

Krka, d. d., Novo mesto, Šmarješka cesta 6, 8501 Novo mesto, in accordance with the Article 386 of Market in Financial Instruments Act (ZTFI) hereby publishes

## IMPORTANT NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP AND UNAUDITED FINANCIAL STATEMENTS OF THE KRKA COMPANY FOR 2009

The Group's unaudited consolidated financial statements and the Krka Company's unaudited financial statements for 2009 and the comparative figures for 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS). The comparative statements for 2008 are audited.

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

### Data on the Krka Group

Krka, d. d., Novo mesto (the Krka Company) is the controlling company of the Krka Group, which on 31 December 2009 included the following subsidiaries:

	Ownership share 31. 12. 2009
<b>Controlling company</b>	
KRKA, d. d., Novo mesto, Slovenia	
<b>Subsidiaries</b>	
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%
UAB KRKA LIETUVA, Vilnius, Lithuania	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 PHARMA DUBLIN LIMITED, Dublin, Ireland	100%
KRKA USA, LLC, Wilmington, USA	100%

On 31 December 2009 the subsidiary Terme Krka had a 63.10% ownership share in the company Golf Grad Otočec, d.o.o.

In mid-January 2009 the company KRKA FARMA d.o.o., Sarajevo, was registered in Bosnia and Herzegovina where the controlling company's registered office will continue to operate, in addition to the newly established company. In the end of 2009 the company representative office in Vilnius, Lithuania, was converted into the subsidiary UAB KRKA LIETUVA.

The company ALTERNOVA Arzneimittel GmbH, Vienna, Austria was renamed as KRKA Pharma GmbH, Vienna, Austria.

## Performance Indicators

EUR thousand	Krka Group		Krka Company	
	2009	2008	2009	2008
Sales revenues	953,038	949,920	850,119	826,160
Net profit	173,685	155,891	170,812	161,130
EBIT	234,992	236,781	211,635	223,642
EBITDA	311,667	308,390	270,430	275,371
Non-current assets	808,022	809,074	784,594	765,873
Current assets	533,010	461,962	528,345	458,519
Equity	920,369	783,296	932,010	797,203
Non-current liabilities	237,834	257,526	205,785	222,067
Current liabilities	182,829	230,214	175,144	205,122
R&D costs	87,248	84,746	81,332	76,551
Investments	91,112	146,745	82,380	115,591
<b>RATIOS</b>				
Net profit margin	18.2%	16.4%	20.1%	19.5%
EBIT margin	24.7%	24.9%	24.9%	27.1%
EBITDA margin	32.7%	32.5%	31.8%	33.3%
ROE <sup>1</sup>	20.4%	21.3%	19.8%	21.9%
ROA <sup>2</sup>	13.3%	13.0%	13.5%	14.1%
Liabilities/Equity	0.457	0.623	0.409	0.536
R&D costs/Sales revenues	9.2%	8.9%	9.6%	9.3%
Number of employees at the end of year	7975	7602	5260	5250
Earnings per share in EUR <sup>3</sup>	5.14	4.61	5.05	4.77
Book value of share in EUR <sup>4</sup>	25.98	22.09	26.31	22.50

1 Net profit / average equity balance in period

2 Net profit / average assets balance in period

3 Net profit of the majority owner / average number of shares issued excluding own shares

4 Equity at 31 December / number of shares issued

While Group's sales grew by 0.3%, the Group's net profit grew by 11%. The Group's operating profit was down by 1% and the Group's pre-tax profit increased by 9%. For the Krka Company there was 3% growth in sales and the 6% growth in net profit. The Company's operating profit was down by 5% and the Company's pre-tax profit was up by 4%.

## Sales

In 2009 the Krka Group achieved sales of products and services worth EUR 953.0 million, which is EUR 3.1 million or 0.3% more than in 2008. Sales on markets outside Slovenia were worth EUR 847.0 million, 89% of overall Group sales. The Krka Company's sales totalled EUR 850.1 million (3% growth).

### Krka Group sales by region

The highest percentage increase in sales compared to 2008 (growth of 6% or EUR 14.1 million) was in Region Central Europe, where product sales of EUR 267.7 million were recorded, with the region representing 28% of total sales. This makes Region Central Europe Krka's largest sales region.

In Region East Europe – Krka's second largest sales region with 24% of overall sales – it sold products worth EUR 225.7 million, which is 3% down on the previous year. This region includes Krka's largest single market, the Russian Federation, where sales reached EUR 170.2 million with growth at 8%.

The share of total sales was also 24% for Region West Europe and Overseas Markets, where products worth EUR 225.1 million were sold, with growth at 0.4%. Sales fell by 5% to EUR 128.5 million in Region South-East Europe, where 13% of total sales were generated, while sales of products and services in Slovenia were worth EUR 106.0 million. That was an increase of 2% on 2008 sales.

### Krka Group sales by product group

The most important product group is prescription pharmaceuticals, with sales revenue worth EUR 793.9 million, representing 83% of overall Group sales. In 2009 Krka generated sales of self-medication products worth EUR 89.6 million or 9% of overall sales, while cosmetics sales were worth EUR 7.3 million, and animal health product sales were worth EUR 27.8 million. Sales of health and tourism services were worth EUR 33.2 million. Compared to 2008, sales of prescription pharmaceuticals increased by 1%, animal health products by 11%, and health and tourism services by 2%.

### Research and development

In 2009 Krka acquired marketing authorisation for 21 new products in 40 forms, and during that time has acquired 874 new market authorisations across a number of different markets. The market authorisations were achieved via a range of registration procedures in 58 countries.

Forty-four procedures were carried out for 18 products in various forms via the most demanding European market authorisation procedures (centralised procedures – CP, decentralised procedures – DP, and mutual recognition procedures – MRP), which delivered 1204 market authorisations.

Krka successfully concluded five complex centralised procedures (CP) with the European Medicine Agency (EMA), which provides market authorisation for all 27 EU states. Other important achievements include the successfully completed CPs for two pharmaceuticals with the active pharmaceutical ingredient (API) clopidogrel. The market authorisations were also acquired via CP for Nimvastid, which includes the API rivastigmine, repaglinide, a medicine that balances blood-sugar levels, and Vizarsin, a generic version of sildenafil.

Krka expanded its product range in most EU countries using the remaining procedures to gain market authorisation for new pharmaceuticals and new forms, as well as market authorisations on new markets. A procedure was concluded for the antidepressive escitalopram, gaining market authorisations in 9 EU states, while market authorisation for atorvastatin was acquired in other western European countries.

A DCP was successfully concluded for two new combined medicines, Doreta (tramadol and paracetamol) and Formagliben (glibenclamide and metmorfin). New European market authorisations for Ezoleta (ezetimibe) and Co-cazapril (cilazapril and hydrochlorothiazide) were also significant.

National procedures are also continually underway; these are important for supplying a good selection of new products in eastern and southeastern European countries. On the Russian market new market authorisations were acquired for 13 products in 40 forms, and within one year gained authorisations for two products involving complex regulatory processes: Perineva in tablet form with the API perindopril, and Niperten in tablet form with the API bisoprolol.

In the self-medication sector Krka acquired market authorisations for 8 new products, which expanded the Duovit and Septotele brands. The cosmetics and animal health products lines were also expanded by the launch of new products.

## Investments

During 2009 the Krka Group's investments totalled EUR 91.1 million, with EUR 82.4 million invested by the controlling company, and EUR 8.7 million by subsidiaries. Due to the global financial crisis and uncertain business conditions, the pace of some projects was slowed down and their realisation was moved to 2010. Over half of all investment in 2009 was allocated to increasing production capacity for final products.

Work was completed in March on an additional chemical synthesis line, which was needed to meet demand for increasing quantities of new active pharmaceutical ingredients. Production capacity was increased, enabling the timely launch of capsules to new markets, while an additional line has eliminated a bottleneck at the injection production plant. The investment at the Bršljin plant, where a modern new syrup production plant was built in 2009, has expanded production capacity and optimised material throughput. In 2008 a separate biocide production facility was constructed.

Krka's largest investment project at the moment is the construction of the production plant for solid pharmaceutical forms, which has been planned to ensure that most capacity is dedicated to production of tablets and coated tablets, with some capacity for capsules. Preparatory works have started for construction of the new RKC3 development and control centre.

Preparations are in the final phase for a strategically important investment project to build additional production capacity in the Russian Federation, while Terme Krka is renovating the treatment and pool facilities at Strunjan and increasing hotel capacity.

## Employees

At the end of the 2009 the Krka Group employed 7975 co-workers, 3563 of which were employed in the parent company in Slovenia, 1697 in representative offices abroad, 2036 in companies abroad, and 679 in the Krka Terme Group. This was an increase of 373 or 5% in the number of employees on the previous year. Forty-seven per cent of Group employees are now employed outside Slovenia.

The proportion of Krka Group employees with a university education is increasing. At the end of 2009, half of all Krka Group employees had at least a first university degree. This includes 82 people with doctorates and 215 with master's degrees and specialisations. The average age is 38 years, and the proportion of female employees is 62%.

## Shares and shareholders

At the end of 2009 Krka had 82 606 shareholders, which is 7% higher than at the end of the previous year. The largest increase in ownership share by investor type has been for international investors, increasing from 7.9% to 9.7%. The largest increase by number was for the individual investor group, increasing from 75 646 to 80 916 (up 7%). The ownership share of Slovenian state financial companies (Slovenska odškodninska družba and Kapitalska družba with Prvi pokojninski sklad – PPS) remained unchanged.

On the final trading day of 2009 the Krka share price was EUR 64.04. The stability of the Group's operations and a rally on financial markets led to an increase of 33% over the year (from EUR 48.27 at year-end 2008), while the Slovenian Stock Exchange Index (SBI 20) grew 10% over the period. The growth in the Krka share price in the past five years has significantly outstripped the growth of the SBI 20 and the global index for the sector, S&P Global Healthcare.

In 2009 average daily trading in Krka shares on the Ljubljana Stock Exchange was EUR 0.8 million, making Krka shares the most traded security on the Ljubljana Stock Exchange.

At the end of 2009 the Krka Company's market capitalisation stood at EUR 2.3 billion, representing 27% of the total market capitalisation of the Ljubljana Stock Exchange.

## Plans for 2010

The product and service sales target is EUR 1,008 million, which will mean growth of 6%. The largest sales region is set to be Central Europe, where the highest sales growth is also planned. The Russian Federation will remain the most important individual market. The planned proportion of sales on markets outside Slovenia is 89%.

Prescription pharmaceuticals, with growth anticipated at 6%, will remain the most important product group, and are expected to represent over 83% of overall sales.

The planned net profit is EUR 159 million.

At the end of 2010 the Krka Group will provisionally have 8430 employees, 46% of whom outside Slovenia. EUR 176 million will be invested, primarily in increasing and modernising production and R&D capacity and infrastructure.

## Significant events after the accounting period

At its meeting of 10 January 2010 the Company's supervisory board appointed an appointments committee as a supervisory board committee. The appointments committee met on 27 January 2010 with the meeting led by the committee chair, Tomaž Kuntarič MSc. At its meeting the appointments committee passed a decision starting the procedure to appoint the Company's supervisory board members, which must be completed by the end of April 2010.

On 24 February 2010 Krka and Krka Sverige AB, as defendants, and Eisai Co., Ltd. and Pfizer AS, as plaintiffs, agreed the out-of-court settlement of the patent dispute before the Oslo District Court concerning Donepezil Krka. Under the terms of the settlement Krka receives payment of EUR 1.55 million from Eisai Co., Ltd. and continues to market donepezil in Norway. Krka published the information about the temporary injunction issued against Krka Sverige for the alleged infringement of the manufacturing patent for donepezil tablets in Norway on 19 November 2008 and about the invalidation of the injunction on 13 March 2009.

Those events do not have an effect on the 2009 financial statements of the Krka Group or Company.

Novo mesto, February 2010

Krka d.d. Novo mesto  
Management Board

## Unaudited consolidated statement of the financial position of the Krka Group

in EUR thousand	31 Dec 2009	31 Dec 2008
<b>Assets</b>		
Property, plant and equipment	649,146	635,250
Intangible assets	126,581	128,980
Deferred tax assets	22,392	34,273
Long-term loans	4,064	3,892
Investments	5,658	6,343
Other non-current assets	181	336
<b>Total non-current assets</b>	<b>808,022</b>	<b>809,074</b>
Inventories	181,646	211,347
Trade and other receivables	334,906	240,875
Short-term loans	2,213	1,393
Current investments, including derivatives	834	743
Cash and cash equivalents	13,411	7,604
<b>Total current assets</b>	<b>533,010</b>	<b>461,962</b>
<b>Total assets</b>	<b>1,341,032</b>	<b>1,271,036</b>
<b>Equity</b>		
Share capital	59,126	59,126
Own shares	-19,489	-19,489
Reserves	150,494	146,454
Retained earnings	728,554	595,382
<b>Equity holders of the parent</b>	<b>918,685</b>	<b>781,473</b>
Minority interest	1,684	1,823
<b>Total equity</b>	<b>920,369</b>	<b>783,296</b>
<b>Liabilities</b>		
Long-term borrowings	105,113	83,734
Provisions	107,536	149,663
Government grants and grants by the European Union	6,763	5,353
Deferred tax liabilities	18,422	18,776
<b>Total non-current liabilities</b>	<b>237,834</b>	<b>257,526</b>
Trade payables	72,500	69,996
Short-term borrowings	51,084	100,111
Income tax liabilities	1,695	10,533
Other current liabilities	57,550	49,574
<b>Total current liabilities</b>	<b>182,829</b>	<b>230,214</b>
<b>Total liabilities</b>	<b>420,663</b>	<b>487,740</b>
<b>Total equity and liabilities</b>	<b>1,341,032</b>	<b>1,271,036</b>

## Unaudited consolidated income statement of the Krka Group

in EUR thousand	2009	2008
Revenues	953,038	949,920
Production cost of goods sold	-366,367	-325,102
<b>Gross profit</b>	<b>586,671</b>	<b>624,818</b>
Other operating income	102,786	8,617
Distribution expenses	-293,842	-242,274
R&D expenses	-87,248	-84,746
Administrative expenses	-73,375	-69,634
<b>Result from operating activities</b>	<b>234,992</b>	<b>236,781</b>
Financial income	1,070	3,029
Financial costs	-11,740	-34,177
<b>Net financial result</b>	<b>-10,670</b>	<b>-31,148</b>
<b>Profit before tax</b>	<b>224,322</b>	<b>205,633</b>
Income tax expense	-50,637	-49,742
<b>Profit for the period</b>	<b>173,685</b>	<b>155,891</b>
<b>Attributable to:</b>		
– equity holders of the parent	173,766	155,955
– minority interest	-81	-64
<b>Basic earnings per share (in EUR)</b>	<b>5.14</b>	<b>4.61</b>
<b>Diluted earnings per share (in EUR)</b>	<b>5.14</b>	<b>4.61</b>

## Unaudited consolidated statement of comprehensive income of the Krka Group

in EUR thousand	2009	2008
<b>Changes in profits for previous periods</b>	<b>-163</b>	<b>45</b>
<b>Net profit for the period</b>	<b>173,685</b>	<b>155,891</b>
<b>Other comprehensive income for the period:</b>		
Changes in fair value of financial assets available for sale	-686	-5,432
Deferred tax effect - change in fair value of financial assets available for sale	170	255
Deferred tax effect and tax effect of transition to IFRS	0	-45
Translation reserve	-444	-9,391
<b>Total other comprehensive income for the period</b>	<b>-960</b>	<b>-14,613</b>
<b>Total comprehensive income for the period</b>	<b>172,562</b>	<b>141,323</b>
<b>Attributable to:</b>		
- Equity holders of the parent	172,701	141,387
- Minority interest	-139	-64

**Unaudited consolidated statement of changes in equity of the Krka Group for 2009**

	Share capital	Own shares	Reserves					Retained earnings			Equity holders of the parent	Minority interest	Total equity
			Share premium	Legal reserves	Statutory reserves	Fair value reserves	Translation reserves	Other revenue reserves	Net profit for the period	Net profit carried forward			
in EUR thousand													
<b>Balance at 1 Jan 2009</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>17,184</b>	<b>2,620</b>	<b>-9,332</b>	<b>450,417</b>	<b>102,955</b>	<b>42,010</b>	<b>781,473</b>	<b>1,823</b>	<b>783,296</b>
<b>Changes in profits for previous periods</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>-105</b>	<b>-105</b>	<b>-58</b>	<b>-163</b>
<b>Net 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>173,766</b>	<b>0</b>	<b>173,766</b>	<b>-81</b>	<b>173,685</b>
<b>Other comprehensive income for the period</b>													
Changes in fair value of financial assets available for sale	0	0	0	0	0	-686	0	0	0	0	-686	0	-686
Deferred tax effect - change in fair value of financial assets available for sale	0	0	0	0	0	170	0	0	0	0	170	0	170
Translation reserve	0	0	0	0	0	0	-444	0	0	0	-444	0	-444
<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>-516</b>	<b>-444</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-960</b>	<b>0</b>	<b>-960</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>-516</b>	<b>-444</b>	<b>0</b>	<b>173,766</b>	<b>-105</b>	<b>172,701</b>	<b>-139</b>	<b>172,562</b>
<b>Transactions with owners, recorded directly in equity</b>													
Formation of statutory reserves	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 and the Supervisory Board	0	0	0	0	0	0	0	62,000	-62,000	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	57,937	0	-57,937	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-35,489	-35,489	0	-35,489
Purchase of minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total transactions with owners, recorded directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>119,937</b>	<b>-169,955</b>	<b>9,529</b>	<b>-35,489</b>	<b>0</b>	<b>-35,489</b>
<b>Balance at 31 Dec 2009</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>22,184</b>	<b>2,104</b>	<b>-9,776</b>	<b>570,354</b>	<b>106,766</b>	<b>51,434</b>	<b>918,685</b>	<b>1,684</b>	<b>920,369</b>



**Unaudited consolidated statement of changes in equity of the Krka Group for 2008**

	Share capital	Own shares	Reserves					Retained earnings			Equity holders of the parent	Minority interest	Total equity	
			Share premium	Legal reserves	Statutory reserves	Fair value reserves	Translation reserves	Other revenue reserves	Net profit for the period	Net profit carried forward				
in EUR thousand														
<b>Balance at 1 Jan 2008</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>14,184</b>	<b>6,824</b>	<b>104</b>	<b>356,945</b>	<b>87,052</b>	<b>30,149</b>	<b>670,877</b>	<b>10,036</b>	<b>680,913</b>	
<b>Changes in profits for previous periods</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>45</b>	<b>45</b>	<b>0</b>	<b>45</b>	
<b>Net 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>155,955</b>	<b>0</b>	<b>155,955</b>	<b>-64</b>	<b>155,891</b>	
<b>Other comprehensive income for the period</b>														
Changes in fair value of financial assets available for sale	0	0	0	0	0	-5,432	0	0	0	0	-5,432	0	-5,432	
Deferred tax effect - change in fair value of financial assets available for sale	0	0	0	0	0	1,228	0	0	0	-973	255	0	255	
Deferred tax effect and tax effect of transition to IFRS	0	0	0	0	0	0	-45	0	0	0	-45	0	-45	
Translation reserve	0	0	0	0	0	0	-9,391	0	0	0	-9,391	0	-9,391	
<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>-4,204</b>	<b>-9,436</b>	<b>0</b>	<b>0</b>	<b>-973</b>	<b>-14,613</b>	<b>0</b>	<b>-14,613</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>-4,204</b>	<b>-9,436</b>	<b>0</b>	<b>155,955</b>	<b>-928</b>	<b>141,387</b>	<b>-64</b>	<b>141,323</b>	
<b>Transactions with owners, recorded directly in equity</b>														
Formation of statutory reserves	0	0	0	0	3,000	0	0	0	-3,000	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	50,000	-50,000	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	
Purchase of minority interest	0	0	0	0	0	0	0	0	0	36	36	-8,036	-8,000	
<b>Total transactions with owners, recorded directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>93,472</b>	<b>-140,052</b>	<b>12,789</b>	<b>-30,791</b>	<b>-8,149</b>	<b>-38,940</b>	
<b>Balance at 31 Dec 2008</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>17,184</b>	<b>2,620</b>	<b>-9,332</b>	<b>450,417</b>	<b>102,955</b>	<b>42,010</b>	<b>781,473</b>	<b>1,823</b>	<b>783,296</b>	

## Unaudited consolidated cash flow statement of the Krka Group

in EUR thousand	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>173,685</b>	<b>155,891</b>
<b>Adjustments for:</b>	<b>133,908</b>	<b>128,468</b>
– amortisation /depreciation	76,675	71,609
– exchange differences	-696	-3,729
– investment income	-1,328	-4,528
– investment expense	3,363	5,729
– interest expense and other financial expense	5,421	9,599
– income tax	50,637	49,742
– other	-164	46
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>307,593</b>	<b>284,359</b>
Change in trade receivables	-85,629	-65,458
Change in inventories	29,701	-39,377
Change in operating debts (liabilities)	3,590	-2,956
Change in provisions	-42,128	5,943
Change in grants received from the government and the European Union	1,410	2,254
Change in other current liabilities	7,814	7,355
Income taxes paid	-56,612	-45,227
<b>Cash generated from operations</b>	<b>165,739</b>	<b>146,893</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	737	373
Proceeds from sale of current investments	0	14
Dividends received	13	21
Proceeds from sale of property, plant and equipment and intangible assets	1,649	3,650
Purchase of intangible assets	-8,065	-10,325
Purchase of property, plant and equipment	-83,419	-132,823
Acquisition of subsidiaries and minority interest net of cash	0	-9,051
Given long-term loans	-1,238	-1,067
Proceeds from repayment of long-term loans	1,035	859
Acquisition of non-current investments	-65	-1,085
Proceeds from sale of non-current investments	219	150
Acquisition of current investments and loans	-9,115	-1,760
Proceeds from sale of current investments and repayment of short-term loans	8,073	1,661
Payments in connection with derivative financial instruments	-1,035	-1,099
Proceeds from derivative financial instruments	0	1,886
<b>Net cash used in investing activities</b>	<b>-91,211</b>	<b>-148,596</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-6,941	-7,699
Repayment of long-term borrowings	-29,541	-23,978
Proceeds from long-term borrowings	60,000	0
Repayment of short-term borrowings	-322,668	-309,258
Proceeds from short-term borrowings	266,082	365,488
Dividends paid	-35,327	-30,852
<b>Net cash used in financing activities</b>	<b>-68,395</b>	<b>-6,299</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,133</b>	<b>-8,002</b>
Cash and cash equivalents at beginning of period	7,604	15,784
Effect of exchange rate fluctuations on cash held	-326	-178
<b>Net cash and cash equivalents at end of period</b>	<b>13,411</b>	<b>7,604</b>

**Unaudited consolidated statement of the financial position of the Krka Company**

in EUR thousand	31 Dec 2009	31 Dec 2008
<b>Assets</b>		
Property, plant and equipment	485,653	472,875
Intangible assets	29,683	28,137
Investments in subsidiaries	227,585	225,054
Deferred tax assets	18,977	28,732
Long-term loans	17,080	4,633
Non-current investments	5,449	6,134
Other non-current assets	167	308
<b>Total non-current assets</b>	<b>784,594</b>	<b>765,873</b>
Inventories	138,612	169,939
Trade and other receivables	346,881	255,711
Short-term loans	34,711	31,832
Current investments, including derivatives	654	743
Cash and cash equivalents	7,487	294
<b>Total current assets</b>	<b>528,345</b>	<b>458,519</b>
<b>Total assets</b>	<b>1,312,939</b>	<b>1,224,392</b>
<b>Equity</b>		
Share capital	59,126	59,126
Own shares	-19,489	-19,489
Reserves	160,270	155,786
Retained earnings	732,103	601,780
<b>Total equity</b>	<b>932,010</b>	<b>797,203</b>
<b>Liabilities</b>		
Long-term borrowings	103,836	81,209
Provisions	100,244	139,309
Government grants and grants by the European Union	1,179	853
Deferred tax liabilities	526	696
<b>Total non-current liabilities</b>	<b>205,785</b>	<b>222,067</b>
Trade payables	88,534	73,237
Short-term borrowings	49,458	88,752
Income tax liabilities	0	9,105
Other current liabilities	37,152	34,028
<b>Total current liabilities</b>	<b>175,144</b>	<b>205,122</b>
<b>Total liabilities</b>	<b>380,929</b>	<b>427,189</b>
<b>Total equity and liabilities</b>	<b>1,312,939</b>	<b>1,224,392</b>

## Unaudited income statement of the Krka Company

in EUR thousand	2009	2008
Revenues	850,119	826,160
Production cost of goods sold	-336,237	-272,200
<b>Gross profit</b>	<b>513,882</b>	<b>553,960</b>
Other operating income	96,656	2,551
Distribution expenses	-258,378	-205,133
R&D costs	-81,332	-76,551
Administrative expenses	-59,193	-51,185
<b>Result from operating activities</b>	<b>211,635</b>	<b>223,642</b>
Financial income	12,160	4,856
Financial expenses	-10,139	-22,780
<b>Net financial result</b>	<b>2,021</b>	<b>-17,924</b>
<b>Profit before tax</b>	<b>213,656</b>	<b>205,718</b>
Income tax expense	-42,844	-44,588
<b>Profit for the period</b>	<b>170,812</b>	<b>161,130</b>
<b>Basic earnings per share (in EUR)</b>	<b>5.05</b>	<b>4.77</b>
<b>Diluted earnings per share (in EUR)</b>	<b>5.05</b>	<b>4.77</b>

## Unaudited statement of comprehensive income of the Krka Company

in EUR thousand	2009	2008
<b>Net profit for the period</b>	<b>170,812</b>	<b>161,130</b>
<b>Other comprehensive income for the period:</b>		
Changes in fair value of financial assets available for sale	-686	-5,432
Deferred tax effect - change in fair value of financial assets available for sale	170	1,228
Deferred tax effect and tax effect of transition to IFRS	0	-905
<b>Total other comprehensive income for the period</b>	<b>-516</b>	<b>-5,109</b>
<b>Total comprehensive income for the period</b>	<b>170,296</b>	<b>156,021</b>

**Unaudited statement of changes in equity of the Krka Company for 2009**

	Share capital	Own shares	Reserves				Retained earnings			Total
			Share premium	Legal reserves	Statutory reserves	Fair value reserves	Other revenue reserves	Net profit for the period	Net profit carried forward	
in EUR thousand										
<b>Balance at 1 Jan 2009</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>17,184</b>	<b>2,620</b>	<b>450,417</b>	<b>108,130</b>	<b>43,233</b>	<b>797,203</b>
<b>Net 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>170,812</b>	<b>0</b>	<b>170,812</b>
<b>Other comprehensive income for the period</b>										
Changes in fair value of financial assets available for sale	0	0	0	0	0	-686	0	0	0	-686
Deferred tax effect - change in fair value of financial assets available for sale	0	0	0	0	0	170	0	0	0	170
<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>-516</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-516</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>-516</b>	<b>0</b>	<b>170,812</b>	<b>0</b>	<b>170,296</b>
<b>Transactions with owners, recorded directly in equity</b>										
Formation of statutory reserves	0	0	0	0	5,000	0	0	-5,000	0	0
Formation of other revenue reserves under the resolution of the Management and the Supervisory Board	0	0	0	0	0	0	62,000	-62,000	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	-35,489	-35,489
<b>Total transactions with owners, recorded directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>119,937</b>	<b>-175,130</b>	<b>14,704</b>	<b>-35,489</b>
<b>Balance at 31 Dec 2009</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>22,184</b>	<b>2,104</b>	<b>570,354</b>	<b>103,812</b>	<b>57,937</b>	<b>932,010</b>

**Unaudited statement of changes in equity of the Krka Company for 2008**

	Share capital	Own shares	Reserves				Retained earnings			Total
			Share premium	Legal reserves	Statutory reserves	Fair value reserves	Other revenue reserves	Net profit for the period	Net profit carried forward	
in EUR thousand										
<b>Balance at 1 Jan 2008</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>14,184</b>	<b>6,824</b>	<b>356,945</b>	<b>81,021</b>	<b>37,417</b>	<b>672,010</b>
<b>Net 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>161,130</b>	<b>0</b>	<b>161,130</b>
<b>Other comprehensive income for the period</b>										
Changes in fair value of financial assets available for sale	0	0	0	0	0	-5,432	0	0	0	-5,432
Deferred tax effect - change in fair value of financial assets available for sale	0	0	0	0	0	1,228	0	0	0	1,228
Deferred tax effect and tax effect of transition to IFRS	0	0	0	0	0	0	0	0	-905	-905
<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>-4,204</b>	<b>0</b>	<b>0</b>	<b>-905</b>	<b>-5,109</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>-4,204</b>	<b>0</b>	<b>161,130</b>	<b>-905</b>	<b>156,021</b>
<b>Transactions with owners, recorded directly in equity</b>										
Formation of statutory reserves	0	0	0	0	3,000	0	0	-3,000	0	0
Formation of other revenue reserves under the resolution of the Management and the Supervisory Board	0	0	0	0	0	0	50,000	-50,000	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	-30,828	-30,828
<b>Total transactions with owners, recorded directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>93,472</b>	<b>-134,021</b>	<b>6,721</b>	<b>-30,828</b>
<b>Balance at 31 Dec 2008</b>	<b>59,126</b>	<b>-19,489</b>	<b>120,992</b>	<b>14,990</b>	<b>17,184</b>	<b>2,620</b>	<b>450,417</b>	<b>108,130</b>	<b>43,233</b>	<b>797,203</b>

**Unaudited consolidated cash flow statement of the Krka Company**

in EUR thousand	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>170,812</b>	<b>161,130</b>
<b>Adjustments for:</b>	<b>94,995</b>	<b>106,603</b>
– amortisation/depreciation	58,795	51,729
– exchange differences	-2,144	2,409
– investment income	-12,532	-6,361
– investment expense	3,001	5,364
– interest expense and other financial expense	5,032	8,874
– income tax	42,843	44,588
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>265,807</b>	<b>267,733</b>
Change in trade receivables	-79,500	-65,686
Change in inventories	31,328	-42,729
Change in operating debts (liabilities)	13,920	6,504
Change in provisions	-39,065	7,315
Change in grants received from the government and the European Union	326	-60
Change in other current liabilities	2,962	3,537
Income taxes paid	-50,229	-39,993
<b>Cash generated from operations</b>	<b>145,549</b>	<b>136,621</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,605	2,271
Proceeds from sale of current investments	0	14
Dividends received	13	21
Profit of subsidiaries	9,436	682
Proceeds from sale of property, plant and equipment and intangible assets	7,758	4,917
Purchase of intangible assets	-7,375	-8,858
Purchase of property, plant and equipment	-74,906	-105,549
Acquisition of subsidiaries and minority interest net of cash	-2,533	-6,876
Long-term loans	-17,966	-1,120
Proceeds from repayment of long-term loans	5,720	3,575
Acquisition of non-current investments	-65	-1,098
Proceeds from sale of non-current investments	204	346
Acquisition of current investments and loans	-16,830	-41,402
Proceeds from sale of current investments and repayment of short-term loans	13,738	32,421
Payments in connection with derivative financial instruments	-1,034	-1,099
Proceeds from derivative financial instruments	0	1,886
<b>Net cash used in investing activities</b>	<b>-81,235</b>	<b>-119,869</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-6,544	-6,984
Repayment of long-term borrowings	-28,072	-22,533
Proceeds from long-term borrowings	60,000	0
Repayment of short-term borrowings	-313,165	-319,833
Proceeds from short-term borrowings	266,082	361,508
Dividends paid	-35,327	-30,739
<b>Net cash used in financing activities</b>	<b>-57,026</b>	<b>-18,581</b>
Net increase in cash and cash equivalents	<b>7,288</b>	<b>-1,829</b>
Cash and cash equivalents at beginning of period	294	2,340
Effect of exchange rate fluctuations on cash held	-95	-217
<b>Net cash and cash equivalents at end of period</b>	<b>7,487</b>	<b>294</b>