expense	2,483	2,689
– income tax	25,735	30,900
<b>Operating profit before changes in net operating current assets</b>	<b>178,199</b>	<b>216,017</b>
Change in trade receivables	55,548	-84,282
Change in inventories	-24,626	-12,860
Change in operating debts (liabilities)	-23,724	3,608
Change in provisions	869	2,995
Change in deferred revenues	1,034	683
Change in other current liabilities	-6,375	11,709
Income taxes paid	-33,767	-13,089
<b>Cash generated from operations</b>	<b>147,158</b>	<b>124,781</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,539	1,772
Dividends received	14	9
Proportionate profit of subsidiaries	7,704	428
Proceeds from sale of property, plant and equipment	2,263	2,029
Purchase of intangible assets	-3,858	-3,646
Purchase of property, plant and equipment	-54,029	-53,447
Refund of subsequent payments	1,065	185
Long-term loans	-2,288	-5,791
Proceeds from repayment of long-term loans	6,146	5,737
Acquisition of non-current investments	-41	-37
Proceeds from sale of non-current investments	44	32
Payments in connection with current investments and loans	-17,802	-9,251
Payments in connection with derivative financial instruments	-8	0
Proceeds from derivative financial instruments	5	0
<b>Net cash used in investing activities</b>	<b>-59,246</b>	<b>-61,980</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-3,179	-3,867
Repayment of long-term borrowings	-34,536	-34,873
Acquisition of short-term borrowings	21,129	9,009
Dividends paid	-46,767	-36,993
Repurchase of own shares	-16,480	0
<b>Net cash used in financing activities</b>	<b>-79,833</b>	<b>-66,724</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,079</b>	<b>-3,923</b>
Cash and cash equivalents at beginning of period	1,547	7,487
Effect of exchange rate fluctuations on cash held	-511	-155
<b>Net cash and cash equivalents at end of period</b>	<b>9,115</b>	<b>3,409</b>

## Segment reporting

	European Union		South-East Europe		East Europe		Other markets		Total	
	1-9/2011	1-9/2010	1-9/2011	1-9/2010	1-9/2011	1-9/2010	1-9/2011	1-9/2010	1-9/2011	1-9/2010
in EUR thousand										
<b>Sales revenues</b>	<b>449,511</b>	<b>426,892</b>	<b>62,656</b>	<b>66,946</b>	<b>176,998</b>	<b>184,961</b>	<b>16,018</b>	<b>14,026</b>	<b>705,183</b>	<b>692,825</b>
Other operating income	3,490	2,592	0	0	0	0	0	0	3,490	2,592
<b>Operating profit</b>	<b>119,397</b>	<b>123,793</b>	<b>16,040</b>	<b>18,389</b>	<b>10,564</b>	<b>15,405</b>	<b>1,998</b>	<b>1,898</b>	<b>147,999</b>	<b>159,485</b>
Interest income	1,315	1,686	0	0	168	222	0	0	1,483	1,908
Interest expense	-2,427	-2,616	0	0	0	0	0	0	-2,427	-2,616
<b>Net financial expenses/income</b>	<b>-8,303</b>	<b>2,128</b>	<b>-1,157</b>	<b>334</b>	<b>-3,270</b>	<b>922</b>	<b>-296</b>	<b>70</b>	<b>-13,026</b>	<b>3,454</b>
Income tax expense	-20,762	-24,039	-2,789	-3,665	-1,837	-2,953	-347	-243	-25,735	-30,900
<b>Profit for the period</b>	<b>90,332</b>	<b>101,882</b>	<b>12,094</b>	<b>15,058</b>	<b>5,457</b>	<b>13,374</b>	<b>1,355</b>	<b>1,725</b>	<b>109,238</b>	<b>132,039</b>
Investments	57,847	56,571	0	0	0	0	0	0	57,847	56,571
Depreciation of property, plant and equipment	34,771	31,086	1,849	1,940	7,088	8,188	323	208	44,031	41,422
Amortisation of intangible assets	2,782	2,678	388	420	1,096	1,161	99	88	4,365	4,347
	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>
<b>Total assets</b>	<b>1,134,037</b>	<b>1,101,437</b>	<b>61,911</b>	<b>73,163</b>	<b>234,698</b>	<b>258,786</b>	<b>11,014</b>	<b>12,925</b>	<b>1,441,660</b>	<b>1,446,311</b>
<b>Total liabilities</b>	<b>215,385</b>	<b>237,223</b>	<b>30,022</b>	<b>37,031</b>	<b>84,809</b>	<b>105,395</b>	<b>7,675</b>	<b>8,508</b>	<b>337,891</b>	<b>388,157</b>

## Notes to the financial statements

### Sales revenues

**EUR 705,183 thousand**

Sales revenues consist of EUR 51,035 thousand worth of revenues generated from the sale of products, services and goods in Slovenia (7.2% of net sales revenues) and EUR 654,148 thousand

worth of sales in foreign markets (92.8% of net sales revenues). Sales revenues were 2% higher than those generated in the same period in 2010.

### Production costs of goods sold

**EUR 280,056 thousand**

Compared to the same period in 2010, production costs of goods sold increased 6%, their costs to sales ratio being 39.7%.

### Distribution expenses

**EUR 177,071 thousand**

Distribution expenses include the costs of marketing and sales campaigns in Slovenia and abroad.

Compared to the same period in 2010, they were up 10%, on a costs to sales ratio of 25.1%.

### R&D costs

**EUR 62,710 thousand**

Krka does not capitalise R&D costs, therefore they are recognised in the current income statement in

full. Compared to the same period in 2010, they decreased 7%, their costs to sales ratio being 8.9%.

### Administrative expenses

**EUR 40,837 thousand**

Compared to the same period in 2010, administrative expenses decreased 6%, their costs to sales ratio being 5.8%.

### Costs by nature

**EUR 560,674 thousand**

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Cost of goods and material	206,375	188,284	110
Cost of services	191,278	172,074	111
Employee benefits cost	122,072	123,581	99
Amortisation/Depreciation	48,396	45,769	106
Other operating expenses	14,395	14,351	100
<b>Total costs</b>	<b>582,516</b>	<b>544,059</b>	<b>107</b>
Change in the value of inventories	-21,842	-8,127	269
<b>Total</b>	<b>560,674</b>	<b>535,932</b>	<b>105</b>



## Employee benefits cost

EUR 122,072 thousand

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Gross wages and salaries, and continued pay	92,777	92,401	100
Social security contributions and payroll tax	19,400	19,206	101
Retirement benefits and anniversary bonuses	3,075	5,325	58
Other employee benefits cost	6,820	6,649	103
<b>Total employee benefits cost</b>	<b>122,072</b>	<b>123,581</b>	<b>99</b>

## Other operating expenses

EUR 14,395 thousand

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Grants and assistance for humanitarian and other purposes	1,196	1,267	94
Environmental levies	1,522	1,340	114
Other taxes and levies	3,936	3,040	129
Loss in the sale of property, plant and equipment, and intangible assets	1,550	1,350	115
Write-offs and allowances for inventories	4,619	6,005	77
Other costs	1,572	1,349	117
<b>Total other operating expenses</b>	<b>14,395</b>	<b>14,351</b>	<b>100</b>

## Financial income and financial expenses

in EUR thousand	1-9/2011	1-9/2010	Ind. 11/10
Foreign exchange differences	0	4,385	0
Interest income	1,483	1,908	78
Change in fair value of investments through profit or loss	0	10	0
Income from derivative financial instruments, thereof:	5	0	
– inflows	5	0	
Dividend income	7,808	438	1,783
Reversal of impairment	783	0	
<b>Total financial income</b>	<b>10,079</b>	<b>6,741</b>	<b>150</b>
Foreign exchange differences	-15,771	0	
Interest expense	-2,427	-2,616	93
Change in fair value of investments through profit or loss	-101	-52	194
Expense from derivative financial instruments, thereof:	-8	0	
– outflows	-8	0	
– change in fair value	0	0	
Other expenses	-56	-73	77
Impairment and write-off of receivables	-4,742	-546	868
<b>Total financial expenses</b>	<b>-23,105</b>	<b>-3,287</b>	<b>703</b>
<b>Net financial expenses/income</b>	<b>-13,026</b>	<b>3,454</b>	

## Income tax expense

EUR 25,735 thousand

The levied income tax amounts to EUR 25,601 thousand, which is 19.0% of pre-tax profit. Together with the deferred tax of EUR 134 thousand, the total income tax expense in the income statement equals

EUR 25,735 thousand. The effective tax rate is 19.1%, which is 0.1 of a percentage point less than over the same period in 2010.

## Property, plant and equipment

EUR 520,794 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Property	18,137	17,283	105
Plant	212,443	201,335	106
Equipment	249,747	223,746	112
Property, plant and equipment under construction	40,467	71,319	57
<b>Total property, plant and equipment</b>	<b>520,794</b>	<b>513,683</b>	<b>101</b>

The value of property, plant and equipment stands for 36% of the Company's total assets. Krka's major

investments are described in the *Business Report*, under *Investments*.

## Intangible assets

EUR 29,050 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Concessions, patents, licences, trademarks and similar rights	25,594	25,375	101
Intangible assets under construction	3,456	4,377	79
<b>Total intangible assets</b>	<b>29,050</b>	<b>29,752</b>	<b>98</b>

Intangible assets constitute market authorisation documentation for new medicines and software.

## Loans

EUR 75,576 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
<b>Long-term loans</b>	<b>11,593</b>	<b>12,206</b>	<b>95</b>
– long-term loans to subsidiaries	6,546	8,210	80
– long-term loans to other entities	5,047	3,996	126
<b>Short-term loans</b>	<b>63,983</b>	<b>49,686</b>	<b>129</b>
– current portion of long-term loan	571	3,998	14
– short-term loans to subsidiaries	43,213	45,302	95
– short-term loans to other entities	20,029	160	12,518
– short-term interest receivable	170	226	75
<b>Total loans</b>	<b>75,576</b>	<b>61,892</b>	<b>122</b>

Long-term loans stand for 15% of total loans.

Long-term loans to other entities include loans that the company grants to its employees, pursuant to the company's internal acts, and are primarily

housing loans. Long-term loans also include deposits in the national currency for a period of over 30 days, in the amount of EUR 20,000 thousand (on 31 December 2010 these deposits had not been made).

## Investments

EUR 5,495 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
<b>Non-current investments</b>	<b>4,940</b>	<b>5,029</b>	<b>98</b>
– financial assets available for sale	4,940	5,029	98
<b>Current investments, including derivative financial instruments</b>	<b>555</b>	<b>653</b>	<b>85</b>
– instruments held for trading	66	93	71
– other current investments	489	560	87
<b>Total investments</b>	<b>5,495</b>	<b>5,682</b>	<b>97</b>

The financial assets available for sale include EUR 553 thousand worth of shares and stakes in Slovenia and EUR 4,387 thousand worth of shares and stakes abroad.

Other current investments comprise shares in Slovene mutual funds worth EUR 247 thousand and assets under management worth EUR 242 thousand.

## Inventories

EUR 188,600 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Material	73,413	70,254	104
Work in progress	48,764	42,790	114
Products	59,010	46,731	126
Merchandise	7,413	4,199	177
<b>Total inventories</b>	<b>188,600</b>	<b>163,974</b>	<b>115</b>

## Trade and other receivables

EUR 367,495 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Short-term receivables due from subsidiaries	208,958	238,952	87
Trade receivables	146,705	166,472	88
Receivables due from other entities	11,832	17,618	67
<b>Total receivables</b>	<b>367,495</b>	<b>423,042</b>	<b>87</b>

## Cash and cash equivalents

EUR 9,115 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Cash in hand	11	8	138
Bank balances	9,104	1,539	592
<b>Total cash and cash equivalents</b>	<b>9,115</b>	<b>1,547</b>	<b>589</b>

## Equity

EUR 1,103,769 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Share capital	59,126	59,126	100
Own shares	-38,229	-21,749	176
Reserves	183,530	167,193	110
– share premium	139,732	123,252	113
– legal reserves	14,990	14,990	100
– statutory reserves	27,184	27,184	100
– fair value reserve	1,624	1,767	92
Retained earnings	899,342	853,584	105
<b>Total equity</b>	<b>1,103,769</b>	<b>1,058,154</b>	<b>104</b>

## Borrowings

EUR 109,887 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
<b>Long-term borrowings</b>	<b>66,800</b>	<b>66,800</b>	<b>100</b>
– borrowings from domestic banks	66,800	66,800	100
<b>Short-term borrowings</b>	<b>43,087</b>	<b>57,189</b>	<b>75</b>
– current portion of long-term borrowing	2,500	37,036	7
– borrowings from subsidiaries	12,728	143	8,901
– borrowings from domestic banks	27,000	18,500	146
– borrowings from other entities	361	317	114
– interest payable	498	1,193	42
<b>Total borrowings</b>	<b>109,887</b>	<b>123,989</b>	<b>89</b>

## Provisions

EUR 102,501 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Provisions for retirement benefits and anniversary bonuses	53,501	52,632	102
Other provisions	49,000	49,000	100
– provisions for lawsuits	49,000	49,000	100
<b>Total provisions</b>	<b>102,501</b>	<b>101,632</b>	<b>101</b>

Provisions for lawsuits stand for 48% of total provisions. Compared to the beginning of the year, provisions have increased due to additional

provisions formed for retirement benefits and anniversary bonuses.

## Deferred revenues

EUR 3,702 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Grants received for the Beta plant in Šentjernej	92	125	74
Grants by the European Regional Development Fund	23	26	88
Grants by the European Regional Development Fund – development of new technologies (FBD project)	947	926	102
Properties, plant and equipment received for free	582	591	98
Emission coupons	6	22	27
Other deferred revenues	2,052	978	210
<b>Total deferred revenues</b>	<b>3,702</b>	<b>2,668</b>	<b>139</b>

The FBD operation (project) is partly funded by the European Union (European Regional Development Fund). It is a 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 85,829 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Payables to subsidiaries	24,216	28,643	85
Payables to domestic suppliers	31,373	40,188	78
Payables to foreign suppliers	29,634	40,540	73
Payables from advances	606	182	333
<b>Total trade payables</b>	<b>85,829</b>	<b>109,553</b>	<b>78</b>

## Other current liabilities

EUR 35,097 thousand

in EUR thousand	30 Sep 2011	31 Dec 2010	Ind. 11/10
Accrued contractual discounts on products sold to other customers	13,138	13,138	100
Payables to employees – gross wages, other charges	18,256	23,777	77
Other	3,703	4,323	86
<b>Total other current liabilities</b>	<b>35,097</b>	<b>41,238</b>	<b>85</b>

## Contingent liabilities

EUR 12,517 thousand

in thousand EUR	30 Sep 2011	31 Dec 2010	Ind. 11/10
Guarantees issued	11,897	5,591	213
Other	620	620	100
<b>Total contingent liabilities</b>	<b>12,517</b>	<b>6,211</b>	<b>202</b>

## MANAGEMENT BOARD'S 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 nine months ended 30 September 2011 have been drawn up so as to provide a true and fair view of the financial standing and operating results of the Krka Company and Krka Group. The condensed statements for the period January–September 2011 have been drawn up using the same accounting principles as for the annual financial statements of the Krka Company and Group for 2010.

The condensed interim financial statements for the nine months ended 30 September 2011 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 2010.

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

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

Novo mesto, 4 November 2011



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



Vinko Zupančič  
Member of the Management Board



Danica Novak Malnar  
Member of the Management Board – Employee Representative