



Krka, d. d., Novo mesto, Šmarješka cesta 6, 8501 Novo Mesto, Slovenia, in accordance with the Rules of the Ljubljana Stock Exchange and the Securities Market Act (ZTVP-1, Official Gazette of the RS, 56/99) hereby issues these

JANUARY-MARCH 2005 BUSINESS RESULTS

Sales

Sales by Krka d. d., Novo Mesto for the January-March 2005 period stood at SIT 30.6 billion, 10% above last year's figures for the same period, representing 28% of planned sales for this year.

Prescription pharmaceuticals represented the largest proportion of the company's sales (81%), followed by self-medication products (13%), and finally, animal health products (4%) and cosmetic products (2%). The largest percentage growth compared to the same period last year was for self-medication products, sales of which were up 22%, while prescription pharmaceuticals sales increased by 9% and animal health product sales by 21%. The largest absolute growth was in prescription pharmaceuticals sales, with sales increasing by SIT 2 billion. Sales exceed the targets for this quarter in every product group, except cosmetics.

The Krka company exported SIT 25.9 billion worth of products over the quarter, 85% of its total sales. The highest sales were recorded on Eastern European markets (28% share of total sales), Central Europe (24%), and South-Eastern Europe (19%). The highest growth was recorded in Central Europe, with an increase of 51% on sales in the same period last year. Growth on Eastern European markets was 43%. The quarterly sales plan was exceeded in South-Eastern Europe, Eastern Europe and Central Europe.

Financials and performance metrics

Krka created SIT 4.7 billion net profit in the first quarter of 2005, a 13% increase over the same period last year.

	Jan - Mar 2005	Jan - Mar 2004	Index
Net sales (SIT Thousands)	30,620,702	27,974,715	110
Operating profit (SIT Thousands)	6,895,867	6,036,564	114
Net profit from ordinary activities (SIT Thousands)	4,717,595	4,168,136	113
Net profit for the period (SIT Thousands)	4,725,461	4,184,944	113
Fixed assets (SIT Thousands)	103,277,160	94,432,666	109
Current assets (SIT Thousands)	54,736,778	57,089,275	96
Equity (SIT Thousands)	111,303,577	100,531,296	111
Long-term provisions (SIT Thousands)	12,024,702	13,332,958	90
Long-term liabilities (SIT Thousands)	13,517,522	14,212,159	95
Short-term liabilities (SIT Thousands)	20,026,900	22,293,872	89

	Jan - Mar 2005	Jan - Mar 2004	Index
Net profit / Revenues (%)	15.3	14.6	105
ROE (%)*	17.3	17.0	102
ROA (%)*	12.2	11.3	108
Earnings per share (in SIT)*	5,336	4,725	113
Book value per share (in SIT)**	31,419	28,378	111

* net profit calculated at the annual level and the entire number of shares issued is applied

** equity as at 31 March / total number of shares issued

Investment in Slovenia and abroad is proceeding as planned. The largest investment is the construction of a new chemical synthesis plant for the production of pharmaceutical ingredients, which is set for completion for the end of autumn 2006, while the investment in the Jastrebarsko production and distribution centre in Croatia is its final stage. A new information system, SAP, has been in use in all major areas of operation since 2 January 2005.

In March of this year Krka received a lawsuit filed against the company by the American companies Warner Lambert Company LLC and Pfizer H.C.P. Corporation due to alleged infringement of two patents on the production of two forms of the active substance atorvastatin. Krka considers the action to be unfounded and intends to prove that in court.

At its regular session on 29 March 2005, Krka's supervisory board appointed Zvezdana Bajc as a member of the company management board. Her term in office will last until 2009, and she will be responsible for the company's economic and financial operations and cooperation with the workers' council and trade unions. She will also continue in her role of director of the Economics and Information Processing Division.

In the second half of April 2005 Krka organised an investor roadshow. Krka representatives presented the company in meetings held in the financial centres of western Europe with investment fund managers and other potential investors.

Novo Mesto, 28 April 2005

Krka, d. d., Novo Mesto
Management Board