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Novo mesto, November 2009

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INTRODUCTION

The condensed consolidated financial statements of the Krka Group and condensed financial statements of the Krka, d. d., Novo mesto (the Krka Company) for January-September 2009 and January-September 2008 are unaudited, but the statements for the full 2008 business year present audited figures. The company has no authorised capital and has not made a conditional share capital increase.

The company regularly announces any significant changes to the data contained in its share

prospectus on the Ljubljana Stock Exchange's electronic information system SEOnet and/or the Delo newspaper. The business report for the Company and Group is also available on the Krka website: www.krka.si.

The Supervisory Board discussed and approved the January-September 2009 business report for the Krka Company and Group at its regular meeting on 4 November 2009.

Significant achievements – January to September 2009

- The Krka Group achieved sales of products and services worth EUR 689.9 million, while the Krka Company's sales were worth EUR 614.7 million.
- Group sales, expressed in EUR, remained at the same level as last year, while the Company's sales were 2% up on the same period last year. Sales data in local currencies, together with data on sales volume indicates growth in Krka Group sales of almost one tenth on the same period last year. The falling value of the local currency on a number of major Krka markets has meant the increase in sales volume has not been reflected in an increase in sales values when expressed in EUR.
- The Krka Group's operating profit of EUR 154.9 million was at the same level as the figure for the comparable period in 2008. The Krka Company's operating profit of EUR 142.4 million represents a fall of 9% on the same period last year.
- The net profit for the Krka Group was EUR 108.3 million (3% down on the same period last year), and stood at EUR 113.3 million (4% down) for the Krka Company.
- The highest sales growth by region (up 7%) was achieved in Region Central Europe, which is also Krka's largest sales region, representing 29% of the Group's overall sales.
- Sales on markets outside Slovenia over the period represented 89% of the Group's sales and 91% of the Company's.
- The Krka share price as listed on the Ljubljana Stock Exchange on the final day of September 2009 was EUR 72.03, while the Krka Company's market capitalisation was EUR 2,551.7 million.
- The Krka Group allocated EUR 72.1 million to investments, EUR 66.0 million of which was invested by the Krka Company and EUR 6.1 million by subsidiaries.
- At the end of September the Krka Group had 7905 employees, 4% more than at the start of the year.

Events after the accounting period

- On 5 December 2008 Krka informed the relevant parties that its subsidiary TAD Pharma GmbH had ceased trading in Zalasta (olanzapine) in Germany, after the German supreme court adjudged that a patent protecting the active ingredient olanzapine remained in force, and therefore overruled the decision by the court of first instance cancelling the patent.

TAD Pharma reached an out-of-court settlement with the patent holder, agreeing to pay EUR 2,800,000 in damages, incurred by the patent holder due to Zalasta sales in Germany. Payment of this sum will not affect the Group's operating result for 2009, since appropriate provisions were formed in 2008.

Highlights

in EUR thousand	Krka Group		Krka Company	
	1-9/2009	1-9/2008	1-9/2009	1-9/2008
Sales revenues	689,874	687,938	614,703	604,875
EBIT	154,885	154,577	142,435	156,652
EBITDA	211,400	205,460	185,896	193,926
Net profit	108,313	111,198	113,322	117,613
R&D costs	64,674	61,770	60,428	57,012
Investments	72,132	108,230	66,004	85,899

	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008
Non-current assets	821,070	809,074	786,743	765,873
Current assets	504,326	461,962	502,262	458,519
Equity	854,493	783,296	874,816	797,203
Non-current liabilities	316,772	257,526	282,942	222,067
Current liabilities	154,131	230,214	131,247	205,122

RATIOS	1-9/2009	1-9/2008	1-9/2009	1-9/2008
Net profit margin	15.7%	16.2%	18.4%	19.4%
EBIT margin	22.5%	22.5%	23.2%	25.9%
EBITDA margin	30.6%	29.9%	30.2%	32.1%
ROE ¹	17.6%	20.6%	18.1%	22.0%
ROA ²	11.1%	12.4%	12.0%	13.9%
Liabilities/Equity	0.551	0.671	0.473	0.592
R&D costs/Sales revenues	9.4%	9.0%	9.8%	9.4%

NUMBER OF EMPLOYEES	30 Sep 2009	30 Sep 2008	30 Sep 2009	30 Sep 2008
At the day	7905	7475	5221	5164

SHARE INFORMATIONS (Krka Group)	1-9/2009	1-9/2008
Total number of shares issued	35,426,120	35,426,120
Earnings per share in EUR ³	4.27	4.39
Share price at the end of period in EUR	72.03	74.40
Price/earnings ratio (P/E)	16.86	16.95
Book value of share in EUR ⁴	24.12	21.44
Share price/book value (P/B)	2.99	3.47
Market capitalisation in EUR thousand (at the end of period)	2,551,743	2,635,703

1 Net profit, converted to annual basis / average equity balance in period

2 Net profit, converted to annual basis / average assets balance in period

3 Net profit of the majority owner, converted to annual basis / average number of shares issued excluding own shares

4 The calculation of carrying value takes into account the total number of shares issued by the Company.

The 2010-2014 Krka Group development strategy

The Krka Group updates its development strategy every two years. At its meeting of 4 November the Krka Supervisory Board was acquainted with the Group's development strategy for the next five-year period (2010-2014). Key strategies and objectives of Krka Group for 2010-2014 are set out below.

Key strategic objectives – to 2014

- Achieving average annual sales growth of at least 5%. launching selected products as the first generic on selected key markets.
- Maintaining the proportion of new products in overall sales over 40% at least.
- Strengthening the competitive advantage of the product portfolio by maintaining the highest possible share of vertical integrated products and
- Making effective use of assets and improving product cost-effectiveness.
- Increasing innovation.
- Maintaining independence.

Key strategies – to 2014

- Prioritising focus on European and central Asian markets.
- Strengthening of pharmaceutical and chemical activities.
- Developing generic medicines and preparing market authorisation documentation before the expiry of the product patent for the original medicine.
- Strengthening competitiveness in western European markets by establishing its own marketing companies.
- Strengthening professional and cost synergy within the Krka Group, and maximising utilisation of competitive advantages in the business environments of Krka companies abroad.
- Restructuring the purchasing market to ensure the continual reduction of purchase prices.
- Strengthening the internationalisation of all business functions.
- Reducing the impact of financial risk and economic risk on Krka Group's operations.
- Pursuing a moderate dividend increase policy.
- Continued growth of market shares through the purchase of local pharmaceutical companies or business acquisition in selected markets.
- Maintaining economic, social and protection responsibilities for the environment in which we operate.
- Operating according to principles of business excellence.

Assessment of the Krka Group's realisation of its 2009 business objectives

Given conditions on the some important Krka's markets and forecasts up to the end of the year, the Krka Group's operational objectives in 2009 are as follows:

- Sales of products and services will reach EUR 950 million, with which the Group will match the 2008 sales figures.
- The proportion of sales in markets outside Slovenia will be 89%.
- Prescription pharmaceuticals will remain the most important product group, representing a planned 83% of overall sales.
- The planned net profit of EUR 161 million will be achieved.
- At the end of the year, the Group will have 8055 employees.
- Due to the delay of some projects and uncertain business conditions, some of the planned investments were postponed to 2010, so the estimated value of investment in this year is EUR 104 million.

ID Card of the Krka Group

The controlling company 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

Basic activity: Production of pharmaceutical preparations

Activity code: 21.200

Year established: 1954

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

VAT number: 82646716

Company ID number: 5043611

Called-up capital: EUR 59,126,194.28

Shares: 35,426,120 ordinary no-par value shares. Krka's shares have been listed on the Ljubljana Stock Exchange in 1997 with the trading code KRKG.

On 30 September 2009 the Krka Group consists of the controlling company, Krka d. d. Novo mesto, and the following subsidiaries:

	Ownership share
Terme Krka, d.o.o., Novo mesto, Slovenia	100%
KRKA-FARMA d. o. o., Zagreb, Croatia	100%
KRKA ROMANIA S.R.L., Bucharest, Romania	100%
KRKA-FARMA DOO BEOGRAD, Belgrade, Serbia	100%
KRKA-FARMA DOOEL, Skopje, Macedonia	100%
KRKA FARMA, d. o. o., Sarajevo, Bosnia and Herzegovina	100%
OOO KRKA-RUS, Istra, Russian Federation	100%
OOO KRKA FARMA, Sergiev Posad, Russian Federation	100%
KRKA-POLSKA Sp. z o. o., Warsaw, Poland	100%
KRKA ČR, s. r. o., Prague, Czech Republic	100%
KRKA Magyarország Kft., Budapest, Hungary	100%
KRKA Slovensko, s.r.o., Bratislava, Slovakia	100%
TAD Pharma GmbH, Cuxhaven, Germany	100%
KRKA Sverige AB, Stockholm, Sweden	100%
ALTERNOVA Arzneimittel GmbH, Vienna, Austria	100%
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	100%
KRKA USA, LLC, Wilmington, USA	100%
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	100%

In January 2009 the subsidiaries KRKA ROMANIA S. R. L. (Bucharest, Romania) and KRKA FARMA, d.o.o. (Sarajevo, Bosnia-Herzegovina) started operations; both are 100% owned by the Krka Company. The new company in Romania replaced the former representative office, while in Bosnia-Herzegovina the representative office continues to operate alongside Krka Farma d.o.o.

The Terme Krka-Strunjan company, which came under 100%-ownership of the Terme Krka Group in autumn 2008, was merged with Terme Krka on 1 January 2009 and now functions as one of its business units. Terme Krka is also a major stakeholder in company Golf Grad Otočec, d. o. o. (56.37%).

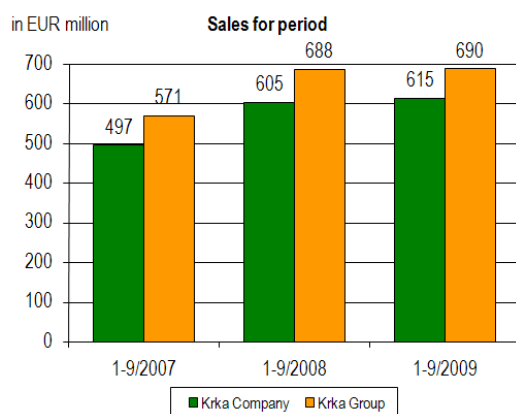
BUSINESS REPORT

Business operations analysis of the Krka Group and Krka Company

The analysis includes data for the Krka Company and Krka Group, while the commentary relates

primarily to the Krka Group.

Income



The sale revenues of the Krka Group remained at the same level as for the comparable period in 2008, while the Krka Company recorded an increase of 2%. The Krka Company generated sales revenues of EUR 614.7 million from the sale of prescription pharmaceuticals, self-medication products, cosmetics and animal health products,

while the Krka Group generated EUR 689.9 million from sales of these products plus sales of health and tourist services.

The Group generated over 84% of its sales revenues from prescription pharmaceutical sales, which returned sales growth of 2% as a product group. 89% of Group sales were generated on markets outside Slovenia.

Together with other operating and financial income, the Group generated total income of EUR 700.2 million, and the Krka Company EUR 633.1 million.

A more detailed analysis of the sales results achieved by individual market and product groups is provided within this report in the Marketing and Sales section.

Expenses

The Krka Group's total expenses for the first nine months of 2009 totalled EUR 559.4 million, 2% higher than for the same period last year.

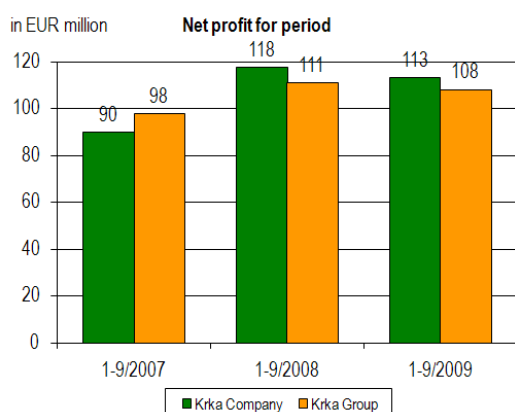
year, and their ratio to sales revenues was 37.3%. The ratio of distribution expenses to sales revenues was 24.2%, with the value of the item by 3% on the same period last year.

The Krka Group recorded operating expenses of EUR 544.5 million, EUR 257.5 million of which were related to production costs of goods sold, EUR 166.8 million to sales and marketing costs, EUR 64.7 million to R&D costs and EUR 55.5 million to administrative expenses.

R&D expenses increased by 5% and their ratio to sales revenues were 9.4%. Overall R&D expenses are recognised as expenses for the period, since they are not capitalised. Administrative expenses increased by 3% compared to the first nine months of last year, and their ratio to sales revenues was 8.1%.

The Group's production costs of goods sold increased by 3% compared to the same period last

Operating results



The Krka Group's operating profit of EUR 154.9 million remained at the same level as for

Assets

The Krka Group's total assets at the end of September were worth EUR 1,325.4 million, up by 4% from the end of 2008. The ratio of non-current assets to total assets was 61.9%, a reduction of 1.7 percentage points compared to the start of the year.

The most significant item under non-current assets, which overall were worth EUR 821.1 million, was property, plant and equipment, which at EUR 651.6 million represented 49.2% of total Group assets. This was an increase of 3% compared to

Equity and liabilities

The Group's equity has increased by 9% since the end of 2008, and now represents 64.5% of total equity and liabilities. The increase is due primarily to the Group's profit over the period.

Long-term provisions, which were worth EUR 150.5 million at the end of September 2009, were 1% up on the end of 2008, while long-term borrowings (worth EUR 143.7 million) increased by 72%.

Current liabilities fell by one third compared to the end of 2008 to EUR 154.1 million, or 11.6% of total

the same period last year. Profit before tax was 4% lower than for the same period last year, at EUR 140.8 million. Income tax expense totalled EUR 32.5 million, of which EUR 33.3 million was levied tax and EUR 0.8 million deferred tax. The Group's effective tax rate was 23.1%.

The Krka Group's net profit was EUR 108.3 million, which was 3% down on the net profit for the first three quarters of 2008, while the net profit of the Krka Company totalled EUR 113.3 million, 4% down on the same period last year.

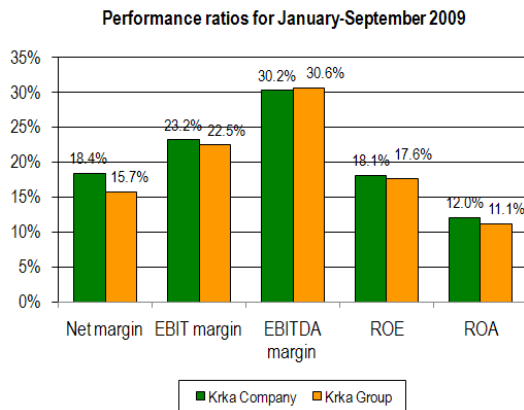
the start of the year. Intangible assets were worth EUR 125.9 million at the end of September, a decrease of 2% on the start of the year.

Over the first nine months of the year, current assets increased by 9% to EUR 504.3 million compared to the start of the year. Inventories decreased by 8% over the period, totalling EUR 193.7 million, while receivables increased by 24% to EUR 299.5 million.

equity and liabilities. In the current liabilities structure, trade payables grew by 1% to EUR 71.0 million, while short-term borrowings went down 68% to EUR 31.8 million. The reason for the fall in short-term borrowings and increase in long-term borrowings was a swap from short-term to long-term borrowings. The combined value of long-term and short-term borrowings was 4% less than at the end of 2008.

Other current liabilities were worth EUR 49.9 million, an increase of 1% compared to the end of last year.

Performance ratios



The Krka Group's net profit margin was 15.7% (Krka Company: 18.4%), the EBIT margin was 22.5% (Krka Company: 23.2%), and the EBITDA margin 30.6% (Krka Company: 30.2%). The Krka Group's ROE was 17.6% (Krka Company: 18.1%), and the ROA was 11.1% (Krka Company: 12.0%).

Marketing and sales

The Krka Group's sales over the first nine months of 2009 reached EUR 698.8 million, an increase of EUR 1.9 million or 0.3% on the same period last

year. The Krka Company achieved sales worth EUR 614.7 million, representing growth of 2%.

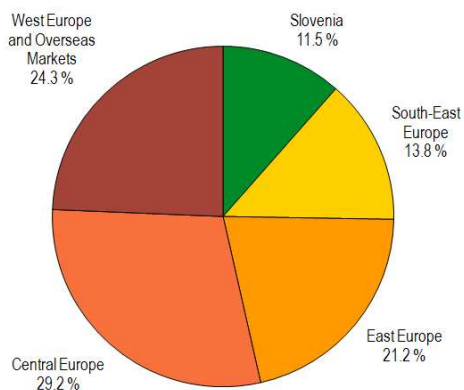
Sales by region

The leading Krka region by sales, with 29.2% of total Group sales, is Region Central Europe, where product sales between January and September 2009 were worth EUR 201.4 million, growth of 7% on the same period last year. The second ranking region by sales was Region West Europe and Overseas Markets, with a 24.3% share of overall sales, worth EUR 168.0 million. It is followed by

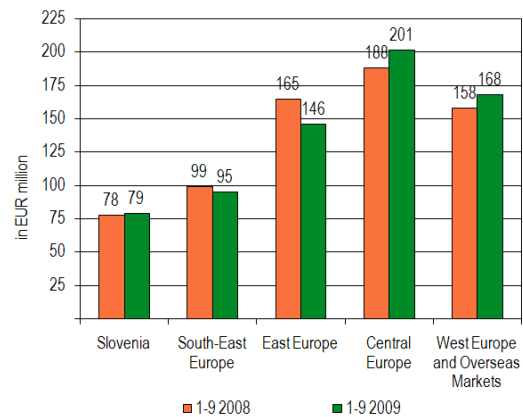
Region East Europe, where sales were worth EUR 146.2 million, 21.2% of overall Group sales. Sales on the markets of Region South-East Europe were worth EUR 95.1 million, representing 13.8% of Group sales, while sales on the Slovenian market were up by 2% to EUR 79.2 million, representing 11.5% of total Krka Group sales.

in EUR thousand	Krka Group			Krka Company		
	1-9/2009	1-9/2008	Ind.	1-9/2009	1-9/2008	Ind.
Slovenia	79,221	77,618	102	54,209	52,712	103
South-East Europe	95,101	99,024	96	92,563	91,589	101
East Europe	146,196	164,857	89	127,404	161,023	79
Central Europe	201,379	188,244	107	196,136	171,370	114
West Europe and Overseas Markets	167,977	158,195	106	144,391	128,181	113
Total	689,874	687,938	100	614,703	604,875	102

Krka Group sales by region, January-September 2009



Krka Group sales by region for January-September periods 2008 and 2009



Slovenia

Over the first nine months of the year, Krka achieved sales on the domestic market worth a total of EUR 79.2 million, of which EUR 44.6 million came from prescription pharmaceuticals, EUR 0.4 million more than for the same period last year. The growth also came from sales of health and tourism services, which were up 5%, or EUR 1.3 million, reaching a total figure of EUR 25.9 million. Other sales came from self-medication products, which were worth EUR 4.5 million, animal health products, worth EUR 1.8 million overall, and cosmetics, sales of which had reached EUR 1.5 million by the end of the third quarter.

Krka retained its position as market leader in the prescription pharmaceuticals sector. Krka is also still the market leader in a number of therapeutic groups, such as statins, ACE inhibitors, proton pump inhibitors and sartans. Krka has increased its market share in the group of medicines treating conditions of the central nervous system, particularly with the Zolrix[®] product. Krka's best-selling prescription pharmaceuticals in Slovenia are Prenessa[®], Atoris[®], Ultop[®], Lorista[®], Enap[®], Vasilip[®] and Nolpaza[®]. The best selling self-medication pharmaceuticals are Nalgesin[®] S, Septolete[®], Panatus[®], Daleron[®] and Bilobil[®].

South-East Europe

Sales on the markets of Krka's Region South-East Europe were worth EUR 95.1 million over the first three quarters of 2009, which is EUR 3.9 million lower than over the same period last year. Sales were down on the markets of Bulgaria, Montenegro, Croatia and Serbia, while sales grew on other markets. Despite this, Croatia remained the largest market in the region.

producers. The best-selling Krka products are Atoris[®], Zyllt[®], Ciprinol[®], Enap[®], Vasilip[®] and Lanzul[®], while three products introduced in 2008 have also sold successfully: Ampriil[®], Nolpaza[®] and Lorista H[®]. Krka has again been very active in promoting new products this year, with the product range being expanded with the launch of Kventiax[®], Alventa[®], Valsacor[®], Valsacombi[®], Doreta[®] and Cazaprol[®].

As one of the key Krka markets, **Croatia** contributed almost one third of sales in the region. Over the first nine months of the year, Krka achieved product sales of EUR 31.3 million, which is 16% down on the same period last year. The reduced sales are largely due to significant price decreases for products on the new pharmaceutical list, which came into force in March this year. Krka retained its position as the third largest generics producer by sales in Croatia, right behind two domestic

In **Romania**, the second largest market by sales within this region, product sales of EUR 23.5 million were achieved. Sales growth of 13% compared to the same period last year was achieved in all product groups.

The ten best selling products (most notably Bilobil[®], Enap[®], Nolicin[®], Ciprinol[®], Tramadol[®] and Opryme[®]) contributed 70% of total sales value.

Despite only moderate growth on the market as a whole and significant pressure to reduce prices, high growth was achieved for Rawel[®], Ampril[®], Lanzul[®] and Tenox[®] among the prescription pharmaceuticals, Bilobil[®] among the self-medication products and Enroxil[®] among the animal health products. Successful sales of new products, the prescription pharmaceuticals, Oprymea[®] in Lorista[®], are also worthy of mention.

In **Bosnia-Herzegovina** Krka recorded product sales worth EUR 11.7 million, achieving growth of 12% compared to the same period last year. A large proportion of sales, 81%, came from prescription pharmaceuticals, followed by self-medication products, with a 12% share. Cosmetics represented 6% of overall sales, and animal health products 1%.

The best selling products in the prescription pharmaceutical group are Enap[®], Coryol[®], Lexaurin[®], Atoris[®], and Oспен[®] and Naklofen[®] from the self-medication group. Zyllt[®] and Lorista[®] have also achieved rapid growth this year.

Sales in **Macedonia** reached EUR 7.6 million, growth of 13% compared to the same period last year. This makes Krka the number one foreign generics producer in the country. The biggest contribution to overall sales came from Enap[®], Lanzul[®], Cordipin[®], Oспен[®] and Atoris[®] in the prescription pharmaceuticals group. The major self-medication products are Daleron[®], B-Complex[®], Bilobil[®], Herbion[®], Septolete[®] and Pikovit[®], with the leading cosmetics products being Fitoval[®] in Vitaskin[®] and the leading animal health products Floron[®] and Enroxil[®].

East Europe

Sales on the markets of Krka's Region East Europe were worth EUR 146.2 million over the first three quarters of 2009, which is down on the figure for the same period last year. Krka achieved broadly similar sales results compared to the same period last year on the markets of the Russian Federation and Uzbekistan, while sales volumes were down in Ukraine, Belarus and Georgia. Sales results improved on every other market in the region.

On the key market **Russian Federation**, product sales totalled EUR 110.8 million over the period, maintaining the level achieved over the first three quarters of 2008. Prescription pharmaceutical sales continued to represent the bulk of sales, and grew

The sales results in **Bulgaria** were 6% down on the figure for the first nine months of 2008. Overall sales reached EUR 7.3 million. The reduction in sales was due to a fall in the consumption of some pharmaceutical products and reduced prices due to new rules introduced by the Bulgarian Ministry of Health.

Prescription pharmaceutical sales represented 96% of overall sales. The most important product is Lorista[®], followed by Enap[®], Rawel[®], Atoris[®], Vasilip[®] and Holetar[®]. This year the selection of products on the Bulgarian market was expanded with the addition of Torendo[®] Q-tab, Monkasta[®], Azibiot[®], Lorista[®] HD and Valsacor[®].

Krka achieved product sales worth EUR 5.2 million over the period in **Serbia**. The fall in sales this year is due to a number of major pharmaceutical products being removed from the approved list and an overall reduction in prices across the market. The best-selling prescription pharmaceuticals over the first nine months of the year have been Zyllt[®] and Vasilip[®]. Our range of prescription pharmaceuticals was broadened this year with the addition of Alventa[®], while a version of Fitoval[®] in new packaging was added in the self-medication range.

Sales in **Montenegro** were lower than planned for the first nine months of the year, but the opposite was the case in **Albania**, where high growth of 34% was achieved, and in **Kosovo** (up 7%), mainly due to intense promotional and marketing activities in the field.

7% to EUR 86.8 million. The fall in sales of self-medication products for a quarter (sales of EUR 18.1 million) was largely due to a prior fall in demand and competitive pricing in the sector. In contrast, high sales growth of almost 50% was recorded for animal health products, with sales totalling EUR 4.9 million. Cosmetics sales reached EUR 1.0 million.

The best-selling Krka product in the Russian Federation remained Enap[®], with other leading products including Vasilip[®], Zyllt[®], Nolicin[®], Herbion[®], Macropen[®], Atoris[®], Ultop[®], Cordipin[®], Pikovit[®], Panzynom[®] and Fromilid[®]. The highest growth in sales was achieved by Lorista[®], Zyllt[®],

Herbion[®], Tenox[®], Amprilan[®] and the animal health product Enroxil[®]. In the second quarter Krka launched two important products: Spazmonet[®] and Orsoten[®], which is the first generic orlistat on the Russian market. Krka has achieved sales of Orsoten[®] worth over one million EUR in just four months this year.

Coverage in the field was improved over the period and the marketing network strengthened by reorganising work in the field for prescription pharmaceutical lines. The excellent operational results continued within the Krka Rus subsidiary, which covers around 30% of production needs on the Russian market. Good results are again being achieved within the national medical supply programme (ONLS), via which 10% of the Group's sales in the Russian Federation were achieved over the first nine months of the year. The highest growth on the same period last year was also recorded in this sector.

Operations in **Ukraine** in the first three quarters of 2009 were affected by a fall in the population's purchasing power, which in countries without compulsory medical insurance means a fall in the market's value and the reorientation of customers towards cheaper domestic producers. The reduction in the market is even greater for self-medication products. Despite the fall in sales in absolute terms compared to the same period last year, the reorganisation of work in the field and price adjustments enabled Krka to increase its market share and strengthen its position among the foreign pharmaceutical producers on the market. The best selling products over the period were Enap[®], Naklofen[®] and Ciprinol[®].

Despite the decline in value of the pharmaceutical market in **Kazakhstan**, due largely to the 20% devaluation of the currency in February, Krka achieved a 5% growth in sales and increased its market share. Sales in Kazakhstan were worth EUR 4.9 million. The leading product group by sales was prescription pharmaceuticals with 65%, with the remainder made up by self-medication and animal health products. The best-selling products are Enap[®], Duovit[®], Vasilip[®], Pikovit[®] and Macropen[®].

In **Uzbekistan** Krka achieved sales of EUR 4.5 million. The best-selling product group, with 59% of overall sales, was prescription pharmaceuticals, followed by self-medication products and cosmetics. The best-selling products were Pikovit[®], Enap[®] Hiconcil[®] and Duovit[®].

Business continues to be rendered difficult by the failure of commercial banks to guarantee conversion of the national currency to a convertible currency at the official rate, so in the given circumstances there was a focus in the third quarter on clients that have direct access to convertible currencies.

In **Belarus** we achieved sales worth EUR 3.5 million. Prescription pharmaceuticals are the largest product group with 72% of overall sales, followed by self-medication products (25%) and animal health products (3%). The best-selling products are Enap[®], Macropen[®], Septolete[®], Fromilid[®], Pikovit[®] and Septolete[®]. The value of the national currency fell by almost 30% over the period, which had a negative impact on the sales of our products.

Business in **Moldova** was pretty stable over the first nine months of 2009, except in the self-medication category, in which sales fell over the first half of the year due to reduced purchasing power. However, the lag in sales in this category behind figures for the same period last year was already being reduced during the third quarter. Lower sales of self-medication product sales were more than made up for by sales of prescription pharmaceuticals, with 23% growth compared to the same period last year. Krka's overall sales in the first nine months of 2009 grew in comparison to the same period of 2008 by 14%, despite market stagnation. The best selling products over the period were Enap[®], Kaptopril[®] and Ciprinol[®].

Over the first nine months of 2009, Krka achieved sales growth of 16% in **Mongolia**, where a Krka representative office has been operating since January this year. Sales of prescription pharmaceuticals were notable, with growth of 25%. Financial and economic factors had a negative impact on sales self-medication products, which remained at the same level as the first nine months of 2008. The best-selling products were Enap[®], Septolete[®] and Pikovit[®].

Business in **Azerbaijan** was significantly impacted by the fall in economic growth over the period. Nevertheless, Krka achieved sales growth of 3%. The most important product group – 71% of overall sales – was prescription pharmaceuticals, sales of which increased by 4%. Self-medication products constituted 21% of total sales, and animal health products 8%.

In **Armenia**, the second country in the region in which Krka opened a representative office this year, product sales were worth EUR 1 million, an 8% increase on the same period last year. Prescription pharmaceuticals remain the main product group, representing 85% of total sales. This is followed by self-medication products, with a 13% share of total sales. The best-selling products are Enap®, Fromilid® and Pikovit®. In response to the stagnation in sales on the pharmaceutical market, Krka has strengthened promotional and sales activities in an

Central Europe

On the majority of markets in Region Central Europe Krka recorded sales growth in the first nine months of 2009 compared to the same period last year. Products sales of EUR 201.4 million were achieved, growth of 7%. Sales of prescription pharmaceuticals, which represent 93% of overall sales in the region, grew by 8%, while sales of self-medication products grew by 4%. The value of animal health product sales was 22% down on the same period last year.

In **Poland**, one of Krka's key markets and with a 41% share of Region Central Europe sales the largest market in the region, Krka achieved sales worth EUR 83.2 million, which is 11% less than for the same period last year. Krka's most important products from the best-selling product group – prescription pharmaceuticals – are Atoris®, Zalasta® produced in Poland, Lorista®, Nolpaza®, Vasilip®, Lanzul® and Valsacor®. Deserving specific mention are the increases in sales of Lorista® and Nolpaza® by 9% and 10% respectively, and of Valsacor®, sales of which grew 230% to make it the seventh best-selling Krka product on the market. Sales of self-medication products increased by 12%, largely due to Septolete®, which increased by 27%. Animal health product sales were down 36%, due to worse sales of Floron®. The Krka Polska production and distribution centre manufactures products intended either exclusively for the Polish market or for other Krka Group markets: Zalasta®, Prenessa®, Vasilip®, Zyllt®, Monkasta® and Azibiot®.

The highest sales growth in the region (38%) over the first nine months of 2009 was achieved in the **Czech Republic** where total sales were worth EUR 46.6 million. The best-selling products remain Atoris®, Lorista®, Amprii®, Asentra®, Prenessa®, Lanzul®, Lexaurin® and Enap®. Of particular note was Lexaurin®, sales of which grew by 162%,

effort to ensure sales growth and to improve its position on the market.

On the rest of this region's markets, the highest sales growth compared to the same period last year was achieved in **Turkmenistan** (126% growth), **Kyrgyzstan** (28%) and **Tajikistan** (14%). The growth was largely achieved by strengthening promotional and commercial activities in the field. Sales in **Georgia** fell by nearly 18% due to difficult economic circumstances and a seasonal effect.

Atoris®, sales of which increased by 48% and Asentra® in Lanzul®, sales of which grew by 42% and 44% respectively. Of note among the self-medication products were the very good sales of Septolete® and Nalgesin®, which with sales growth of 20% and 28% contributed most to the overall sales growth of 23% for this product group.

Hungary is Krka's third largest market in the region by sales volume. By the end of the third quarter Krka had achieved sales worth EUR 35.4 million, which is 17% more than for the same period last year. The products Atoris®, Prenessa®, Nolpaza®, Lanzul® and Lorista® together constitute over 60% of total sales. Over the period Lorista® sales grew by 76%, Nolpaza® by 31%, Lanzul® by 29% and Prenessa® by 19%. The only self-medication product on this market is Bilobil®, which was Krka's eighth best selling product on the market, despite a decline of one fifth in sales compared to the same period last year.

In **Slovakia** Krka achieved product sales of EUR 19.1 million, which is one fifth more than for the same period last year. The best-selling products remain Atoris®, Prenessa®, Fromilid®, Lorista® and Alventa®. The highest sales growth was achieved for Prenessa® (up 61%) and Lorista® (up 33%). There was 17% growth in sales in the self-medication product group. The leading position by sales in this product group is held by Septolete® (7% growth), followed by Nalgesin®, with growth of 28%.

Sales in **Lithuania** were worth EUR 11.4 million, 18% higher than for the same period last year. The best selling products are Lorista®, Valsacor®, Prenessa® Zalasta® and Kaptoprii®. The highest growth of all the medicines was achieved by Valsacor® and Prenessa®, while sales of the

recently launched Monkasta® were also successful. Krka's sales in the self-medication product group were less successful than last year, and a fall of 19% was recorded over the period.

On the **Latvian** market total sales were worth EUR 3.7 million, 3% behind the figure for the same period last year. Krka's most important products on this market are Atoris®, Enap®, Prenessa® and Zalasta®. Lower sales of Septolete® and Daleron®

West Europe and Overseas Markets

In Region West Europe and Overseas Markets, Krka product sales over the first nine months of 2009 were worth EUR 168.0 million, which represents 6% growth compared to the first nine months of 2008. Prescription pharmaceuticals represent the largest proportion of overall sales (96%) by product group. The remainder is derived from animal health products and self-medication products.

The most important markets in this sales region are the markets of **Western Europe**, which are together deemed as a key market representing 95% of sales in this region. The most important individual markets are Germany, the United Kingdom, the Nordic countries, France and Italy. The highest sales have been achieved with generic clopidogrel, which was successfully rolled at the end of the second and throughout the third quarter. Other key generic products are lansoprazole, pantoprazole, gliclazide SR, carvedilol, venlafaxine SR and enalapril, with which Krka is the leading generic supplier on some markets. Most products are achieved with new products aged less than five years. The volume of animal health product sales is increasing in the EU15 states (the longer-standing EU members), with growth on other markets in the sales region planned in future. New products already represent

led to lower overall sales of self-medication products compared to the same period last year.

In **Estonia** Krka recorded significant sales growth compared to the same period last year, up 29% to EUR 1.9 million. The largest contributions to overall sales came from Enap®, Fromilid®, Atoris® and Vasilip®. Growth in the self-medication product group was less pronounced at 2%, mainly due to increased sales of Septolete®.

three-quarters of overall animal health product sales.

Krka subsidiaries contribute a significant proportion of Group sales on western European markets, strengthening sales of Krka's own brand products. This is the case in Portugal, the Nordic countries, and in Austria since the end of last year, while the highest number of own brand products are sold in Germany via the subsidiary TAD Pharma.

Most sales on **overseas markets** are generated from Krka's own brand products. Prescription pharmaceuticals once more represent the largest proportion of overall sales. The most important markets in **Africa** remain South Africa and Ghana, where in addition to Sudan, high growth was achieved in the first nine months of this year. The leading Krka market in the Middle East remains **Iran**. The most important market in the rest of **Asia** is Malaysia, though rapid growth has also been achieved in Vietnam. Krka is acquiring new market authorisations in Hong Kong to expand its product range, which represents a sound basis for achieving good business results in future. Krka staff is also working on other markets to expand the product range, and constantly monitor opportunities to enter new markets.

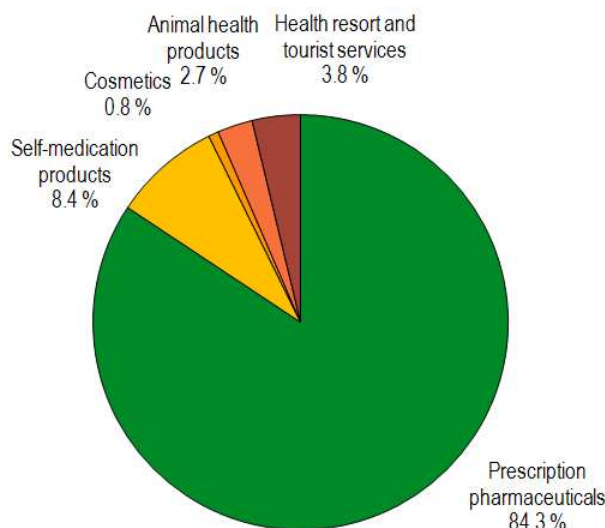
Krka Group and Company sales by product and service group

The most important products in the Krka portfolio for the first nine months of 2009, with a 93.4% share of sales amounting to EUR 644.1 million, were human health products. Sales of animal health products

over the same period represented 2.7% of Krka Group sales. Sales of health and tourism services grew by 5%, reaching EUR 25.9 million, or 3.8% of the Krka Group's overall sales.

in EUR thousand	Krka Group			Krka Company		
	1-9/2009	1-9/2008	Ind.	1-9/2009	1-9/2008	Ind.
Human health products	644.148	643.843	100	593.647	585.755	101
- prescription pharmaceuticals	580.952	567.894	102	536.769	511.616	105
- self-medication products	57.754	68.186	85	51.719	66.345	78
- cosmetics	5.442	7.763	70	5.159	7.794	66
Animal health products	18.900	18.542	102	19.269	18.174	106
Health resort and tourist services	25.892	24.612	105			
Other	934	941	99	1.787	946	189
Total	689.874	687.938	100	614.703	604.875	102

Krka Group sales by product and service group for January-September 2009



Prescription pharmaceuticals

The Krka Group sold prescription pharmaceuticals worth EUR 581.0 million, which is 2% up on the first nine months in 2008. Sales on Krka's traditional markets, which include Slovenia and the markets of central, south-east and eastern Europe reached EUR 419.7 million, which is one per cent more than for the same period last year. Sales increased most in Region Central Europe (up 8%) and in Region West Europe and Overseas Markets (up 7%). Sales increased in Slovenia by over 1%, while in Region South-East Europe and Region East Europe they

were down by 5%, due mainly to falling sales in Croatia, Serbia and Ukraine.

The highest growth in prescription pharmaceutical sales on the larger markets compared to the equivalent period in 2008 were achieved in the UK (up 198%), the Czech Republic (40%) and Hungary (20%). On medium-sized markets, mention should be made of the high sales growth achieved in the Nordic countries (44%), Benelux (40%), Slovakia (21%) and Lithuania (19%). On the smaller markets

high growth was achieved in Estonia (up 31%), Albania (32%) and Moldova (23%).

The leading prescription pharmaceuticals by sales are Enap[®], Atoris[®], Zyllt[®], Lanzul[®], Lorista[®], Nolpaza[®], Vasilip[®], Prenessa[®], Coryol[®] and Nolicin[®]. The highest sales growth was achieved for Zyllt[®] (clopidogrel), Nolpaza[®] (pantoprazole), Alventa[®] (venlafaxine), Prenessa[®] (perindopril) and Lorista[®] (losartan). This again confirms that the key generators of continued sales growth are new products, since almost all the fastest growing products have been launched in the past five years.

In the first nine months of 2009 Krka launched several new products that will make a significant contribution to growth in coming years. The completely new products in the Krka product range are the modern anti-depressant Elicea[®] (escitalopram), a pharmaceutical for treatment of schizophrenia and bipolar disorder Zypsilan[®]/Zypsila[®]/Ypsila[®] (ziprasidone), Oprymea[®] (pramipexole) to treat Parkinson's disease, Nimvastid[®] (rivastigmine) to treat Alzheimer's, which is also available in orodispersible tablet form, the analgesic Doreta[®] (a combination of paracetamol and tramadol), Ezoleta[®] (ezetimibe), which

Self-medication products

The Krka Group posted self-medication product sales of EUR 57.8 million, a fall of 15% on the same period last year. The lower sales have largely been due to the state of the economy on the larger markets, which are key to sales of Krka self-medication products.

Sales increased most in South-East Europe (7%), with successful performances in Albania (46% growth), Bosnia-Herzegovina (13%) and Romania (22%). Sales growth was also achieved in Region Central Europe (up 4%), primarily on the largest

Cosmetic products

The Krka Group achieved cosmetic product sales worth EUR 5.4 million, a fall of 30% on the same period last year. The state of the economy has further reduced cosmetics sales.

supplements the range of medicines to reduce blood fat levels, and Orsoten[®] (orlistat), intended to reduce excess body weight, which is currently only available in the Russian Federation. In addition to these new products, the launch of Zyllta[®] (clopidogrel) on additional EU markets was also very important, as were numerous launches of other existing products on new markets.

Positive results were achieved with the support of broad marketing network and considerable marketing activities, which are focus on promoting products from key therapeutic groups. These are primarily medicines to treat high blood pressure, to reduce blood fats, anti-ulcer pharmaceuticals, and pharmaceuticals to treat conditions of the central nervous system. Some of the most important marketing activities this year include three major international symposiums organised within the European Congress of Psychiatry in Lisbon, the international gastroenterological congress in Dubrovnik and an international psychiatric congress in Ohrid, Macedonia, and an event in Portorož on the Slovenian coast to celebrate the 20th anniversaries of Krka's proton pump inhibitors, including Ultop[®] (omeprazole), Lanzul[®] (lansoprazole) and Nolpaza[®] (pantoprazole).

markets in the region: Poland (up 12%), the Czech Republic (up 23%) and Slovakia (17%). Sales in Slovenia were 1% higher than for the same period last year, while sales in Region East Europe fell due to a drop in sales in the Russian Federation and Ukraine, the two largest markets in the region.

The leading products are Bilobil[®], Septolete[®], Pikovit[®], Herbion[®] and Duovit[®], to which the majority of advertising and other promotional activities are dedicated.

The best-selling products include Fitoval[®] and Vitaskin[®].

Animal health products

Sales in the first nine months of 2009 reached EUR 18.9 million, growth of 2% compared to the same period in 2008. The highest sales growth by region was achieved in East Europe (29%). Sales in Slovenia were maintained at the same level as last year, but fell in other regions.

The largest increases by individual market were achieved in Germany, France, Romania, the Russian Federation, Lithuania and some smaller markets, particularly in western Europe.

Health and tourism services

The Terme Krka Group generated sales worth EUR 25.9 million in the first three quarters of 2009, representing growth of 5%. The leading line of business with a 35% share of sales was overnight stays, which earned revenues of EUR 9.0 million, growth of 6%. The highest growth (10%) was achieved in revenues from medical activities, which with sales of EUR 6.4 million represented 24% of total sales. Revenues from catering services represented 27% of total sales. We assess that negative economic trends have the largest impact on revenues from this sector; Terme Krka Group generated revenues of EUR 7.2 million from catering activities, down 4% on the results over the same period last year.

The leading business unit by sales over the first nine months of the year is Talaso Strunjan, with sales worth EUR 7.9 million, which means growth of

Enroxil® strengthened its position as the strongest brand with further growth in sales, and is followed by Floron®, with Kokcisan® in third place after the acquisition of market authorisation for the European Union. The leading products also include Ecocid S®, which also recorded sales growth.

Marketing activities, which in most markets are based on Krka's own marketing network, are focused on the leading brands.

11%. The Dolenjska spa resorts have suffered the consequences of the economic crisis, though Dolenjske Toplice achieved 9% growth in sales due to the new capacity offered by the new Balnea hotel, while Šmarješke Toplice sales figures are 4% behind results for the same period last year. Despite the successful summer season, the negative trends felt in the seminar tourism sector in the first half of the year as Slovenian companies suffered the recession, then spread to individual guests. The decline in overnight stays by German and Austrian guests slowed down, while the number of Italian guests was still significantly lower than during the previous year.

The 26% growth in sales by the Golf Grad Otočec was very encouraging, and was the result of investment to expand from a 9-hole to an 18-hole golf course.

Research and development

In the first nine months of 2009, Krka gained the first marketing authorisation for 9 new products in 22 forms. We also acquired 660 new market authorisations for a wide range of products across a number of different markets in 1206 pharmaceutical forms.

Over the period Krka successfully concluded further centralised procedures (CP) with the European Medicines Agency (EMA), which provides market authorisation for all 27 EU states. The most important achievement has been the successfully completed procedures and acquisition of approval

for two pharmaceuticals using the active pharmaceutical ingredient (API) clopidogrel. Market authorisation was acquired for a pharmaceutical with the API clopidogrel hydrogen sulphate (Zyllit®) and one based on clopidogrel hydrochloride as an alternate salt. Several market authorisations were acquired via a centralised procedure resulting in decisions enabling the product to be marketed on all EU markets. Clopidogrel is one of the most important anti-coagulant pharmaceuticals, reducing clotting and hence the occurrence of strokes and heart attacks. It is one of the best-selling pharmaceuticals in the world.

An EMEA CP was also used to acquire market authorisation in the EU for Nimvastid[®], which contains the API rivastigmine and is for the treatment of Alzheimer's disease. It was registered in 2 pharmaceutical forms: capsules and orodispersible tablets (ODT). The latter is a unique form for this pharmaceutical, with Krka the only company to have developed an ODT with this ingredient. The new pharmaceutical form represents a successful achievement in pharmaceutical development, offering the market an alternative to capsules with a user-friendly ODT form of rivastigmine.

A procedure was successfully concluded for repaglinide tablets in 3 strengths. Repaglinide is a pharmaceutical to treat diabetes patients by balancing blood sugar levels. Over the period Krka used a CP to gain EMEA approval and market authorisation for the pharmaceutical.

An EMEA CP providing EU-wide market authorisation was also successfully concluded for Vizarsin[®]. This is a generic version of tablets with the API sildenafil, which has an effect on erectile dysfunction and is intended to treat impotence.

A number of European decentralised procedures (DCP), mutual recognition procedures (MCP) and national market authorisation procedures have also been carried out, adding new pharmaceuticals to the Krka portfolio. A procedure for the antidepressive escitalopram was concluded, gaining market authorisations in 9 EU states. Market authorisations were also gained for atorvastatin in additional EU states.

Market authorisation was acquired for Doreta[®] in tablet form. This pharmaceutical is a fixed combination of paracetamol and tramadol and is intended to alleviate the symptoms of moderate to serious pain. The market permit was acquired in 9 EU states and Croatia. Krka's Doreta[®] is the first generic product in this niche fixed combination.

Ezoleta[®] is the name of a newly registered pharmaceutical containing the API ezetimibe, which reduces blood fat levels by preventing the absorption of cholesterol. The first market authorisation was acquired in Slovenia, followed by other EU states.

A first market authorisation in Croatia and the Czech Republic was also acquired during the first six months of this year for the product Co-cazaprol[®],

with the APIs cilazapril and hydrochlorothiazide. The product is used to treat high blood pressure in patients for whom monotherapy is insufficient.

Over the first nine months of 2009 various market authorisation procedures were concluded in most western European states for 3 pharmaceuticals in 9 new forms and strengths to expand the sartan portfolio. The market authorisation procedure has been concluded in most EU states for a valsartan/hydrochlorothiazide combination, and authorisations expanded for losartan and the losartan/hydrochlorothiazide combination.

New market authorisations were acquired in western European states for two new strengths of risperidone, an anti-psychotic pharmaceutical in orodispersible tablet form.

New products were also added to the range of self-medication and food supplement products. We successfully concluded a notification procedure for the new Pikovit[®] IQ syrup and Pikovit[®] Balance syrup in 8 countries, expanding the Pikovit range in the food supplement sector.

A notification was acquired for Duovit[®] Elegance in 4 states and the first nutritional product notifications acquired for the Duovit[®] Charm, Duovital[®] for men, Duovital[®] memo, and Duovital[®] osteo in Belarus. These products in the Duovital[®] line represent a move into the food supplement sector, which will be expanded with new products.

The Duovit[®] range was expanded with the new Duovit[®] Power product in chewable tablet form. These are a source of natural caffeine in a balanced combination of natural extracts and vitamins for additional energy and greater productivity.

Panzynorm[®] 10,000 capsules were registered in the Russian Federation, Kazakhstan and Moldova, Triovit[®] kardio in the Russian Federation and Ukraine and Bilobil[®] 120 capsules in Hungary, Romania and Slovenia. The Bilobil[®] 120 capsule has broadened the existing product range with a higher dose version that makes administration easier for users. Bilobil[®] Activ was successfully registered in the Czech Republic. The product is a combination of herbal ginkgo and ginseng extracts and enhances memory and concentration and reduces fatigue.

A registration procedure was concluded in the Russian Federation for Herbion[®] Hypericum coated

tablets. The product is an herbal medicine containing a dry extract of St. John's wort which is used to mitigate symptoms of mild depression.

In the field of animal health products, the first nine months of the year were marked by the expansion of the range of new products containing enrofloxacin, colistin sulphate and florfenicol on the markets of the EU and eastern Europe. A market authorisation for Enroxil® Max in injection solution form to treat respiratory infections was obtained in Ukraine and in Croatia. The product was registered for wider use in Croatia, i.e. for pigs as well as cattle. Market authorisation was also acquired in Croatia for Enroxil® flavour tablets in 3 strengths. The product is to treat bacterial infections in cats and dogs. Market authorisation was also acquired in Ukraine for Giraxa®, a powder used to prepare an

oral solution to treat bacterial infections in farm animals. In the Russian Federation we acquired a market authorisation for Floron® in an injection solution form to treat infections in cattle, and in Croatia Solvimin® Se was registered, a vitamin and mineral powder for all types of farm animal.

In the cosmetics field, research work was concluded on the Sun Mix® product line. In line with new legislative recommendations the R&D team developed 6 new sun protection products in the Sun Mix® line, successfully concluded efficacy tests, and acquired a market permit in Slovenia meeting the latest criteria for the quality, safety and efficacy of skin protection products. The registration of Fitova® Plus shampoo and lotion has broadened the self-medication range in Ukraine.

Investments

The Krka Group allocated EUR 72.1 million to investment in the first nine months of 2009, with EUR 66.0 million invested by the controlling company, and EUR 6.1 million by subsidiaries. Over

20 investment projects are currently underway, in various phases of implementation.

Below are a number of the most important projects.

Solid dosage pharmaceutical production plant

Krka's largest investment project at the moment is the construction of a production plant for solid pharmaceutical forms, planned with the majority of capacity dedicated to production of tablets and coated tablets, with some capacity for capsules.

still ongoing, with the erection of the steel building core in preparation.

Work took place in spring to acquire building permits, at the same time as preparatory work began on site. Construction started in June and is

In the first nine months of the year EUR 7.4 million has been dedicated to the project, with the total investment (including the renovation of the existing capsuling and packaging plant, which will be integrated into the new plant, becoming its packaging facility) assessed at EUR 94.4 million.

Reconstruction of the Bršljin plant

The investment in the Bršljin plant in Novo mesto will increase production capacity and optimise material flow.

and a permit for test production has been issued. All system and equipment certification procedures have been concluded. Process qualification (PQ) is now underway at the plant, as are preparations in line with the principles of good manufacturing practice for an inspection to acquire a pharmaceutical production permit. The Slovenian medical agency's verification is anticipated in January 2010.

The reconstruction works are being implemented in two phases. In 2008 a separate facility was built for biocide production with the entire required support infrastructure. This year construction is underway of a modern new syrup production plant. Work on the facility has been completed and the major technological equipment has been installed. The facility passed its technical inspection in September,

The investment figure in the first nine months of the year was EUR 14.7 million. Production is planned to start in 2010 in the reconstructed plant.

Pelete 9, 10

Investment in increased production capacity has put the conditions in place to ensure the timely launch of capsules onto new markets. The reconstruction work has covered the preparation and equipping of facilities in order to install a line for pellet coating and/or producing granulates.

Production start-up for the new line took place

according to plan. The first batch of lansoprazole products was produced on the new line in September.

Investment this year was worth EUR 5.7 million, with the total value of the investment assessed at EUR 8.7 million.

Increased capacity for injection checks and packaging

The purchase and installation of an additional line has eliminated a bottle neck at the injection production plant, and increased ampoule filling, checking and packaging capacity.

The project will be concluded by the end of 2009. The investment in the first nine months of the year totalled EUR 1.9 million, with the final total assessed at EUR 3.6 million.

Spray production line

The planning of new products in spray form led to renovation works in production facilities to ensure the required cleanliness and explosion-proofing standards.

The estimated value of the investment, planned for completion in 2010, is assessed at EUR 2.8 million.

Development control centre (RKC) 3

Preparatory works began in September for construction of the new development and control centre. The 13,000 m² facility, will be built to meet the needs of various users within the Krka system.

August 2009 a building permit was acquired. Construction work started in September.

The value of the investment is assessed at EUR 24.1 million.

The project documentation is complete and in

Other projects by the controlling company

Work in 2009 on other projects included: the construction of a packaging line at the production plant in Ljutomer, increasing pastille production capacity, and the construction of a business facility in Gotna vas to expand warehouse capacity in Novo mesto. The construction of a low-bay warehouse will be completed this year.

The second extraction line at Sinteza 2B plant introduced new technology for the production of oils for hydrogenation. Work on the extraction line was completed by the end of September and a permit for test operations was acquired.

Subsidiaries

Preparations are in the final phase for the strategically important investment project to build additional capacity in the Russian Federation. Plans are in preparation to acquire the building permit and other consents. The building permit should be acquired in May 2010.

Terme Krka is planning to reconstruct the swimming pool and roofs, and to increase hotel capacity at Strunjan. An application for approval for funds from the European Regional Development Fund has been submitted for a planned investment of EUR 8.0 million. The response to the application is anticipated in November 2009.

Employees

The Krka Group manages its growth in human resources by supporting the career development of existing staff members as well as through the active recruitment of new staff, primarily in the fields of sales and marketing in subsidiaries and representative offices abroad and in R&D in Slovenia. The number of Krka Company employees in Slovenia increased compared to the start of the year by 126, and fell by 11 at Terme Krka. The

number of employees in subsidiaries and representative offices abroad increased by 188 over the same period, and more than 47% of all Krka Group employees now work outside Slovenia.

At the end of September 2009 the Krka Group had 7905 employees, which is 303 or 4% more than at the start of the year. 51 % of Krka staff has at least a university degree.

Education structure of Krka Group employees

Educational level	30 Sep 2009		31 Dec 2008	
	Headcount	Share (in %)	Headcount	Share (in %)
PhD	83	1,1	76	1,0
MSc	201	2,5	178	2,3
University education	3771	47,7	3604	47,4
Higher professional education	633	8,0	596	7,8
Vocational college education	233	3,0	225	3,0
Secondary school education	1575	19,9	1503	19,8
Other	1409	17,8	1420	18,7
Total	7905	100,0	7602	100,0
- in Slovenia	4174	52,8	4059	53,4
- abroad	3731	47,2	3543	46,6

Krka ensures a continual influx of capable new colleagues through its scholarship system. At present there are 98 Krka scholarships, largely in the fields of pharmacy and chemistry, though scholarships are also available to outstanding students in other fields of interest to Krka.

Our employees are also studying at home and abroad in the fields of specialist knowledge, quality, leadership, personal development, foreign languages and information science. The training is adapted to the needs of our employees, the technological process, market conditions and the developmental needs of the company, so most education is organised in-house. The aim is to continually update our education and training levels,

and to make use of new forms of training that best suit the modern work tempo.

At the end of September, 447 co-workers were studying with the Krka Group's support, 94 of whom on postgraduate studies. In 2009, 54 co-workers concluded their studies.

Krka is the only verified examiner for national vocational qualifications (NVQs) in Slovenia in the field of pharmaceuticals. Between 2002 and the end of 2008, 362 certificates were awarded to Krka employees, and 119 certificates to staff from other pharmaceutical organisations within the Krka-run NVQ training system. There are 261 co-workers engaged in this process at present.

Investor information

In the first nine months of 2009 the number of Krka shareholders increased by 5% to 81,449. The ownership share of international investors and individual Slovenian investors grew most, while the share of Slovenian investment companies and

funds fell. The ownership share of Slovenska odškodninska družba (SOD) and Kapitalska družba (KAD) with Prvi pokojninski sklad (PPS) has not significantly changed.

Ownership structure (%)

	30 Sep 2009	31 Dec 2008
Slovenska odškodninska družba (SOD)	15.0	15.0
Kapitalska družba (KAD) & Prvi pokojninski sklad (PPS)	10.2	10.2
Slovenian investment companies & funds	7.3	9.2
Other Slovenian companies	9.0	9.3
Individual Slovenian investors	44.4	43.8
International investors	9.5	7.9
Own shares	4.6	4.6
Total	100.0	100.0

On 30 September 2009 Krka held 1,626,620 own shares, representing 4.6% of nominal capital.

At the 14th Annual General Meeting, held on 2 July 2009, shareholders passed a resolution authorising the management board to acquire own shares, with

the proviso that the combined share of all own shares acquired and already held, could not exceed 10% of share capital. The authorisation is valid for 36 months. The company has not acquired town shares since the resolution was passed, nor at any point since beginning of this year.

Ten largest shareholders in Krka as at 30 September 2009

	Country	Number of shares	Proportion in equity in %	Proportion in voting rights in %
SLOVENSKA ODŠKODNINSKA DRUŽBA, D.D.	Slovenia	5,312,070	14.99	15.72
KAPITALSKA DRUŽBA, D.D.	Slovenia	3,493,030	9.86	10.33
NEW WORLD FUND INC	USA	835,400	2.36	2.47
NFD 1 DELNIŠKI INVESTICIJSKI SKLAD D.D.	Slovenia	548,814	1.55	1.62
LUKA KOPER, D.D.	Slovenia	433,970	1.23	1.28
UNICREDIT BANK AUSTRIA AG.	Austria	428,756	1.21	1.27
ZAVAROVALNICA TRIGLAV, D.D.	Slovenia	388,300	1.10	1.15
DELNIŠKI VZAJEMNI SKLAD TRIGLAV STEBER I	Slovenia	379,998	1.07	1.12
MARIFARM D.O.O.	Slovenia	225,000	0.64	0.67
BANKA CELJE D.D.	Slovenia	218,655	0.62	0.65
Total		12,263,993	34.62	36.28

The ten largest Krka shareholders at the end of September 2009 together held 12,263,993 shares, representing almost 35% of all shares issued.

At the end of September 2009 members of the Krka Management Board and Supervisory Board held a total of 64,352 shares in the company, or 0.182% of all shares issued.

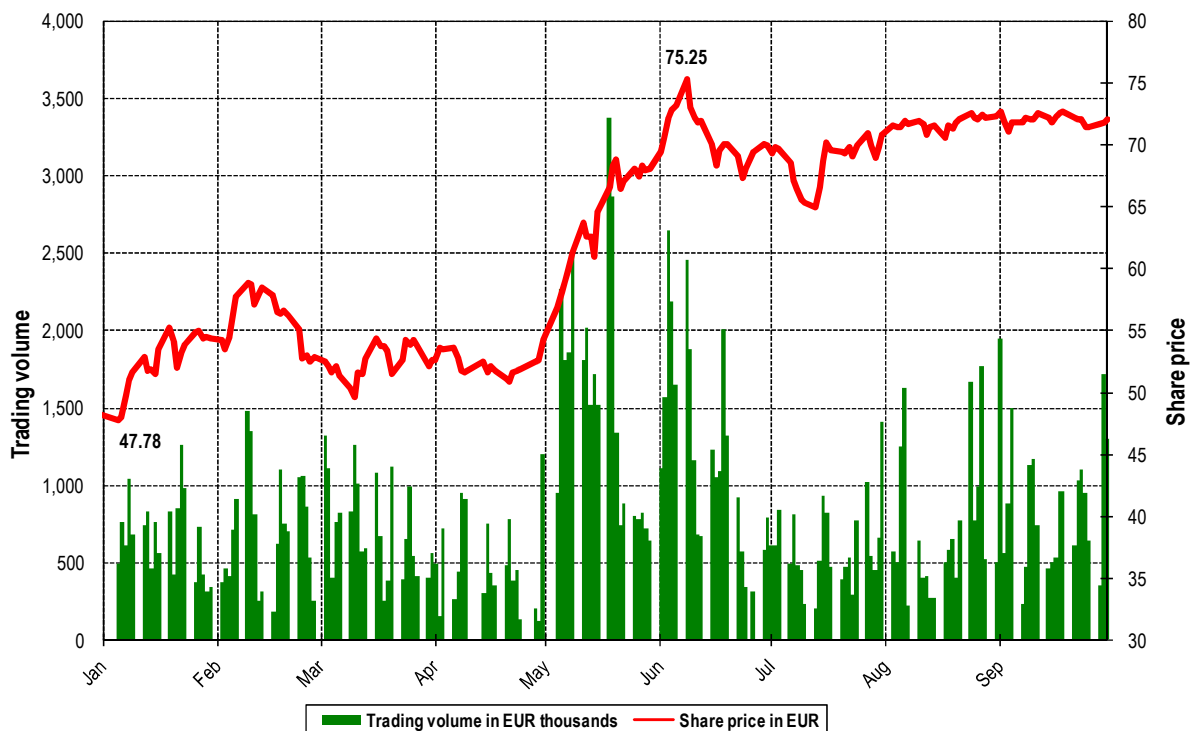
Shares in equity and voting rights of Krka Management Board and Supervisory Board members as at 30 September 2009

	Number of shares	Proportion in equity in %	Proportion in voting rights in %
Management Board members			
Jože Colarič	22,500	0.064	0.067
Janez Poljanec	22,060	0.062	0.065
Aleš Rotar	12,770	0.036	0.038
Zvezdana Bajc	1,660	0.005	0.005
Danica Novak Malnar	0	0.000	0.000
Total Management Board members	58,990	0.167	0.175
Supervisory Board Members			
Gregor Gomišček	320	0.001	0.001
Mateja Božič	0	0.000	0.000
Mojca Osolnik Videmšek	452	0.001	0.001
Anton Rous	0	0.000	0.000
Draško Veselinovič	60	0.000	0.000
Alojz Zupančič	3,490	0.010	0.011
Tomaž Sever	500	0.001	0.001
Franc Šašek	540	0.002	0.002
Mateja Vrečer	0	0.000	0.000
Total Supervisory Board Members	5,362	0.015	0.016

Mojca Osolnik Videmšek was appointed as a replacement member of the Supervisory Board by the 14th Annual General Meeting. She was elected

for the same term-in-office as that of the Supervisory Board members that represent shareholder interests.

Trading in Krka shares – January to September 2009



Over the first nine months of 2009, the Krka share price rallied significantly, increasing by over 49% over the period. In June the price reached its highest value of the year, EUR 75.25. The Slovenian Stock Exchange Index (SBI 20) increased 18% over the same period. The growth in the Krka share price is the result of successful business performance, since the Group has

maintained its sales volume and profit despite the difficult economic circumstances, though the rise also reflects a strengthening on financial markets.

The average daily turnover in Krka shares in the first nine months of 2009 was EUR 846 thousand. The market capitalisation of Krka as at 30 September 2009 was EUR 2.6 billion.

Corporate risk management

Foreign exchange risk

The Krka Group's main foreign exchange risk lies in the volatility of the Russian rouble, Croatian kuna, Polish zloty, Romanian lei, US dollar, Hungarian forint, Ukrainian hryvnia and the Serbian dinar. The Group has a long position in all these currencies.

Due to the transition from US dollars to local currencies when invoicing sales on some markets, the long position in US dollars was reduced in 2009 to a level at which there was no longer a need to hedge US dollar exchange risk.

The high volatility of the exchange rates of the other currencies that began at the end of 2008 as a result of the spreading financial crisis calmed during 2009. In the first nine months the value of the major currencies increased slightly. Foreign exchange rate risk was not hedged during this year, since the high interest rates in the relevant currencies meant there were no instruments that would allow effective hedging.

Interest rate risk

At the end of the third quarter of 2009, Krka had 5 long-term loans linked to the 6-month EURIBOR for the euro, which represent a major risk in the event of interest rate increases.

Two long-term loans were arranged and drawn on in the third quarter of 2009. This increased exposure to interest rate risk.

Interest rate risk was not hedged over the first nine months of 2009, since the movement in the reference interest rates and comparable fixed interest rates was negative. Future decisions on hedging this risk will be made in accordance with market forecasts on interest rate changes.

Credit risk

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

At the end of the third quarter there was a slight deterioration in key credit control indicators,

including the maturity structure of receivables, value of trade receivables, and average payment term. The deterioration in these indicators is due to the adverse business conditions and the consequent extension of payment terms. Credit risk is assessed as not having significantly increased, despite the deterioration in these indicators.

There were no major receivables write-offs in the first nine months of 2009.

Liquidity risk

Risks relating to the Group's solvency were managed over the first nine months of the year by

means of effective short-term cash flow planning. Short-term liquidity needs are met by means of

regular cash flow provision from operations, agreed short-term credit lines at banks, and daily, weekly, monthly and longer-term planning and monitoring of cash inflows and outflows on a rolling basis. The cash balance in the accounts of all subsidiary companies has been optimised to ensure the rapid transfer of surpluses to the controlling company's account.

Property, business interruption and liability insurance

Over the period from January to September 2009 the Krka Group added these new foreign subsidiaries to its international insurance programme: Alternova in Austria, Krka Magyarorszag, Krka Farma Beograd, Krka Romania, Krka Slovensko and Krka ČR. The inclusion of these companies in the international insurance programme transfers insurance procedures to the controlling company. Insurance is centralised, and the companies acquire internally standardised procedures for taking out insurance and filing claims.

The industrial complex at Ločna, Novo mesto, underwent insurance inspections by Munich Re and Swiss Re, together with representatives from the Triglav insurance company and the reinsurance company, Triglav Re. The aim of the visit was to review exposure to insured risks, to define the maximum probable damage, and to review

The Krka Group's liquidity risk continues to be assessed as low. In general banks have tightening their financing conditions, but Krka's low level of borrowing and strong cash flow from operations allow it to arrange financing arrangements with banks without difficulty. The maturity structure of borrowing improved in the third quarter of this year, as short-term borrowing replaced long-term.

realisation of recommendations made on the preliminary visit. The inspections found considerable progress in preventive and organisational and technical measures to reduce risk and the consequences of actual risks. The inspection teams were also satisfied with the implementation of recommendations from previous visits (most were realised) and the inclusion of risk management in the project planning phase.

In the first nine months of the year, Krka incurred 95 loss events, led in number by motor vehicle damage, followed by damage to goods during transit and storage, and damage to equipment and inventories due to the entry of precipitation. The Company received two minor claims for damages under its employer's insurance and submitted one claim relating to project liability, but it did not deal with any major losses.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP WITH NOTES

Consolidated statement of the financial position of the Krka Group

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Assets			
Property, plant and equipment	651,586	635,250	103
Intangible assets	125,866	128,980	98
Deferred tax assets	32,711	34,273	95
Long-term loans	4,482	3,892	115
Investments	6,067	6,343	96
Other non-current assets	358	336	107
Total non-current assets	821,070	809,074	101
Inventories	193,654	211,347	92
Trade and other receivables	299,510	240,875	124
Short-term loans	1,393	1,393	100
Current investments, including derivatives	703	743	95
Cash and cash equivalents	9,066	7,604	119
Total current assets	504,326	461,962	109
Total assets	1,325,396	1,271,036	104
Equity			
Share capital	59,126	59,126	100
Own shares	-19,489	-19,489	100
Reserves	144,954	146,454	99
Retained earnings	668,187	595,382	112
Equity holders of the parent	852,778	781,473	109
Minority interest	1,715	1,823	94
Total equity	854,493	783,296	109
Liabilities			
Long-term borrowings	143,738	83,734	172
Provisions	150,515	149,663	101
Government grants and grants by the European Union	6,020	5,353	112
Deferred tax liabilities	16,499	18,776	88
Total non-current liabilities	316,772	257,526	123
Trade payables	71,034	69,996	101
Short-term borrowings	31,847	100,111	32
Income tax liabilities	1,370	10,533	13
Other current liabilities	49,880	49,574	101
Total current liabilities	154,131	230,214	67
Total liabilities	470,903	487,740	97
Total equity and liabilities	1,325,396	1,271,036	104

Consolidated income statement of the Krka Group

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Revenues	689,874	687,938	100
Production cost of goods sold	-257,473	-249,403	103
Gross profit	432,401	438,535	99
Other operating income	9,505	3,756	253
Distribution expenses	-166,808	-171,832	97
R&D expenses	-64,674	-61,770	105
Administrative expenses	-55,539	-54,112	103
Result from operating activities	154,885	154,577	100
Financial income	856	4,531	19
Financial costs	-14,947	-11,958	125
Net financial costs	-14,091	-7,427	190
Profit before tax	140,794	147,150	96
Income tax expense	-32,481	-35,952	90
Profit for the period	108,313	111,198	97
Attributable to:			
– equity holders of the parent	108,364	110,830	98
– minority interest	-51	368	-14
Basic earnings per share (in EUR)*	3.20	3.29	97
Diluted earnings per share (in EUR)**	3.20	3.29	97

* Net profit of majority shareholders / average number of shares issued, excluding own shares.

** All shares issued by the controlling are ordinary shares, hence the diluted earnings per share ratio was equal to the basic earnings per share.

Consolidated statement of comprehensive income of the Krka Group

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Net profit for the period	108,313	111,198	100
Other comprehensive income for the period:			
Changes in fair value of financial assets available for sale	-276	-5,041	5
Deferred tax effect - change in fair value of financial assets available for sale	58	1109	5
Deferred tax effect and tax effect of transition to IFRS	0	-391	0
Translation reserve	-1,282	3,123	-41
Total other comprehensive income for the period	-1,500	-1,200	125
Total comprehensive income for the period	106,813	109,998	97
Attributable to:			
- Equity holders of the parent	106,864	109,630	97
- Minority interest	-51	368	-14

Consolidated statement of changes in equity of the Krka Group

in EUR thousand	Share capital	Own shares	Reserves					Retained earnings			Equity holders of the parent	Minority interest	Total equity
			Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserves	Other revenue reserves	Net profit for the period	Net profit carried forward			
Balance at 1 Jan 2008	59,126	-19,489	120,992	14,990	14,184	6,824	103	356,945	87,052	30,149	670,876	10,036	680,912
Changes in profits for previous periods	0	0	0	0	0	0	0	0	0	-336	-336	0	-336
Comprehensive income for the period	0	0	0	0	0	-3,932	3,123	0	110,830	-391	109,630	368	109,998
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 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	-87,052	87,052	0	0	0
Transfer to other revenue reserves under the resolution of the Annual Meeting	0	0	0	0	0	0	0	43,472	0	-43,472	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-30,827	-30,827	-113	-30,940
Balance at 30 Sep 2008	59,126	-19,489	120,992	14,990	14,184	2,892	3,226	400,417	110,830	42,175	749,343	10,291	759,634
Balance at 1 Jan 2009	59,126	-19,489	120,992	14,990	17,184	2,620	-9,332	450,417	102,955	42,010	781,473	1,823	783,296
Changes in profits for previous periods	0	0	0	0	0	0	0	0	0	-70	-70	0	-70
Comprehensive income for the period	0	0	0	0	0	-218	-1,282	0	108,364	0	106,864	-51	106,813
Purchase of minority interest	0	0	0	0	0	0	0	0	0	0	0	-57	-57
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 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	-102,955	102,955	0	0	0
Transfer to other revenue reserves under the resolution of the Annual Meeting	0	0	0	0	0	0	0	57,397	0	-57,397	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-35,489	-35,489	0	-35,489
Balance at 30 Sep 2009	59,126	-19,489	120,992	14,990	17,184	2,402	-10,614	507,814	108,364	52,009	852,778	1,715	854,493

Consolidated cash flow statement of the Krka Group

in EUR thousand	1-9/2009	1-9/2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	108,313	111,198
Adjustments for:	93,876	90,391
– amortisation /depreciation	56,515	50,883
– exchange differences	-96	-2,483
– investment income	-1,037	-4,562
– investment expense	1,922	4,165
– interest expense and other financial expense	4,218	6,772
– income tax	32,481	35,952
– other	-127	-336
Operating profit before changes in net operating current assets and provisions	202,189	201,589
Change in trade receivables	-60,334	-50,333
Change in inventories	17,693	-39,037
Change in operating debts (liabilities)	1,764	12,312
Change in provisions	852	5,509
Change in grants received from the government and the European Union	667	-151
Change in other current liabilities	69	6,379
Income taxes paid	-42,300	-34,485
Cash generated from operations	120,600	101,783
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	678	289
Proceeds from sale of current investments	0	14
Dividends received	13	21
Proceeds from sale of property, plant and equipment and intangible assets	727	2,493
Purchase of intangible assets	-4,231	-5,569
Purchase of property, plant and equipment	-66,696	-107,536
Given long-term loans	-774	-639
Proceeds from repayment of long-term loans	1,061	599
Acquisition of non-current investments	-23	-1,085
Proceeds from sale of non-current investments	0	142
Acquisition of current investments and loans	-1,330	-1,706
Proceeds from sale of current investments and repayment of short-term loans	370	607
Payments in connection with derivative financial instruments	-1,035	-278
Proceeds from derivative financial instruments	0	1,761
Net cash used in investing activities	-71,240	-110,887
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-6,719	-6,307
Repayment of long-term borrowings	-25,573	-20,167
Proceeds from long-term borrowings	60,000	0
Repayment of short-term borrowings	-254,926	-206,333
Proceeds from short-term borrowings	214,735	269,929
Dividends paid	-35,251	-30,838
Net cash used in financing activities	-47,734	6,284
Net increase in cash and cash equivalents	1,626	-2,820
Cash and cash equivalents at beginning of period	7,604	15,784
Effect of exchange rate fluctuations on cash held	-164	-208
Net cash and cash equivalents at end of period	9,066	12,756

Geographical segments of the Krka Group

in EUR thousand	European Union		South-East Europe		Eastern Europe		Other markets		Eliminations		Unallocated		Total	
	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008
Revenues to non-Group companies	469,404	438,176	64,298	70,501	146,196	164,857	9,976	14,405	0	0	0	0	689,874	687,938
Revenues to Group companies	87,876	77,221	41,212	44,254	59,526	59,427	0	0	-188,614	-180,902	0	0	0	0
Total revenues	557,280	515,397	105,510	114,754	205,722	224,284	9,976	14,405	-188,614	-180,902	0	0	689,874	687,938
Segment's results from operations	114,364	112,564	15,920	22,515	13,298	18,331	1,798	1,415	0	0	0	0	145,380	154,825
Other operating income											9,505	3,756	9,505	3,756
Unallocated costs											0	-4,005	0	-4,005
Operating profit													154,885	154,576
Net financial income/expenses											-14,091	-7,427	-14,091	-7,427
Income tax expense											-32,481	-35,952	-32,481	-35,952
Profit for the period													108,313	111,197
Capital expenditure	71,811	104,596	0	2,897	321	737	0	0	0	0	0	0	72,132	108,230
Depreciation of property, plant and equipment	27,752	23,351	2,334	3,356	7,207	7,762	236	340	0	0	10,305	9,299	47,833	44,109
Amortisation of intangible assets	5,723	5,156	1,888	491	1,012	1,050	60	78	0	0	0	0	8,682	6,775
	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008
Total assets	856,728	790,405	89,695	105,526	199,413	187,962	7,982	10,599	0	0	171,578	176,544	1,325,396	1,271,036
Total liabilities	329,969	313,282	41,887	43,180	93,221	123,108	5,826	8,170	0	0	0	0	470,903	487,740

Notes to the consolidated financial statements

Sales revenues

EUR 689,874 thousand

Sales revenues comprise revenues from the sale of products, services and goods on the domestic market worth EUR 79,221 thousand (11.5% of the Group's net sales revenues) and on foreign markets

worth EUR 610,653 thousand (88.5% of net sales revenues). The growth in sales revenues was 0.3% up on the figure for the same period last year.

Production cost of goods sold

EUR 257,473 thousand

The Group's production costs of goods sold increased by 3% compared to the same period last year, and their ratio to sales revenues was 37.3%.

Distribution expenses

EUR 166,808 thousand

Distribution expenses comprise the costs of the Slovenian and foreign marketing sales networks.

They fell by 3% compared to the same period last year, and their ratio to sales revenues was 24.2%.

R&D expenses

EUR 64,674 thousand

The Company does not capitalise R&D expenses, and they are fully disclosed in the current income statement.

R&D expenses were 5% higher than for the same period last year, and their ratio to sales revenues was 9.4%.

Administrative expenses

EUR 55,539 thousand

Administrative expenses increased by 3% compared to the same period last year, and their ratio to sales revenues was 8.1%.

Costs by nature

EUR 544,494 thousand

in thousand EUR	1-9/2009	1-9/2008	Ind. 09/08
Cost of goods and materials	156,891	189,046	83
Cost of services	135,779	135,679	100
Employee benefits cost	169,974	168,103	101
Depreciation/amortisation	56,515	50,883	111
Provisions formed	0	4,205	0
Other operating expenses	19,184	17,346	111
Total costs by nature	538,343	565,262	95
Changes in the value of inventories	6,151	-28,145	-22
Total	544,494	537,117	101

Employee benefit cost
EUR 169,974 thousand

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Gross wages and salaries and continued pay	133,547	131,067	102
Social security contributions and payroll tax	25,183	25,874	97
Other employee benefits cost	8,353	7,412	113
Retirement benefits and anniversary bonuses	2,891	3,750	77
Total employee benefits cost	169,974	168,103	101

Other operating expenses
EUR 19,184 thousand

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Grants and assistance for humanitarian and other purposes	2,179	1,550	141
Environmental levies	1,134	1,439	79
Other levies	3,543	3,901	91
Loss in the sale of property, plant and equipment and intangible assets	1,252	1,279	98
Write-offs and allowances for inventories	5,739	2,845	202
Other costs	5,337	6,332	84
Total other operating expenses	19,184	17,346	111

Finance income and finance costs

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Net foreign exchange gain	/	2,432	
Interest income	680	236	288
Change in fair value of investments through profit or loss	125	0	
Gain on the sale of securities	0	51	0
Income from derivative financial instruments, thereof:	0	1,766	0
– inflows	0	1,766	0
Dividend income	0	21	0
Other income	32	25	128
Reversal of impairment	19	0	
Total finance income	856	4,531	19
Net foreign exchange loss	-8,846	/	
Interest expense	-4,003	-6,393	63
Change in fair value of investments through profit or loss	-15	-525	3
Expenses from derivative financial instruments, thereof:	-1,225	-1,903	64
– outflows	-1,035	-278	372
– changes in fair value	-190	-1,625	12
Other expenses	-216	-379	57
Write-offs and allowances for receivables	-642	-2,758	23
Total finance costs	-14,947	-11,958	125
Net finance income/costs	-14,091	-7,427	190

Income tax expenses
EUR 32,481 thousand

The corporate income tax levied was EUR 33,311 thousand, which is 23.7% of the pre-tax profit. Taking into account the deferred tax of EUR 830 thousand, the income tax expense in the

income statement totals EUR 32,481 thousand. The effective tax rate fell from 24.4% for the same period last year, to 23.1%.

Property, plant and equipment
EUR 651,586 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Property	28,833	29,097	99
Plant	296,521	297,214	100
Equipment	264,992	262,430	101
Property, plant and equipment under construction	61,240	46,509	132
Total property, plant and equipment	651,586	635,250	103

Property, plant and equipment represented 49% of the Group's total assets. Krka's major investments

are described in the chapter "Investments" in the business report.

Intangible assets
EUR 125,866 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Goodwill	42,644	42,644	100
Trademark and customer list	42,027	42,403	99
Proprietary rights	35,913	38,390	94
Intangible assets in progress	5,282	5,543	95
Total intangible assets	125,866	128,980	98

The value of intangible assets had decreased by 2% since the start of 2009.

Long-term industrial property rights and intangible assets in acquisition constitute market authorisation documentation for new medicines and software.

Loans
EUR 5,875 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Long-term loans	4,482	3,892	115
Short-term loans	1,187	1,144	104
Short-term interest receivable	206	249	83
Total loans	5,875	5,285	111

Investments
EUR 6,770 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Non-current investments	6,067	6,343	96
- financial assets available for sale	6,067	6,343	96
Current investments, including derivatives	703	743	95
- instruments held for trading	105	128	82
- derivatives	0	190	0
- other current investments	598	425	141
Total investments	6,770	7,086	96

The financial assets available-for-sale include shares and stakes worth EUR 983 thousand in Slovenia, and EUR 5,084 thousand in shares and stakes held abroad.

Slovenian mutual fund units the amount of EUR 292 thousand, assets under management in the amount of EUR 266 thousand, and investments by the subsidiary Krka Farma Zagreb worth EUR 40 thousand.

Other current financial investments comprise

Inventories
EUR 193,654 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Material	55,382	64,934	85
Work in progress	55,154	55,250	100
Products	66,063	73,182	90
Merchandise	17,055	17,981	95
Total inventories	193,654	211,347	92

Trade and other receivables
EUR 299,510 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Short-term trade receivables	275,074	218,448	126
Other short-term receivables	24,436	22,427	109
Total trade and other receivables	299,510	240,875	124

Cash and cash equivalents
EUR 9,066 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Cash in hand	89	70	127
Bank balances	8,977	7,534	119
Total cash and cash equivalents	9,066	7,604	119

Equity
EUR 854,493 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Share capital	59,126	59,126	100
Own shares	-19,489	-19,489	100
Reserves	144,954	146,454	99
– share premium	120,992	120,992	100
– legal reserves	14,990	14,990	100
– statutory reserves	17,184	17,184	100
– fair value reserve	2,402	2,620	92
– translation reserves	-10,614	-9,332	114
Retained earnings	668,187	595,382	112
Equity holders of the parent	852,778	781,473	109
Minority interest	1,715	1,823	94
Total equity	854,493	783,296	109

Borrowings
EUR 175,585 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Long-term borrowings	143,738	83,734	172
– borrowings from domestic banks	143,306	83,306	172
– borrowings from foreign banks	432	428	101
Short-term borrowings	31,847	100,111	32
– current portion of long term borrowings	2,865	29,542	10
– borrowings from domestic banks	15,500	57,000	27
– borrowings from foreign banks	12,415	10,007	124
– borrowings from other entities	378	372	102
– interest payable	689	3,190	22
Total borrowings	175,585	183,845	96

Provisions
EUR 150,515 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Provisions for retirement benefits and anniversary bonuses	50,044	49,182	102
Other provisions:	100,471	100,481	100
– provisions for lawsuits	95,718	95,747	100
– other provisions	4,753	4,734	100
Total provisions	150,515	149,663	101

Government grants and EU grants

EUR 6,020 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Government grants	5,393	4714	114
Grants by the European Regional Development Fund	31	34	91
Free receipt of property, plant and equipment	596	605	99
Total grants received	6,020	5,353	112

Trade payables

EUR 71,034 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Payables to domestic suppliers	38,283	37,863	101
Payables to foreign suppliers	31,940	31,739	101
Payables from advances	811	394	206
Total trade payables	71,034	69,996	101

Other current liabilities

EUR 49,880 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Accrued contractual discounts on products sold to other customers	18,086	18,517	98
Payables to employees – gross wages, other charges	20,804	18,555	112
Other	10,990	12,502	88
Total other current liabilities	49,880	49,574	101

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

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

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Assets			
Property, plant and equipment	490,207	472,875	104
Intangible assets	27,827	28,137	99
Investments in subsidiaries	227,208	225,054	101
Deferred tax assets	28,644	28,732	100
Long-term loans	6,669	4,633	144
Non-current investments	5,858	6,134	96
Other non-current assets	330	308	107
Total non-current assets	786,743	765,873	103
Inventories	147,574	169,939	87
Trade and other receivables	317,533	255,711	124
Short-term loans	34,150	31,832	107
Current investments, including derivatives	663	743	89
Cash and cash equivalents	2,342	294	797
Total current assets	502,262	458,519	110
Total assets	1,289,005	1,224,392	105
Equity			
Share capital	59,126	59,126	100
Own shares	-19,489	-19,489	100
Reserves	155,567	155,786	100
Retained earnings	679,612	601,780	113
Total equity	874,816	797,203	110
Liabilities			
Long-term borrowings	141,209	81,209	174
Provisions	140,287	139,309	101
Government grants and grants by the European Union	808	853	95
Deferred tax liabilities	638	696	92
Total non-current liabilities	282,942	222,067	127
Trade payables	77,491	73,237	106
Short-term borrowings	19,136	88,752	22
Income tax liabilities	235	9,105	3
Other current liabilities	34,385	34,028	101
Total current liabilities	131,247	205,122	64
Total liabilities	414,189	427,189	97
Total equity and liabilities	1,289,005	1,224,392	105

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

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Revenues	614,703	604,875	102
Production cost of goods sold	-229,386	-208,973	110
Gross profit	385,317	395,902	97
Other operating income	6,674	2151	310
Distribution expenses	-143,161	-142,228	101
R&D expenses	-60,428	-57,012	106
Administrative expenses	-45,967	-42,161	109
Result from operating activities	142,435	156,652	91
Finance income	11,686	3,976	294
Finance costs	-10,564	-9,842	107
Net finance income/costs	1,122	-5,866	-19
Profit before tax	143,557	150,786	95
Income tax expense	-30,235	-33,173	91
Profit for the period	113,322	117,613	96
Basic earnings per share (in EUR)*	3.35	3.48	96
Diluted earnings per share (in EUR)**	3.35	3.48	96

* Net profit of majority shareholders / average number of shares issued, excluding own shares.

** All shares issued by the controlling are ordinary shares, hence the diluted earnings per share ratio was equal to the basic earnings per share.

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

In EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Net profit for the period	113,322	117,613	96
Other comprehensive income for the period:			
Changes in fair value of financial assets available for sale	-276	-5,041	5
Deferred tax effect - change in fair value of financial assets available for sale	57	1,109	5
Deferred tax effect and tax effect of transition to IFRS	0	-391	0
Total other comprehensive income for the period	-219	-4,323	5
Total comprehensive income for the period	113,103	113,290	100

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

in thousand EUR	Share capital	Own shares	Reserves				Retained earnings			Total equity
			Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other revenue reserves	Net profit for the period	Net profit carried forward	
Balance at 1 Jan 2008	59,126	-19,489	120,992	14,990	14,184	6,824	356,945	81,021	37,417	672,010
Comprehensive income for the period	0	0	0	0	0	-3,932	0	117,613	-391	113,290
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 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	-81,021	81,021	0
Transfer to other revenue reserves under the resolution of the Annual Meeting	0	0	0	0	0	0	43,472	0	-43,472	0
Dividends paid	0	0	0	0	0	0	0	0	-30,827	-30,827
Balance at 30 Sep 2008	59,126	-19,489	120,992	14,990	14,184	2,892	400,417	117,613	43,748	754,473
Balance at 1 Jan 2009	59,126	-19,489	120,992	14,990	17,184	2,620	450,417	108,130	43,233	797,203
Comprehensive income for the period	0	0	0	0	0	-219	0	113,322	0	113,103
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 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	-108,130	108,130	0
Transfer to other revenue reserves under the resolution of the Annual Meeting	0	0	0	0	0	0	57,937	0	-57,937	0
Dividends paid	0	0	0	0	0	0	0	0	-35,490	-35,490
Balance at 30 Sep 2009	59,126	-19,489	120,992	14,990	17,184	2,401	508,354	113,322	57,936	874,816

Cash flow statement of Krka, d. d., Novo mesto

in EUR thousand	1-9/2009	1-9/2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	113,322	117,613
Adjustments for:	66,534	70,548
– amortisation/depreciation	43,461	37,274
– exchange differences	-1,388	-4,414
– investment income	-11,976	-8,449
– investment expense	2,326	6,726
– interest expense and other financial expense	3,876	6,238
– income tax	30,235	33,173
Operating profit before changes in net operating current assets and provisions	179,856	188,161
Change in trade receivables	-59,567	-57,281
Change in inventories	22,365	-34,630
Change in operating debts (liabilities)	3,482	13,841
Change in provisions	978	5,412
Change in grants received from the government and the European Union	-45	-45
Change in other current liabilities	118	1,949
Income taxes paid	-39,017	-29,423
Cash generated from operations	108,170	87,984
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,155	1,759
Proceeds from sale of current investments	0	14
Dividends received	13	21
Profit of subsidiaries	9436	682
Proceeds from sale of property, plant and equipment and intangible assets	4,633	4,693
Purchase of intangible assets	-3,929	-4,379
Purchase of property, plant and equipment	-61,982	-81,828
Acquisition of subsidiaries and minority interest net of cash	-2,154	-4,990
Long-term loans	-2,954	-773
Proceeds from repayment of long-term loans	1,603	2,378
Acquisition of non-current investments	-22	-1,085
Proceeds from sale of non-current investments	0	142
Acquisition of current investments and loans	-13,389	-19,989
Proceeds from sale of current investments and repayment of short-term loans	10,315	17,608
Payments in connection with derivative financial instruments	-1,035	-278
Proceeds from derivative financial instruments	0	1,761
Net cash used in investing activities	-57,310	-84,264
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-6,366	-5,780
Repayment of long-term borrowings	-25,573	-20,033
Proceeds from long-term borrowings	60,000	0
Repayment of short-term borrowings	-253,879	-216,333
Proceeds from short-term borrowings	212,326	270,949
Dividends paid	-35,251	-30,725
Net cash used in financing activities	-48,743	-1,922
Net increase in cash and cash equivalents	2,117	1,798
Cash and cash equivalents at beginning of period	294	2,340
Effect of exchange rate fluctuations on cash held	-69	-171
Net cash and cash equivalents at end of period	2,342	3,967

Geographical segments of Krka, d. d., Novo mesto

in EUR thousand	European Union		South-East Europe		Eastern Europe		Other markets		Unallocated		Total	
	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008	1-9/2009	1-9/2008
Total revenues	416,889	367,866	61,760	63,065	127,404	161,023	8,649	12,921	0	0	614,703	604,875
Segment's results from operations	118,111	113,275	14,717	21,419	2,462	23,513	471	295	0	0	135,761	158,501
Other operating income									6,674	2,151	6,674	2,151
Unallocated costs									0	-4,000	0	-4,000
Operating profit											142,435	156,652
Net financial income/expenses									1,122	-5,866	1,122	-5,866
Income tax expense									-30,235	-33,173	-30,235	-33,173
Profit for the period											113,322	117,613
Capital expenditure	66,004	85,899	0	0	0	0	0	0	0	0	66,004	85,899
Depreciation of property, plant and equipment	20,928	17,158	2,030	2,032	5,723	4,814	236	340	10,305	9,299	39,222	33,644
Amortisation of intangible assets	2,874	2,208	426	378	879	966	60	78	0	0	4,239	3,630
	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008
Total assets	691,818	619,078	68,066	83,474	189,796	185,673	7,976	10,593	331,349	325,573	1,289,005	1,224,392
Total liabilities	280,902	260,972	41,614	41,553	85,845	116,492	5,828	8,172	0	0	414,189	427,189

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

Sales revenues

EUR 614,703 thousand

Sales revenues include revenues from the sale of products, services and goods on the domestic market worth EUR 54,209 (8.8% of net sales revenues) and revenues from sales on foreign

markets worth EUR 560,494 thousand (91.2% of net sales revenues). The growth in sales revenues was 2% compared to the result for the same period last year.

Production cost of goods sold

EUR 229,386 thousand

The Group's production costs of goods sold increased by one tenth compared to the same period last year.

Their ratio to sales revenues was 37.3%.

Distribution expenses

EUR 143,161 thousand

Distribution expenses comprise the costs of the Slovenian and foreign marketing sales networks.

Distribution expenses increased by 1% compared to the same period last year, and their ratio to sales revenues was 23.3%.

R&D expenses

EUR 60,428 thousand

The Company does not capitalise R&D expenses, and they are fully disclosed in the current income statement. R&D expenses were 6% higher than for

the comparable period last year, and their ratio to sales revenues was 9.8%.

Administrative expenses

EUR 45,967 thousand

Administrative expenses increased by 9% on the same period last year, and their ratio to sales revenues was 7.5%.

Costs by nature

EUR 478,942 thousand

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Cost of goods and materials	151,685	165,142	92
Cost of services	139,749	131,928	106
Employee benefits cost	123,201	124,704	99
Depreciation/amortisation	43,461	37,274	117
Provisions formed	0	5,000	0
Other operating expenses	13,068	10,881	120
Total costs by natur	471,164	474,929	99
Changes in the value of inventories	7,778	-24,555	-32
Total	478,942	450,374	106

Employee benefit cost
EUR 123,201 thousand

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Gross wages and salaries and continued pay	97,515	98,885	99
Social security contributions and payroll tax	16,738	16,992	99
Other employee benefits cost	6,098	5,478	111
Retirement benefits and anniversary bonuses	2,850	3,349	85
Total employee benefits cost	123,201	124,704	99

Other operating expenses
EUR 13,068 thousand

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Grants and assistance for humanitarian and other purposes	1,593	1,339	119
Environmental levies	909	1,296	70
Other levies	2,293	2,008	114
Loss in the sale of property, plant and equipment and intangible assets	1,087	1,077	101
Write-offs and allowances for inventories	4,626	3,284	141
Other costs	2,560	1,877	136
Total other operating expenses	13,068	10,881	120

Finance income and finance costs

in EUR thousand	1-9/2009	1-9/2008	Ind. 09/08
Net foreign exchange gain	/	220	
Interest income	2.112	1.241	170
Change in fair value of investments through profit or loss	125	0	
Gain on the sale of securities	0	51	0
Income from derivative financial instruments, thereof:	0	1.761	0
– inflows	0	1.761	0
Dividend income	13	21	62
Proportionate profit of subsidiaries	9.436	682	1.384
Total finance income	11.686	3.976	294
Net foreign exchange loss	-5.357	/	
Interest expense	-3.733	-6.094	61
Change in fair value of investments through profit or loss	-15	-525	3
Expenses from derivative financial instruments, thereof:	-1.225	-1.903	64
– outflows	-1.035	-278	372
– changes in fair value	-190	-1.625	12
Other financial expenses	-143	-145	99
Write-offs and allowances for receivables	-91	-1.175	8
Total finance costs	-10.564	-9.842	107
Net finance income/costs	1.122	-5.866	

Income tax expenses
EUR 30,235 thousand

The corporate income tax levied amounts to EUR 30,147 thousand, which is 21.0% of the pre-tax profit. Taking into account the deferred tax of *minus* EUR 88 thousand, the income tax expense in

the income statement totals EUR 30,235 thousand. The effective tax rate was 21.1% a reduction of 0.9 percentage points on the rate for the same period last year.

Property, plant and equipment
EUR 490,207 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Property	16,857	17,108	99
Plant	193,992	193,405	100
Equipment	220,168	220,872	100
Property, plant and equipment under construction	59,190	41,490	143
Total property, plant and equipment	490,207	472,875	104

The value of property, plant and equipment represented over 38% of the company's total

assets. Krka's major investments are described in the chapter "Investments" in the business report.

Intangible assets
EUR 27,827 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Proprietary rights	22,774	25,019	91
Intangible assets in progress	5,053	3,118	162
Total intangible assets	27,827	28,137	99

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

Loans
EUR 40,819 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Long-term loans:	6,669	4,633	144
– long-term loans to subsidiaries	2,447	1,069	229
– long-term loans to other entities	4,222	3,564	118
Short-term loans:	34,150	31,832	107
– short-term loans to subsidiaries	33,627	30,581	110
– short-term loans to other entities	317	1,002	32
– short-term interest receivable	206	249	83
Total loans	40,819	36,465	112

Long-term loans granted represent 16% of all loans granted.

Long-term loans to others includes loans granted by the company to employees, in line with internal acts, primarily to purchase or improve housing.

Investments
EUR 6,521 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Non-current investments	5,858	6,134	96
- financial assets available for sale	5,858	6,134	96
Current investments, including derivatives	663	743	89
- instruments held for trading	105	128	82
- derivatives	0	190	0
- other current investments	558	425	131
Total investments	6,521	6,877	95

The financial assets available-for-sale include shares and stakes worth EUR 775 thousand in Slovenia, and EUR 5,083 thousand in shares and stakes held abroad.

Other current financial investments comprise Slovenian mutual fund units worth EUR 292 thousand and assets under management worth EUR 266 thousand.

Inventories
EUR 147,574 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Material	45,125	57,476	79
Work in progress	48,034	49,867	96
Products	48,362	56,731	85
Merchandise	6,053	5,865	103
Total inventories	147,574	169,939	87

Trade and other receivables
EUR 317,533 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Short-term receivables due from subsidiaries	154,619	128,650	120
Trade receivables	147,012	112,821	130
Receivables due from other entities	15,902	14,240	141
Total trade and other receivables	317,533	255,711	124

Cash and cash equivalents
EUR 2,342 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Cash in hand	33	10	330
Bank balances	2,309	284	813
Total cash and cash equivalents	2,342	294	797

Equity
EUR 874,816 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Share capital	59,126	59,126	100
Own shares	-19,489	-19,489	100
Reserves	155,567	155,786	100
– share premium	120,992	120,992	100
– legal reserves	14,990	14,990	100
– statutory reserves	17,184	17,184	100
– fair value reserve	2,401	2,620	92
Retained earnings	679,612	601,780	113
Total equity	874,816	797,203	110

Borrowings
EUR 160,345 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Long-term borrowings	141,209	81,209	174
– borrowings from domestic banks	141,209	81,209	174
Short-term borrowings	19,136	88,752	22
– current portion of long-term borrowings	2,500	28,073	9
– borrowings from subsidiaries	73	131	56
– borrowings from domestic banks	15,500	57,000	27
– borrowings from other entities	378	372	102
– interest payable	685	3,176	22
Total borrowings	160,345	169,961	94

Provisions
EUR 140,287 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Provisions for retirement benefits and anniversary bonuses	46,125	45,120	102
Other provisions	94,011	94,011	100
– provisions for lawsuits	93,989	93,989	100
– other provisions	22	22	100
Long-term deferred revenue	151	178	85
Total provisions	140,287	139,309	101

Provisions for lawsuits comprise two-thirds of all provisions. Provisions increased compared to the start of 2009, largely due to the formation of new

provisions for retirement severance pay and loyalty bonuses.

Government grants and EU grants

EUR 808 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Government grants	181	214	85
Grants by the European Regional Development Fund	31	34	91
Property, plant and equipment received free-of-charge	596	605	99
Total grants received	808	853	95

Trade payables

EUR 77,491 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Payables to subsidiaries	15,045	14,074	107
Payables to domestic suppliers	35,798	33,066	108
Payables to foreign suppliers	26,308	25,970	101
Payables from advances	340	127	268
Total trade payables	77,491	73,237	106

Other current liabilities

EUR 32,385 thousand

in EUR thousand	30 Sep 2009	31 Dec 2008	Ind. 09/08
Accrued contractual discounts on products sold to other customers	14,897	14,897	100
Payables to employees – gross wages, other charges	17,749	16,783	106
Other	1,739	2,348	74
Total current liabilities	34,385	34,028	101

MANAGEMENT BOARD'S DECLARATION OF RESPONSIBILITY

The Management Board of the company Krka, d. d., Novo mesto hereby states that the consolidated financial statements of the Krka Company and the consolidated financial statements of the Krka Group for the period ending on 30 September 2009 were prepared in a manner that provides a true and fair picture of the financial standing and operating results of the Krka Company and Group. The condensed statements for the period January-September 2009 were prepared using the same accounting principles as used to prepare the annual financial statements of the Krka Company and Group for 2008.

The condensed year-on-year statements for the period ending 30 September 2009 were prepared in accordance with IAS 34 – Interim Financing Reporting, and must be read in conjunction with the annual financial statements prepared for the business year ending on 31 December 2008.

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 irregular practice.

The Management Board also states that transactions between related persons within the Krka Group are executed on the basis of contracts of sales that use market prices for products and services.

Novo mesto, 4 November 2009



Jože Colarič
President of the Management Board and Chief Executive



Janez Poljanec
Member of the Management Board



Dr Aleš Rotar
Member of the Management Board



Zvezdana Bajc
Member of the Management Board



Danica Novak Malnar
Member of the Management Board – Worker Director

