



**Unaudited consolidated financial  
statements of the Krka Group and  
unaudited financial statements of the  
Krka Company for 2011,  
with important notes**

Novo mesto, March 2012

## CONTENTS

Krka Group ID card.....	3
Highlights and indicators .....	4
Sales .....	4
Research and development.....	5
Investments .....	6
Employees.....	7
Shareholder information .....	7
Plans for 2012 .....	7
Krka Group consolidated statement of financial position (unaudited).....	8
Krka Group consolidated income statement (unaudited).....	9
Krka Group consolidated statement of comprehensive income (unaudited) .....	9
Krka Group consolidated statement of changes in equity for 2011 (unaudited) .....	10
Krka Group consolidated statement of changes in equity for 2010 (unaudited) .....	11
Krka Group consolidated statement of cash flows (unaudited) .....	12
Krka Company statement of financial position (unaudited) .....	13
Krka Company income statement (unaudited) .....	14
Krka Company statement of comprehensive income (unaudited) .....	14
Krka Company statement of changes in equity for 2011 (unaudited).....	15
Krka Company statement of changes in equity for 2010 (unaudited).....	16
Krka Company statement of cash flows (unaudited) .....	17

Based on the provisions of Article 386 of the Markets in Financial Instruments Act,  
Krka, d. d., Šmarješka cesta 6, 8501 Novo mesto hereby releases

## IMPORTANT NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP AND THE UNAUDITED FINANCIAL STATEMENTS OF THE KRKA COMPANY FOR 2011

The unaudited consolidated financial statements of the Krka Group and the unaudited financial statements of the Company for 2011, as well as comparative data for 2010, have been drawn up pursuant to the International Financial Reporting Standards (IFRS). Comparative data for 2010 are audited.

The Krka company has no authorised capital and has not made a conditional share capital increase.

### Krka Group ID card

Krka, d. d., Novo mesto (hereafter: Krka Company) is the controlling company in the Krka Group, which on 31 December 2011 included the following subsidiaries:

	Ownership stake 31 Dec 2011
Terme Krka, d.o.o., Novo mesto, Slovenia	100%
FARMA GRS, d.o.o., Novo mesto, Slovenia	99.7%
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, Sergijev Posad, Russian Federation	100%
TOV KRKA UKRAINA, Kiev, Ukraine	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%
UAB KRKA LIETUVA, Vilnius, Lithuania	100%
SIA KRKA Latvia, Riga, Latvia	100%
TAD Pharma GmbH, Cuxhaven, Germany	100%
KRKA Sverige AB, Stockholm, Sweden	100%
KRKA Pharma GmbH, Vienna, Austria	100%
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	100%
KRKA FARMACÉUTICA, S.L., Madrid, Spain	100%
KRKA Farmaceutici Milano, S.r.l., unico socio, Milan, Italy	100%
KRKA France, EURL, Paris, France	100%
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	100%
KRKA USA, LLC, Wilmington, USA	100%

On 31 December 2011 the subsidiary Terme Krka, d. o. o. held a 63.10% ownership stake in the company Golf Grad Otočec, d. o. o.

## Highlights and indicators

in EUR thousand	Krka Group		Krka Company	
	2011	2010	2011	2010
Sales	1,075,627	1,010,021	957,653	932,366
EBIT	214,006	211,471	180,298	199,742
EBITDA	301,192	293,192	246,712	260,477
Profit for the period	162,735	170,918	150,392	165,920
Non-current assets	859,468	846,506	809,065	807,409
Current assets	674,559	641,698	654,383	638,902
Equity	1,139,754	1,053,327	1,140,485	1,058,154
Non-current liabilities	155,092	202,709	126,830	171,542
Current liabilities	239,181	232,168	196,133	216,615
R&D costs	92,932	90,924	87,202	84,514
Investments	107,656	115,172	77,653	91,824
<b>RATIOS</b>				
EBIT margin	19.9%	20.9%	18.8%	21.4%
EBITDA margin	28.0%	29.0%	25.8%	27.9%
Profit margin (ROS)	15.1%	16.9%	15.7%	17.8%
ROE <sup>1</sup>	14.8%	17.3%	14.5%	16.7%
ROA <sup>2</sup>	10.8%	12.1%	10.8%	12.0%
Liabilities/Equity	0.346	0.413	0.283	0.367
R&D costs/Revenues	8.6%	9.0%	9.1%	9.1%
No. of employees, at year-end	8,948	8,569	4,379	4,533
No. of employees, average	8,789	8,328	4,370	4,633
Earnings per share in EUR <sup>3</sup>	4.85	5.06	4.48	4.91
Book value in EUR <sup>4</sup>	32.17	29.73	32.19	29.87

<sup>1</sup> Profit for the period / Average equity balance over period

<sup>2</sup> Profit for the period / Average total assets balance over period

<sup>3</sup> Profit for the period attributable to equity holders of the parent / Average number of shares issued in the period, excluding treasury

<sup>4</sup> Equity as at 31 Dec. / Total no. of issued shares

## Sales

### Krka Group sales by region

The Group sold EUR 1,075.6 million worth of products and services in 2011, of which EUR 973.8 million or 91% came from sales outside Slovenia. Sales growth was recorded in Krka's sales regions West Europe and Overseas Markets (up 22%), East Europe (up 8%) and South-East Europe (up 6%). In Region Central Europe sales were down 2% compared to the figures reported for 2010, and in Slovenia they were down 3%.

Krka's leading sales region remains Region Central Europe, which contributed 27%, or EUR 288.2 million, to overall sales. The single largest market of the Region and one of Krka's key markets is Poland, where Krka sold EUR 109.0 million worth of products in 2011, down 16% on 2010. This is due to the changed Polish legislation stipulating medication prescribing, which took effect in 2011 and continues to have a negative impact on our sales growth. Double-digit sales growth in the Region was recorded in the Czech Republic (up 18%) and Hungary (up 12%).

Krka's second largest sales region is Region East Europe, where Krka generated EUR 285.2 million, or 26%, of its overall sales. Sales were up compared to the figures recorded last year in all markets of the Region apart from Uzbekistan. In the Russian Federation, the largest market in the Region as well as Krka's largest individual market, Krka sold EUR 195.3 million worth of products, up 2%. Larger markets in the Region that recorded double-digit sales growth were Ukraine (up 29%), Kazakhstan (up 31%) and Moldova (up 20%).

Third in terms of sales is Region West Europe and Overseas Markets, where Krka made sales worth EUR 254.2 million. This stands for 24% of overall Group sales. In addition to Germany, Scandinavia, Portugal and Austria, in the second half of 2011 Krka started marketing products under its brand name in Ireland as well. Having contributed over EUR 73 million of sales, up 41% year-on-year, Germany is the most important market in the Region. The other important markets where Krka recorded double-digit sales growth in 2011 were France (up 18%), the UK and Ireland (up 44%), Italy (up 55%) and Spain (up 113%).

In Region South-East Europe Krka sold EUR 146.1 million worth of products, which stands for 14% of overall Group sales. The Region's largest market is Romania, which generated EUR 48.6 million of sales, up 21%. The runner up is Croatia, where Krka made sales worth EUR 36.0 million, while Serbia and Montenegro also recorded double-digit sales growth.

In Slovenia Krka sold EUR 101.8 million of products and services, which is 9% of overall Group sales. The best-selling product group were prescription pharmaceuticals.

### Krka Group sales by product and service group

Krka's most important group of products in terms of sales value remain prescription pharmaceuticals. They contributed EUR 886.9 million to overall sales in 2011, up 7%. The sales of non-prescription products were worth EUR 114.1 million, down 3% year-on-year. This product group includes the former group of self-medication products and cosmetic products, which were joined into a single group under a new name because the product portfolio was restructured, leaving cosmetic products represented by only hair and scalp treatment products.

The sales of animal health products amounted to EUR 38.1 million, up 25% compared to the figure for 2010. Health-resort and tourist services generated EUR 34.8 million, up 13% year-on-year. The Group made an additional EUR 1.7 million of other sales revenues.

## Research and development

In 2011 Krka acquired first marketing authorisations for 19 new products in 44 pharmaceutical dosage forms and strengths: nine new prescription pharmaceuticals, six new non-prescription products and four new animal health products. In several countries Krka obtained 855 new marketing authorisations for various products.

With respect to prescription pharmaceuticals, Krka obtained a marketing authorisation for the fixed-dose combination of perindopril and amlodipine (Amlessa), and for the fixed-dose combination of valsartan and amlodipine. Due to the synergies and complementary activity of perindopril and amlodipine, this combination has a strong anti-hypertension effect, offers better protection for the target organs, minimises adverse effects and ensures improved patient cooperation during treatment. Valsartan and amlodipine also complement each other's effects and thus offer effective and safe treatment: the patient-friendly combination makes it possible for the patient to take a single tablet, which improves patient cooperation and helps patients stay dedicated to a longer-term treatment.

Applying the decentralised procedure Krka obtained a marketing authorisation for atorvastatin (Atoris) in the form of film-coated tablets, in three new strengths. The new fixed-dose combinations of candesartan and irbesartan with the diuretic hydrochlorothiazide (Candecombi/Karbicombi and Ifirmacombi) supplement and consolidate the established Krka brands Candecor, Karbis and Ifirmasta.

Krka obtained a marketing authorisation for the antiepileptic levetiracetam, which may be used independently or to support other treatment of epileptic seizures, and for galantamine (Galsya/Galnora) in the form of prolonged-release capsules, in three strengths, which is used for symptomatic treatment of mild to moderate Alzheimer's disease.

The new antihistamine desloratadine alleviates the symptoms of allergic rhinitis and urticaria without causing sleepiness. The combination of two analgesics, Doreta, was offered in a new dosage so that a single film-coated tablet suffices to ease the symptoms of moderate to serious pain. Krka added another prescription pharmaceutical to its portfolio: pioglitazone in tablet form, in three strengths, which treats type 2 diabetes.

With respect to non-prescription products, Krka finalised the marketing authorisation procedures for the following new products: Orlistat 60 mg capsules (Orsoten slim), a recommended aid to adults trying to lose weight, Herbion ivy syrup, which dilutes thick mucus in the respiratory tract, chewable tablets Pikoplus 11+ for girls and Pikoplus 11+ for boys, Palprostes in the form of soft gel capsules, recommended to aid in the complex therapy for benign prostatic hyperplasia, Fitoval intense dermatological anti-dandruff shampoo and Fitoval maintenance dermatological anti-dandruff shampoo.

Krka also obtained marketing authorisations for four new animal health products: Dehinel plus XL and Dehinel plus flavour tablets, treating internal parasite infestations in dogs, marbofloxacin (Marfloxin/Quiflox), treating bacterial infections in cattle and pigs, fipronil (Fypryst) in the form of pour-on skin solution, and tiamulin (Entemulin), preventing and treating chronic respiratory disease in poultry as well as treating gastrointestinal and respiratory infections in pigs.

## Investments

Krka spent EUR 107.7 million on investments in 2011, of which the controlling company invested EUR 77.6 million and subsidiaries EUR 30.1 million.

The new solid dosage pharmaceutical production plant OTO, worth EUR 91 million, has been the Group's largest investment in the last three years. Construction at the main location in Ločna, Slovenia, started back in June 2009 with production on line one opening as soon as in April 2011. The new large scale production plant for tablets and capsules has increased Krka's production capacity to 2.5 billion tablets, coated tablets or capsules per year in two shifts.

The aim of the new development and control centre RKC 3 is to support strengthening Krka's R&D efforts, in terms of quantity and quality, as well as to foster the quality and control of incoming materials, bulk products and finished products, pursuant to the standards of good laboratory practice for new production facilities. The construction of the investment worth EUR 22 million began in September 2009 and was completed in June 2011.

The additional technology installed into Krka's production plant Sinteza 4 has increased its flexibility and productivity as well as expanded the range of products the plant can generate simultaneously. The solution and emulsion production plant has been renovated to now house the production of bulk products and blister packaging of animal health flavoured tablets in compliance with good manufacturing practice (GMP). After the installation of a new blister pack production line and other technological equipment in 2012, production capacity will increase to 80 million tablets per year.

In February 2011 Krka began expanding its facilities in the Russian Federation by building a new distribution centre and a new solid dosage plant. The flexible, modular construction, worth a total of EUR 135 million, is advancing step by step. The plant's target capacity is 1.8 billion tablets and capsules per year, and production is planned to start in 2013.

In a project strengthening the pharmaceutical sector, Krka and partners founded in January 2011 the company Farma GRS, d. o. o. for which they are setting up new R&D and production facilities at Krka's locations in Ločna and Novo mesto, Slovenia. The project is partly funded through the European Regional Development Fund and is worth EUR 45 million. The principal objective of the newly founded company is to set up the infrastructure for developing new products and technologies related to pharmaceutical chemistry and technology.

## Employees

At year-end 2011 the Group had 8,948 employees, of which 4,603 (51%) worked in Slovenia and 4,345 (49%) outside Slovenia. The number of employees at Group level increased by 379, or 4%, year-on-year.

The number of Krka's employees working outside Slovenia increased by 235, or 6%, while in Slovenia it increased by 144, or 3%. In Slovenia most new staff were needed in the Product Supply and R&D departments, while abroad Krka mainly strengthened its marketing and sales teams.

Over one-half of the Krka Group team at year-end 2011 held a bachelors' degree or higher.

## Shareholder information

On the final trading day in 2011 Krka traded at EUR 52.90 at the Ljubljana Stock Exchange, down 16% on year-end 2010 when it traded at EUR 62.95. In the same period the Slovene blue chip index (SBITOP) lost 31%. Krka's market capitalisation at year-end 2011 amounted to EUR 1.9 billion.

In 2011 Krka, which is listed on the Ljubljana Stock Exchange, generated an average daily trading volume of EUR 0.7 million. Krka is still the share that changes hands most often at the Ljubljana Stock Exchange.

At the end of 2011 Krka had a total of 72,720 shareholders, down 8% on year-end 2010, while in the reported period international investors increased their holdings most, to 16% of all issued shares.

Pursuant to the authorisation granted by the company's Annual General Meeting, Krka had started acquiring treasury shares in the second half of 2010 and has continued the buyback into 2011. Krka repurchased 362,836 treasury shares at the Ljubljana Stock Exchange in 2011. At year-end 2011 Krka held 2,025,117 treasury shares, which stands for 5.7% of the value of its share capital. In 2011 Krka shareholders received a gross dividend of EUR 1.40 per share.

Krka plans to implement a secondary listing of its shares on the Warsaw Stock Exchange by the end of June 2012. In the event of unfavourable conditions on international capital markets, the secondary listing may be postponed or cancelled.

## Plans for 2012

Plans for 2012 remain unchanged. The Group plans its sales in 2012 in value of EUR 1,134 million. Group profit for 2012 is planned to amount to EUR 170 million, whereby the planned investments are worth EUR 200 million. The largest investment projects started in 2012 are constructing the Notol 2 plant and expanding Krka's chemical production to its location in Krško, Slovenia, while the largest ongoing investment projects that will continue into 2012 are the further equipping of the solid dosage production plant OTO in Ločna, Slovenia, and the construction of the new logistical centre along with the new solid dosage forms production plant in Krka's subsidiary Krka Rus in the Russian Federation. The number of employees, both in Slovenia and abroad, is planned to increase by a total of 5% in 2012.

Novo mesto, March 2012

Krka, d. d., Novo mesto  
Management Board

**Krka Group consolidated statement of financial position (unaudited)**

in EUR thousand	31 Dec 2011	31 Dec 2010
<b>Assets</b>		
Property, plant and equipment	703,112	686,461
Intangible assets	119,082	122,815
Investments in associates	0	0
Deferred tax assets	27,340	27,505
Long-term loans	4,821	4,312
Non-current investments	4,944	5,238
Other non-current assets	169	175
<b>Total non-current assets</b>	<b>859,468</b>	<b>846,506</b>
Inventories	253,208	229,343
Trade and other receivables	399,512	402,686
Short-term loans	1,050	1,227
Current investments, including derivative financial instruments	602	653
Cash and cash equivalents	20,187	7,789
<b>Total current assets</b>	<b>674,559</b>	<b>641,698</b>
<b>Total assets</b>	<b>1,534,027</b>	<b>1,488,204</b>
<b>Equity</b>		
Share capital	59,126	59,126
Treasury shares	-42,584	-21,749
Reserves	174,409	159,233
Retained earnings	947,289	855,140
<b>Equity holders of the parent</b>	<b>1,138,240</b>	<b>1,051,750</b>
Non-controlling interest	1,514	1,577
<b>Total equity</b>	<b>1,139,754</b>	<b>1,053,327</b>
<b>Liabilities</b>		
Long-term borrowings	25,500	67,214
Provisions	104,819	108,889
Deferred revenues	6,670	7,138
Deferred tax liabilities	18,103	19,468
<b>Total non-current liabilities</b>	<b>155,092</b>	<b>202,709</b>
Trade payables	90,888	91,386
Short-term borrowings	44,091	57,910
Income tax liabilities	1,309	9,814
Other current liabilities	102,893	73,058
<b>Total current liabilities</b>	<b>239,181</b>	<b>232,168</b>
<b>Total liabilities</b>	<b>394,273</b>	<b>434,877</b>
<b>Total equity and liabilities</b>	<b>1,534,027</b>	<b>1,488,204</b>



## Krka Group consolidated income statement (unaudited)

in EUR thousand	2011	2010
Revenues	1,075,627	1,010,021
Production cost of goods sold	-416,704	-385,409
<b>Gross profit</b>	<b>658,923</b>	<b>624,612</b>
Other operating income	4,721	11,888
Distribution expenses	-281,151	-256,619
R&D costs	-92,932	-90,924
Administrative expenses	-75,555	-77,486
<b>Operating profit</b>	<b>214,006</b>	<b>211,471</b>
Financial income	2,897	7,972
Financial expenses	-16,928	-8,071
<b>Net financial expenses</b>	<b>-14,031</b>	<b>-99</b>
<b>Profit before tax</b>	<b>199,975</b>	<b>211,372</b>
Income tax expense	-37,240	-40,454
<b>Profit for the period</b>	<b>162,735</b>	<b>170,918</b>
<b>Attributable to:</b>		
– equity holders of the parent	162,801	171,025
– non-controlling interest	-66	-107
<b>Basic earnings per share (in EUR)</b>	<b>4.85</b>	<b>5.06</b>
<b>Diluted earnings per share (in EUR)</b>	<b>4.85</b>	<b>5.06</b>

## Krka Group consolidated statement of comprehensive income (unaudited)

in EUR thousand	2011	2010
<b>Profit for the period</b>	<b>162,735</b>	<b>170,918</b>
<b>Other comprehensive income for the period</b>		
Changes in fair value of financial assets available for sale	-281	-421
Deferred tax effect – change in fair value of financial assets available for sale	56	84
Translation reserve	-8,250	1,816
<b>Total other comprehensive income for the period</b>	<b>-8,475</b>	<b>1,479</b>
<b>Total comprehensive income for the period</b>	<b>154,260</b>	<b>172,397</b>
<b>Attributable to:</b>		
– equity holders of the parent	154,326	172,504
– non-controlling interest	-66	-107

**Krka Group consolidated statement of changes in equity for 2011 (unaudited)**

	Share capital	Treasury shares	Reserves						Retained earnings			Total equity holders of the parent	Non-controlling interest	Total equity	
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserves	Translation reserve	Other revenue reserves	Profit for the period	Profit carried forward				
in EUR thousand															
<b>Balance at 1 Jan 2011</b>	<b>59,126</b>	<b>-21,749</b>	<b>21,749</b>	<b>101,503</b>	<b>14,990</b>	<b>27,184</b>	<b>1,767</b>	<b>-7,960</b>	<b>684,639</b>	<b>111,765</b>	<b>58,736</b>	<b>1,051,750</b>	<b>1,577</b>	<b>1,053,327</b>	
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>162,801</b>	<b>0</b>	<b>162,801</b>	<b>-66</b>	<b>162,735</b>	
<b>Other comprehensive income for the period</b>															
Changes in fair value of financial assets available for sale	0	0	0	0	0	0	-281	0	0	0	0	-281	0	-281	
Deferred tax effect – change in fair value of financial assets available for sale	0	0	0	0	0	0	56	0	0	0	0	56	0	56	
Translation reserve	0	0	0	0	0	0	0	-8,250	0	0	0	-8,250	0	-8,250	
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-225</b>	<b>-8,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8,475</b>	<b>0</b>	<b>-8,475</b>	
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-225</b>	<b>-8,250</b>	<b>0</b>	<b>162,801</b>	<b>0</b>	<b>154,326</b>	<b>-66</b>	<b>154,260</b>	
<b>Transactions with owners, recorded in equity</b>															
Formation of statutory reserves	0	0	0	0	0	2,816	0	0	0	-2,816	0	0	0	0	
Formation of other revenue reserves under the resolution of the Management Board and Supervisory Board	0	0	0	0	0	0	0	0	15,000	-15,000	0	0	0	0	
Transfer of previous period's profit to retained earnings	0	0	0	0	0	0	0	0	0	-111,765	111,765	0	0	0	
Transfer to other revenue reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	60,972	0	-60,972	0	0	0	
Formation of reserves for treasury shares	0	0	20,835	0	0	0	0	0	0	-20,835	0	0	0	0	
Repurchase of treasury shares	0	-20,835	0	0	0	0	0	0	0	0	0	-20,835	0	-20,835	
Dividends paid	0	0	0	0	0	0	0	0	0	0	-47,001	-47,001	0	-47,001	
Acquisition of minority interest	0	0	0	0	0	0	0	0	0	0	0	0	3	3	
<b>Total transactions with owners, recorded in equity</b>	<b>0</b>	<b>-20,835</b>	<b>20,835</b>	<b>0</b>	<b>0</b>	<b>2,816</b>	<b>0</b>	<b>0</b>	<b>75,972</b>	<b>-150,416</b>	<b>3,792</b>	<b>-67,836</b>	<b>3</b>	<b>-67,833</b>	
<b>Balance at 31 Dec 2011</b>	<b>59,126</b>	<b>-42,584</b>	<b>42,584</b>	<b>101,503</b>	<b>14,990</b>	<b>30,000</b>	<b>1,542</b>	<b>-16,210</b>	<b>760,611</b>	<b>124,150</b>	<b>62,528</b>	<b>1,138,240</b>	<b>1,514</b>	<b>1,139,754</b>	

**Krka Group consolidated statement of changes in equity for 2010 (unaudited)**

	Share capital	Treasury shares	Reserves						Retained earnings			Total equity holders of the parent	Non-controlling interest	Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserves	Translation reserve	Other revenue reserves	Profit for the period	Profit carried forward			
<b>Balance at 1 Jan 2010</b>	<b>59,126</b>	<b>-19,489</b>	<b>19,489</b>	<b>101,503</b>	<b>14,990</b>	<b>22,184</b>	<b>2,104</b>	<b>-9,776</b>	<b>570,354</b>	<b>106,766</b>	<b>51,434</b>	<b>918,685</b>	<b>1,684</b>	<b>920,369</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>171,025</b>	<b>0</b>	<b>171,025</b>	<b>-107</b>	<b>170,918</b>
<b>Other comprehensive income for the period</b>														
Changes in fair value of financial assets available for sale	0	0	0	0	0	0	-421	0	0	0	0	-421	0	-421
Deferred tax effect – change in fair value of financial assets available for sale	0	0	0	0	0	0	84	0	0	0	0	84	0	84
Translation reserve	0	0	0	0	0	0	0	1,816	0	0	0	1,816	0	1,816
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-337</b>	<b>1,816</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,479</b>	<b>0</b>	<b>1,479</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-337</b>	<b>1,816</b>	<b>0</b>	<b>171,025</b>	<b>0</b>	<b>172,504</b>	<b>-107</b>	<b>172,397</b>
<b>Transactions with owners, recorded in equity</b>			0											
Formation of statutory reserves	0	0	0	0	0	5,000	0	0	0	-5,000	0	0	0	0
Formation of other revenue reserves under the resolution of the Management Board and Supervisory Board	0	0	0	0	0	0	0	0	52,000	-52,000	0	0	0	0
Transfer of previous period's profit to retained earnings	0	0	0	0	0	0	0	0	0	-106,766	106,766	0	0	0
Transfer to other revenue reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	62,285	0	-62,285	0	0	0
Formation of reserves for treasury shares	0	0	2,260	0	0	0	0	0	0	-2,260	0	0	0	0
Repurchase of treasury shares	0	-2,260		0	0	0	0	0	0	0	0	-2,260	0	-2,260
Dividends paid	0	0		0	0	0	0	0	0	0	-37,179	-37,179	0	-37,179
Acquisition of minority interest	0	0		0	0	0	0	0	0	0	0	0	0	0
<b>Total transactions with owners, recorded in equity</b>	<b>0</b>	<b>-2,260</b>	<b>2,260</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>114,285</b>	<b>-166,026</b>	<b>7,302</b>	<b>-39,439</b>	<b>0</b>	<b>-39,439</b>
<b>Balance at 31 Dec 2010</b>	<b>59,126</b>	<b>-21,749</b>	<b>21,749</b>	<b>101,503</b>	<b>14,990</b>	<b>27,184</b>	<b>1,767</b>	<b>-7,960</b>	<b>684,639</b>	<b>111,765</b>	<b>58,736</b>	<b>1,051,750</b>	<b>1,577</b>	<b>1,053,327</b>

**Krka Group consolidated statement of cash flows (unaudited)**

in EUR thousand	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>162,735</b>	<b>170,918</b>
<b>Adjustments for:</b>	<b>127,202</b>	<b>126,354</b>
– amortisation/depreciation	87,186	81,721
– foreign exchange differences	-3,354	-97
– investment income	-871	-1,453
– investment expense	3,834	1,926
– interest expense and other financial expense	3,167	3,803
– income tax	37,240	40,454
<b>Operating profit before changes in net operating current assets</b>	<b>289,937</b>	<b>297,272</b>
Change in trade receivables	8,083	-75,583
Change in inventories	-23,865	-47,697
Change in operating debts (liabilities)	-498	18,884
Change in provisions	-4,070	1,485
Change in deferred revenues	-468	243
Change in other current liabilities	29,738	15,425
Income taxes paid	-51,799	-28,513
<b>Cash generated from operations</b>	<b>247,058</b>	<b>181,516</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	378	803
Dividends received	16	9
Proceeds from sale of property, plant and equipment	255	516
Purchase of intangible assets	-7,621	-7,251
Purchase of property, plant and equipment	-100,035	-107,922
Long-term loans	-1,502	-1,373
Proceeds from repayment of long-term loans	980	1,063
Acquisition of non-current investments	-63	-36
Proceeds from sale of non-current investments	67	42
Payments/Proceeds in connection with current investments and loans	90	1,534
Payments in connection with derivative financial instruments	-8	0
Proceeds from derivative financial instruments	5	0
<b>Net cash used in investing activities</b>	<b>-107,438</b>	<b>-112,615</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-3,361	-4,278
Repayment of long-term borrowings	-37,899	-38,653
Repayment/Acquisition of short-term borrowings	-17,440	8,029
Dividends paid	-46,902	-37,097
Repurchase of treasury shares	-20,835	-2,260
Proceeds of payments from non-controlling interests	3	0
<b>Net cash used in financing activities</b>	<b>-126,434</b>	<b>-74,259</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>13,186</b>	<b>-5,358</b>
Cash and cash equivalents at beginning of period	7,789	13,411
Effect of exchange rate fluctuations on cash held	-788	-264
<b>Net cash and cash equivalents at end of period</b>	<b>20,187</b>	<b>7,789</b>

**Krka Company statement of financial position (unaudited)**

in EUR thousand	31 Dec 2011	31 Dec 2010
<b>Assets</b>		
Property, plant and equipment	520,929	513,683
Intangible assets	29,654	29,752
Investments in subsidiaries	225,444	227,409
Deferred tax assets	18,577	19,162
Long-term loans	9,571	12,206
Non-current investments	4,735	5,029
Other non-current assets	155	168
<b>Total non-current assets</b>	<b>809,065</b>	<b>807,409</b>
Inventories	193,299	163,974
Trade and other receivables	399,250	423,042
Short-term loans	46,209	49,686
Current investments, including derivative financial instruments	602	653
Cash and cash equivalents	15,023	1,547
<b>Total current assets</b>	<b>654,383</b>	<b>638,902</b>
<b>Total assets</b>	<b>1,463,448</b>	<b>1,446,311</b>
<b>Equity</b>		
Share capital	59,126	59,126
Treasury shares	-42,584	-21,749
Reserves	190,619	167,193
Retained earnings	933,324	853,584
<b>Total equity</b>	<b>1,140,485</b>	<b>1,058,154</b>
<b>Liabilities</b>		
Long-term borrowings	25,500	66,800
Provisions	97,505	101,632
Deferred revenues	3,439	2,668
Deferred tax liabilities	386	442
<b>Total non-current liabilities</b>	<b>126,830</b>	<b>171,542</b>
Trade payables	95,550	109,553
Short-term borrowings	60,556	57,189
Income tax liabilities	0	8,635
Other current liabilities	40,027	41,238
<b>Total current liabilities</b>	<b>196,133</b>	<b>216,615</b>
<b>Total liabilities</b>	<b>322,963</b>	<b>388,157</b>
<b>Total equity and liabilities</b>	<b>1,463,448</b>	<b>1,446,311</b>

**Krka Company income statement (unaudited)**

in EUR thousand	2011	2010
Revenues	957,653	932,366
Production cost of goods sold	-383,258	-369,242
<b>Gross profit</b>	<b>574,395</b>	<b>563,124</b>
Other operating income	2,816	6,267
Distribution expenses	-253,377	-228,306
R&D costs	-87,202	-84,514
Administrative expenses	-56,334	-56,829
<b>Operating profit</b>	<b>180,298</b>	<b>199,742</b>
Financial income	16,004	10,637
Financial expenses	-15,928	-6,982
<b>Net financial income</b>	<b>76</b>	<b>3,655</b>
<b>Profit before tax</b>	<b>180,374</b>	<b>203,397</b>
Income tax expense	-29,982	-37,477
<b>Profit for the period</b>	<b>150,392</b>	<b>165,920</b>
<b>Basic earnings per share (in EUR)</b>	<b>4.48</b>	<b>4.91</b>
<b>Diluted earnings per share (in EUR)</b>	<b>4.48</b>	<b>4.91</b>

**Krka Company statement of comprehensive income (unaudited)**

in EUR thousand	2011	2010
<b>Profit for the period</b>	<b>150,392</b>	<b>165,920</b>
<b>Other comprehensive income for the period</b>		
Changes in fair value of financial assets available for sale	-281	-421
Deferred tax effect – change in fair value of financial assets available for sale	56	84
<b>Total other comprehensive income for the period</b>	<b>-225</b>	<b>-337</b>
<b>Total comprehensive income for the period</b>	<b>150,167</b>	<b>165,583</b>

**Krka Company statement of changes in equity for 2011 (unaudited)**

in EUR thousand	Share capital	Treasury shares	Reserves					Retained earnings			Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserves	Other revenue reserves	Profit for the period	Profit carried forward	
<b>Balance at 1 Jan 2011</b>	<b>59,126</b>	<b>-21,749</b>	<b>21,749</b>	<b>101,503</b>	<b>14,990</b>	<b>27,184</b>	<b>1,767</b>	<b>684,639</b>	<b>106,660</b>	<b>62,285</b>	<b>1,058,154</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,392</b>	<b>0</b>	<b>150,392</b>
<b>Other comprehensive income for the period</b>											<b>0</b>
Changes in fair value of financial assets available for sale	0	0	0	0	0	0	-281	0	0	0	-281
Deferred tax effect – change in fair value of financial assets available for sale	0	0	0	0	0	0	56	0	0	0	56
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-225</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-225</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-225</b>	<b>0</b>	<b>150,392</b>	<b>0</b>	<b>150,167</b>
<b>Transactions with owners, recorded in equity</b>											<b>0</b>
Formation of statutory reserves	0	0	0	0	0	2,816	0	0	-2,816	0	0
Formation of other revenue reserves under the resolution of the Management Board and Supervisory Board	0	0	0	0	0	0	0	15,000	-15,000	0	0
Transfer of previous period's profit to retained earnings	0	0	0	0	0	0	0	0	-106,660	106,660	0
Transfer to other revenue reserves under the resolution of the Annual General Meeting	0	0		0	0	0	0	60,972	0	-60,972	0
Formation of reserves for treasury shares	0	0	20,835	0	0	0	0	0	-20,835	0	0
Repurchase of treasury shares	0	-20,835	0	0	0	0	0	0	0	0	-20,835
Dividends paid	0	0	0	0	0	0	0	0	0	-47,001	-47,001
<b>Total transactions with owners, recorded in equity</b>	<b>0</b>	<b>-20,835</b>	<b>20,835</b>	<b>0</b>	<b>0</b>	<b>2,816</b>	<b>0</b>	<b>75,972</b>	<b>-145,311</b>	<b>-1,313</b>	<b>-67,836</b>
<b>Balance at 31 Dec 2011</b>	<b>59,126</b>	<b>-42,584</b>	<b>42,584</b>	<b>101,503</b>	<b>14,990</b>	<b>30,000</b>	<b>1,542</b>	<b>760,611</b>	<b>111,741</b>	<b>60,972</b>	<b>1,140,485</b>

## Krka Company statement of changes in equity for 2010 (unaudited)

in EUR thousand	Share capital	Treasury shares	Reserves					Retained earnings			Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserves	Other revenue reserves	Profit for the period	Profit carried forward	
<b>Balance at 1 Jan 2010</b>	<b>59,126</b>	<b>-19,489</b>	<b>19,489</b>	<b>101,503</b>	<b>14,990</b>	<b>22,184</b>	<b>2,104</b>	<b>570,354</b>	<b>103,812</b>	<b>57,937</b>	<b>932,010</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>165,920</b>	<b>0</b>	<b>165,920</b>
<b>Other comprehensive income for the period</b>			0								
Changes in fair value of financial assets available for sale	0	0	0	0	0	0	-421	0	0	0	-421
Deferred tax effect – change in fair value of financial assets available for sale	0	0	0	0	0	0	84	0	0	0	84
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-337</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-337</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-337</b>	<b>0</b>	<b>165,920</b>	<b>0</b>	<b>165,583</b>
<b>Transactions with owners, recorded in equity</b>											
Formation of statutory reserves	0	0	0	0	0	5,000	0	0	-5,000	0	0
Formation of other revenue reserves under the resolution of the Management Board and Supervisory Board	0	0	0	0	0	0	0	52,000	-52,000	0	0
Transfer of previous period's profit to retained earnings	0	0	0	0	0	0	0	0	-103,812	103,812	0
Transfer to other revenue reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	62,285	0	-62,285	0
Formation of reserves for treasury shares	0	0	2,260	0	0	0	0	0	-2,260	0	0
Repurchase of treasury shares	0	-2,260	0	0	0	0	0	0	0	0	-2,260
Dividends paid	0	0	0	0	0	0	0	0	0	-37,179	-37,179
<b>Total transactions with owners, recorded in equity</b>	<b>0</b>	<b>-2,260</b>	<b>2,260</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>114,285</b>	<b>-163,072</b>	<b>4,348</b>	<b>-39,439</b>
<b>Balance at 31 Dec 2010</b>	<b>59,126</b>	<b>-21,749</b>	<b>21,749</b>	<b>101,503</b>	<b>14,990</b>	<b>27,184</b>	<b>1,767</b>	<b>684,639</b>	<b>106,660</b>	<b>62,285</b>	<b>1,058,154</b>



**Krka Company statement of cash flows (unaudited)**

in EUR thousand	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>150,392</b>	<b>165,920</b>
<b>Adjustments for:</b>	<b>88,872</b>	<b>99,740</b>
– amortisation/depreciation	66,414	60,735
– foreign exchange differences	735	-75
– investment income	-14,265	-3,479
– investment expense	2,711	1,497
– interest expense and other financial expense	3,295	3,585
– income tax	29,982	37,477
<b>Operating profit before changes in net operating current assets</b>	<b>239,264</b>	<b>265,660</b>
Change in trade receivables	28,967	-84,198
Change in inventories	-29,325	-25,362
Change in operating debts (liabilities)	-14,003	21,019
Change in provisions	-4,127	1,553
Change in deferred revenues	771	1,324
Change in other current liabilities	-1,310	4,004
Income taxes paid	-43,206	-20,992
<b>Cash generated from operations</b>	<b>177,031</b>	<b>163,008</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,021	2,462
Dividends received	16	9
Proportionate profit of subsidiaries	11,978	429
Proceeds from sale of property, plant and equipment	1,762	2,101
Purchase of intangible assets	-6,248	-5,961
Purchase of property, plant and equipment	-71,405	-85,864
Acquisition of subsidiaries and a share of minority interest without obtained assets	-1,220	-9
Refund of subsequent payments in subsidiaries	3,185	185
Long-term loans	-2,641	-6,043
Proceeds from repayment of long-term loans	6,822	7,795
Acquisition of non-current investments	-50	-36
Proceeds from sale of non-current investments	60	35
Payments/Proceeds in connection with current investments and loans	1,766	-11,578
Payments in connection with derivative financial instruments	-8	0
Proceeds from derivative financial instruments	5	0
<b>Net cash used in investing activities</b>	<b>-53,957</b>	<b>-96,475</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-3,416	-4,056
Repayment of long-term borrowings	-37,036	-37,373
Repayment/Acquisition of short-term borrowings	-776	8,539
Dividends paid	-46,902	-37,097
Repurchase of treasury shares	-20,835	-2,260
<b>Net cash used in financing activities</b>	<b>-108,965</b>	<b>-72,247</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>14,109</b>	<b>-5,714</b>
Cash and cash equivalents at beginning of period	1,547	7,487
Effect of exchange rate fluctuations on cash held	-633	-226
<b>Net cash and cash equivalents at end of period</b>	<b>15,023</b>	<b>1,547</b>