

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 |
|--|---------------------------------|
| Controlling company | |
| KRKA, d. d., Novo mesto, Slovenia | |
| Subsidiaries | |
| 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 |
| RATIOS | | | | |
| 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 ¹ | 20.4% | 21.3% | 19.8% | 21.9% |
| ROA ² | 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 ³ | 5.14 | 4.61 | 5.05 | 4.77 |
| Book value of share in EUR ⁴ | 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 Septolete 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 |
|--|------------------|------------------|
| Assets | | |
| 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 |
| Total non-current assets | 808,022 | 809,074 |
| 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 |
| Total current assets | 533,010 | 461,962 |
| Total assets | 1,341,032 | 1,271,036 |
| | | |
| Equity | | |
| Share capital | 59,126 | 59,126 |
| Own shares | -19,489 | -19,489 |
| Reserves | 150,494 | 146,454 |
| Retained earnings | 728,554 | 595,382 |
| Equity holders of the parent | 918,685 | 781,473 |
| Minority interest | 1,684 | 1,823 |
| Total equity | 920,369 | 783,296 |
| Liabilities | | |
| 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 |
| Total non-current liabilities | 237,834 | 257,526 |
| 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 |
| Total current liabilities | 182,829 | 230,214 |
| Total liabilities | 420,663 | 487,740 |
| Total equity and liabilities | 1,341,032 | 1,271,036 |

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 |
| Gross profit | 586,671 | 624,818 |
| 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 |
| Result from operating activities | 234,992 | 236,781 |
| Financial income | 1,070 | 3,029 |
| Financial costs | -11,740 | -34,177 |
| Net financial result | -10,670 | -31,148 |
| Profit before tax | 224,322 | 205,633 |
| Income tax expense | -50,637 | -49,742 |
| Profit for the period | 173,685 | 155,891 |
| Attributable to: | | |
| – equity holders of the parent | 173,766 | 155,955 |
| – minority interest | -81 | -64 |
| Basic earnings per share (in EUR) | 5.14 | 4.61 |
| Diluted earnings per share (in EUR) | 5.14 | 4.61 |

Unaudited consolidated statement of comprehensive income of the Krka Group

| in EUR thousand | 2009 | 2008 |
|---|----------------|----------------|
| Changes in profits for previous periods | -163 | 45 |
| Net profit for the period | 173,685 | 155,891 |
| Other comprehensive income for the period: | | |
| 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 |
| Total other comprehensive income for the period | -960 | -14,613 |
| Total comprehensive income for the period | 172,562 | 141,323 |
| Attributable to: | | |
| - 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 | | | | | | | | | | | | | |
| 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 | -105 | -105 | -58 | -163 |
| Net profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 173,766 | 0 | 173,766 | -81 | 173,685 |
| Other comprehensive income for the period | | | | | | | | | | | | | |
| 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 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | -516 | -444 | 0 | 0 | 0 | -960 | 0 | -960 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | -516 | -444 | 0 | 173,766 | -105 | 172,701 | -139 | 172,562 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | | |
| 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 |
| Total transactions with owners, recorded directly in equity | 0 | 0 | 0 | 0 | 5,000 | 0 | 0 | 119,937 | -169,955 | 9,529 | -35,489 | 0 | -35,489 |
| Balance at 31 Dec 2009 | 59,126 | -19,489 | 120,992 | 14,990 | 22,184 | 2,104 | -9,776 | 570,354 | 106,766 | 51,434 | 918,685 | 1,684 | 920,369 |

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 | | | | | | | | | | | | | | |
| Balance at 1 Jan 2008 | 59,126 | -19,489 | 120,992 | 14,990 | 14,184 | 6,824 | 104 | 356,945 | 87,052 | 30,149 | 670,877 | 10,036 | 680,913 | |
| Changes in profits for previous periods | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45 | 45 | 0 | 45 | |
| Net profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 155,955 | 0 | 155,955 | -64 | 155,891 | |
| Other comprehensive income for the period | | | | | | | | | | | | | | |
| 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 | |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | -4,204 | -9,436 | 0 | 0 | -973 | -14,613 | 0 | -14,613 | |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | -4,204 | -9,436 | 0 | 155,955 | -928 | 141,387 | -64 | 141,323 | |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | | | |
| 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 | |
| Total transactions with owners, recorded directly in equity | 0 | 0 | 0 | 0 | 3,000 | 0 | 0 | 93,472 | -140,052 | 12,789 | -30,791 | -8,149 | -38,940 | |
| Balance at 31 Dec 2008 | 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 | |

Unaudited consolidated cash flow statement of the Krka Group

| in EUR thousand | 2009 | 2008 |
|---|----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 173,685 | 155,891 |
| Adjustments for: | 133,908 | 128,468 |
| – 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 |
| Operating profit before changes in net operating current assets and provisions | 307,593 | 284,359 |
| 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 |
| Cash generated from operations | 165,739 | 146,893 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 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 |
| Net cash used in investing activities | -91,211 | -148,596 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 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 |
| Net cash used in financing activities | -68,395 | -6,299 |
| Net increase in cash and cash equivalents | 6,133 | -8,002 |
| Cash and cash equivalents at beginning of period | 7,604 | 15,784 |
| Effect of exchange rate fluctuations on cash held | -326 | -178 |
| Net cash and cash equivalents at end of period | 13,411 | 7,604 |

Unaudited consolidated statement of the financial position of the Krka Company

| in EUR thousand | 31 Dec 2009 | 31 Dec 2008 |
|--|------------------|------------------|
| Assets | | |
| 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 |
| Total non-current assets | 784,594 | 765,873 |
| 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 |
| Total current assets | 528,345 | 458,519 |
| Total assets | 1,312,939 | 1,224,392 |
| Equity | | |
| Share capital | 59,126 | 59,126 |
| Own shares | -19,489 | -19,489 |
| Reserves | 160,270 | 155,786 |
| Retained earnings | 732,103 | 601,780 |
| Total equity | 932,010 | 797,203 |
| Liabilities | | |
| 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 |
| Total non-current liabilities | 205,785 | 222,067 |
| 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 |
| Total current liabilities | 175,144 | 205,122 |
| Total liabilities | 380,929 | 427,189 |
| Total equity and liabilities | 1,312,939 | 1,224,392 |

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 |
| Gross profit | 513,882 | 553,960 |
| 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 |
| Result from operating activities | 211,635 | 223,642 |
| Financial income | 12,160 | 4,856 |
| Financial expenses | -10,139 | -22,780 |
| Net financial result | 2,021 | -17,924 |
| Profit before tax | 213,656 | 205,718 |
| Income tax expense | -42,844 | -44,588 |
| Profit for the period | 170,812 | 161,130 |
| Basic earnings per share (in EUR) | 5.05 | 4.77 |
| Diluted earnings per share (in EUR) | 5.05 | 4.77 |

Unaudited statement of comprehensive income of the Krka Company

| in EUR thousand | 2009 | 2008 |
|---|----------------|----------------|
| Net profit for the period | 170,812 | 161,130 |
| Other comprehensive income for the period: | | |
| 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 |
| Total other comprehensive income for the period | -516 | -5,109 |
| Total comprehensive income for the period | 170,296 | 156,021 |

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 | | | | | | | | | | |
| 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 |
| Net profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 170,812 | 0 | 170,812 |
| Other comprehensive income for the period | | | | | | | | | | |
| 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 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | -516 | 0 | 0 | 0 | -516 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | -516 | 0 | 170,812 | 0 | 170,296 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| 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 |
| Total transactions with owners, recorded directly in equity | 0 | 0 | 0 | 0 | 5,000 | 0 | 119,937 | -175,130 | 14,704 | -35,489 |
| Balance at 31 Dec 2009 | 59,126 | -19,489 | 120,992 | 14,990 | 22,184 | 2,104 | 570,354 | 103,812 | 57,937 | 932,010 |

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 | | | | | | | | | | |
| 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 |
| Net profit for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 161,130 | 0 | 161,130 |
| Other comprehensive income for the period | | | | | | | | | | |
| 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 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | -4,204 | 0 | 0 | -905 | -5,109 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | -4,204 | 0 | 161,130 | -905 | 156,021 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| 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 |
| Total transactions with owners, recorded directly in equity | 0 | 0 | 0 | 0 | 3,000 | 0 | 93,472 | -134,021 | 6,721 | -30,828 |
| Balance at 31 Dec 2008 | 59,126 | -19,489 | 120,992 | 14,990 | 17,184 | 2,620 | 450,417 | 108,130 | 43,233 | 797,203 |

Unaudited consolidated cash flow statement of the Krka Company

| in EUR thousand | 2009 | 2008 |
|---|----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 170,812 | 161,130 |
| Adjustments for: | 94,995 | 106,603 |
| – 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 |
| Operating profit before changes in net operating current assets and provisions | 265,807 | 267,733 |
| 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 |
| Cash generated from operations | 145,549 | 136,621 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 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 |
| Net cash used in investing activities | -81,235 | -119,869 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 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 |
| Net cash used in financing activities | -57,026 | -18,581 |
| Net increase in cash and cash equivalents | 7,288 | -1,829 |
| Cash and cash equivalents at beginning of period | 294 | 2,340 |
| Effect of exchange rate fluctuations on cash held | -95 | -217 |
| Net cash and cash equivalents at end of period | 7,487 | 294 |