

THIS ENGLISH CONVENIENCE TRANSLATION OF THE POLISH LANGUAGE VERSION OF THE INFORMATION MEMORANDUM HAS BEEN PREPARED AND IS BEING PROVIDED TO INVESTORS FOR CONVENIENCE PURPOSES ONLY. IT IS NOT, AND DOES NOT CONSTITUTE OR FORM A PART OF, THE INFORMATION MEMORANDUM AS PREPARED IN THE POLISH LANGUAGE IN RELATION TO THE INTENDED ADMISSION AND INTRODUCTION TO TRADING OF THE COMPANY'S SHARES ON THE WARSAW STOCK EXCHANGE AND SHOULD NOT BE TREATED AS SUCH. THE COMPANY TAKES NO RESPONSIBILITY FOR THE ACCURACY OF THIS ENGLISH CONVENIENCE TRANSLATION OF THE POLISH LANGUAGE VERSION OF THE INFORMATION MEMORANDUM, AND THE CONTENT HEREOF IS QUALIFIED IN ITS ENTIRETY BY THE INFORMATION MEMORANDUM AS PREPARED IN THE POLISH LANGUAGE. THE POLISH LANGUAGE VERSION OF THE INFORMATION MEMORANDUM IS THE ONLY LEGALLY BINDING DOCUMENT WHICH HAS BEEN PREPARED AND PUBLISHED IN RELATION TO THE ADMISSION AND INTRODUCTION TO TRADING OF THE COMPANY'S SHARES ON THE WARSAW STOCK EXCHANGE.



Krka, d.d., Novo mesto

Information Memorandum

*prepared in relation to an intended application for the admission and introduction to trading on the regulated market operated by the Warsaw Stock Exchange (the "WSE")
35,426,120 ordinary no-par value registered shares (the "Shares")
in
Krka, tovarna zdravil, d.d.
Novo mesto, Slovenia*

This information memorandum (the "**Information Memorandum**" or the "**Memorandum**") has been prepared in relation to an intention of Krka, tovarna zdravil, d.d., Novo mesto ("**Krka**", the "**Company**") to apply for the admission and introduction of the Shares to trading on the regulated market operated by the WSE (the "**WSE Listing**"). This Information Memorandum has been prepared pursuant to Article 39 Section 1, in conjunction with Article 7 Section 4 item 8, of the Polish Act on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies dated 29 July 2005 (the "**Polish Act on Public Offering**"), and pursuant to the Ordinance of the Polish Minister of Finance of 6 July 2007 on Detailed Conditions that Should Be Satisfied by an Information Memorandum referred to in Article 39 Section 1 and Article 42 Section 1 of the Polish Act on Public Offering (the "**Memorandum Ordinance**").

This Information Memorandum has been prepared and published solely in relation to the intended application for the WSE Listing. In particular, it has not been prepared and published in relation to any offer to sell new or existing shares of the Company. The Company intends to apply to the WSE authorities for the WSE Listing, so as to have the shares first listed in the first half of 2012.

This Information Memorandum has not been approved by the Polish Financial Supervision Authority (the "**PFS**", the competent Polish supervisory authority for the financial market in Poland), the Securities Market Agency (the "**SMA**", the competent Slovenian supervision authority for the financial market in Slovenia) or any other regulatory body in Poland, Slovenia or any other country. The Company has not filed any notifications in this respect with any regulator.

The Shares have been admitted to trading on the regulated market in Slovenia and are listed on the Ljubljana Stock Exchange operated by Ljubljanska borza, d.d., Ljubljana (the "**LJSE**") on the Prime Market. The Shares have been given International Securities Identification Number (ISIN) SI0031102120.

THIS INFORMATION MEMORANDUM IS NOT AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES. THERE WILL BE NO PUBLIC OFFERING OF SHARES IN THE UNITED STATES. THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND THE SHARES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION.

This Information Memorandum does not constitute an offer to subscribe for, or a solicitation of an offer to subscribe for, Shares by persons in any jurisdiction. No public offering of the Shares is being conducted on the basis of this Information Memorandum in any jurisdiction.

The Information Memorandum, together with any other required statutory disclosure, is the sole legally binding document containing information on the WSE Listing. No person has been authorised to give any information or to make any representation concerning the Company, its Subsidiaries, the Group (as such terms are defined herein) or the Shares in the context of the WSE Listing (other than as contained in this Information Memorandum) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company.

This Information Memorandum has been published in Polish on the Internet on the Company's website <http://www.krka.biz/en/>. In addition, an English convenience translation of the Memorandum will be published at <http://www.krka.biz/en/>. Please note that the only binding language version of the Information Memorandum is the Polish version.

Investing in the securities described by this Memorandum involves high risk typical of equity instruments, as well as risk associated with the Group's business. Key risks to be considered when deciding whether to invest in the Shares are described in "Key Risk Factors Related to the Company and the Shares".

The date of this Information Memorandum is April 2, 2012

IMPORTANT INFORMATION

Capitalized terms and certain industry terms and other terms used in this Information Memorandum but not defined herein have the meaning ascribed to such terms in “*Abbreviations and Definitions*”.

The contents of this Information Memorandum are not to be construed as legal, financial, business or tax advice. Each investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. If in any doubt about the contents of this Information Memorandum, prospective investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.

The Company makes no assurance as to the compliance with the law of an investment in the Shares on the LJSE or the WSE by any investor.

This Information Memorandum is intended to provide information to prospective investors in the context of and for the sole purpose of the WSE Listing. It contains selected and summarized information, does not express any commitment or acknowledgement or waiver and does not create any express or implied right towards anyone other than a prospective investor in the context of the WSE Listing. It can not be used except in connection with the WSE Listing. The contents of this Memorandum are not to be construed as an interpretation of the Group’s obligations, of market practice or of contracts entered into by the Group.

Prospective investors are expressly advised that an investment in the Shares entails financial risk and that they should, therefore, read this Information Memorandum in its entirety and, in particular, the “*Key Risk Factors Related to the Company and the Shares*”, when considering an investment in the Shares. In making an investment decision, prospective investors must rely on their own examination of the Group, the information publicly disclosed by the Company, especially ad hoc and periodic reports and the information contained in this Information Memorandum, including the risks involved in an investment in the Shares.

This Information Memorandum does not constitute an offer to sell or a solicitation by or on behalf of the Company to any person to purchase any of the Shares in any jurisdiction. The distribution of this Information Memorandum in certain jurisdictions is restricted by law. Persons into whose possession this Information Memorandum may come are required by the Company to inform themselves about and to observe such restrictions. Other than in Poland, with respect to the WSE Listing no action has been taken by the Company that would permit the possession or distribution of this Information Memorandum or any other materials relating to the Shares in any jurisdiction where action for that purpose is required. This Information Memorandum may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. The Company does not accept any responsibility for any violation by any person of any of these restrictions.

This Information Memorandum has been prepared pursuant to Article 39 Section 1 in conjunction with Article 7 Section 4 item 8 of the Polish Act on Public Offering. According to the cited regulation, an issuer of securities admitted to trading on a foreign regulated market may apply, for admission of its securities to trading on a regulated market operated by the WSE, provided that the conditions set forth in Article 7 Section 4 item 8 of the Polish Act on Public Offering are satisfied without the necessity to prepare a prospectus. In the case of Krka, these conditions have been satisfied (relevant information is provided in “*Statutory Provisions Which Authorise Admitting the Shares to Trading on WSE on the Basis of the Information Memorandum*”).

The Information Memorandum contains information pursuant to the detailed requirements regarding the scope of information to be disclosed in the information memorandum as provided in § 55 of the Memorandum Ordinance. Moreover, the “*Additional Information*” section of this Information Memorandum includes the following additional information: additional information on the Company’s share capital; selected Polish and Slovenian tax considerations; reporting obligations in Poland; reporting obligations in Slovenia; corporate governance and the Company’s corporate governance documents available to investors. Moreover, certain additional corporate and financial documents in English relating to the Company and the Group may be accessed electronically at <http://www.krka.biz/en/>.

In case there is a need for any updates to the content of the Information Memorandum, the Company will give notice of such updates by publishing relevant information on the website on which the Information Memorandum has been published, that is at <http://www.krka.biz/en/>. In addition, as of the day when the Shares are admitted to trading on the WSE, Krka will be required to satisfy ongoing reporting requirements and disclose certain information to the public in Poland, as required under the relevant regulations (for relevant information see “*Reporting Obligations in Poland*”).

Neither the Company nor any of its representatives makes any representation to any purchaser of the Shares regarding the legality of an investment in the Shares by such purchaser under the laws applicable to such purchaser.

Neither the publication of this Memorandum nor any sale of the Shares made at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the entirety of the information set forth in this Information Memorandum is correct as at any time subsequent to its date.

NOTICE TO PROSPECTIVE INVESTORS

In certain countries applicable legislation may restrict the distribution of this Information Memorandum. This Information Memorandum may not be used for the purposes of or in connection with, and does not constitute, any offer to sell, or any solicitation or invitation to purchase, the Shares in any jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No Shares are being offered to the public in any jurisdiction, including Slovenia or Poland, on the basis of this Memorandum.

NOTE ON ESTIMATES AND FORWARD LOOKING STATEMENTS

This Information Memorandum may contain certain estimates and forward looking statements related to the business, financial performance, results of operations and the related risk factors of the Group and to business lines through which it operates or will operate.

These estimates and forward looking statements concern future events, results and other events other than historical facts, and can be identified with expressions such as "it is deemed", "it is forecast", "it is meant", "it is projected", "it is planned", "it is estimated", "it is expected", "it is anticipated", "we aim to", "it is foreseen that" and other similar expressions. These statements reflect only the expectations with respect to future events and are therefore subject to risks and uncertainties, including those related to:

- changes in economic, business or legal conditions in general;
- changes in government policies and regulations;
- changes in the competitive scenario of the Group;
- the success of acquisitions, mergers and strategic alliances realised by the Group;
- changes and volatility in the interest rates and stock prices;
- the ability of the Group to realise cost and revenue synergies and to improve productivity;
- other factors that are described in "*Key Risk Factors Related to the Company and the Shares*"; and
- factors that are currently unknown to the Company.

The actual occurrence of one or more risks or the incorrectness of the underlying assumptions elaborated by the Company could determine substantially different results with respect to those described in the estimates and forward looking statements contained in the Information Memorandum. As a consequence, the Group may not be able to reach the stated strategic and/or industrial targets. The Company does not intend to update, and will endorse no obligation to update, any estimates or forward looking statements or any other information related to the sector or clients and contained in the Information Memorandum, except in situations in which such updating is required by the then current laws.

DISCLAIMER

THIS INFORMATION MEMORANDUM DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OF SECURITIES, OR CONSTITUTE A SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR SECURITIES.

This Information Memorandum is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, Canada or Japan.

This Information Memorandum is directed at persons outside the United Kingdom or otherwise only at: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professional" in Articles 19(5) of the Financial Services and Markets Act 2000 (Financial

Promotion) Order 2005 (the “**Order**”); or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order. Any investment or investment activity to which this communication relates is only available to and will only be engaged in with such persons and persons who receive this communication (other than persons falling within (i) and (ii) above) should not rely or act upon this communication. Accordingly this Information Memorandum is exempt from the general restriction set out in Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) and has not been approved by a person who is authorised under the FSMA.

This Information Memorandum does not constitute an offer of securities for sale in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold in the United States unless they are registered under the U.S. Securities Act or pursuant to an available exemption therefrom.

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INFORMATION ON THE COMPANY

Corporate name: Krka, tovarna zdravil, d. d., Novo mesto
Legal Form: Joint stock company
Country of registered office: Slovenia
Registered office: Šmarješka cesta 6, 8501 Novo mesto, Slovenia
Telephone: +386 7 331 21 11
Fax: +386 7 332 15 37
E-mail: info@krka.biz
Website: <http://www.krka.biz/en/>
Business classification code: 21.200 – manufacture of pharmaceutical preparations
Registration entry: 1/00097/00, District Court of Novo mesto
VAT identification number: SI82646716
Company ID number: 5043611

INFORMATION ON THE SHARES

As at the date hereof, the share capital of the Company amounts to EUR 59,126,194.28 and consists of 35,426,120 ordinary no-par value registered shares. Each Share represents a proportionally equal value of equity.

All of the Shares are listed on the LJSE (under ISIN Code: SI0031102120) and intended to be admitted to trading and listed on the WSE's main market.

For additional information concerning Company's share capital see "*Additional information on the Company's share capital*".

LEGAL BASIS FOR APPLYING FOR THE ADMISSION OF THE SHARES TO TRADING ON THE WSE

Under Slovenian law and the Articles of Association, the Management Board is the appropriate authority to make any and all decisions relating to: (i) the admission and introduction to trading on the regulated market of the WSE of any and all Shares; and (ii) registration with the NDS of any and all Shares. On 17 February 2012, the Management Board adopted resolution 24/2012 stating the approval of the Management Board to seek the admission and introduction to trading on the regulated market of the WSE with regard to all of the Shares and taking all other necessary steps in connection with the above, and stating the approval of the Management Board for the registration of all Shares with the securities depository operated by the NDS and taking all other necessary steps in connection with the above.

SUMMARY OF RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

This Memorandum includes a general description of the relevant provisions of Slovenian law with respect to the Shares. Investors that are not Slovenian residents are advised to consult with Slovenian counsels if they wish to obtain a more comprehensive understanding of their rights and obligations as holders of the Shares.

Rights attached to the Shares

Pursuant to the Articles of Association, which are in accordance with the statutory provisions of Slovenian Companies Act (hereinafter referred to as “ZGD-1”) the main rights attached to the Shares include, in particular:

Rights to participate in and vote at the General Meeting

General Meeting

In principle, general meetings must be convened in the cases stipulated by law or by an entity’s articles of association, and whenever the interests of such entity so require. The management board of a relevant entity decides by a simple majority on whether to convene the general meeting. Pursuant to the Company’s Articles of Association the General Meeting is convened at the Management Board’s own initiative, at the request of the Supervisory Board or at the request of the minority shareholders, whose total interest accounts for at least 5% of the subscribed capital. In the latter case, the request must be accompanied by a written agenda with a proposed resolution for each suggested item on the agenda to be decided upon by the General Meeting or, if the General Meeting is not adopting a resolution in an agenda item, an explanation of that agenda item. Upon the request of the minority shareholders, the General Meeting must be convened as soon as possible, however, not later than within two months of the receipt of a given request, otherwise the court may authorise the minority shareholders who made the request, or their authorised persons, to convene the General Meeting themselves.

The Articles of Association stipulate that in order to participate in the General Meeting or exercise the voting rights the shareholders are required to notify their participation prior to the General Meeting; in the case where the shareholders’ voting rights are to be exercised by a proxy, a written power of attorney must be submitted to the Company’s Management Board no later than at the end of the fourth day prior to the General Meeting. Only shareholders that are registered as holders of shares in the central register of book-entry securities as at the end of the fourth day prior to the General Meeting (the “**Voting Record Date**”) may participate in such meeting and exercise their voting rights.

Generally, a shareholder entitled to participate in the general meeting of a joint stock company may authorise a natural or a legal person with legal capacity to participate in the general meeting on his/her behalf and exercise his/her voting rights. Such authorisation must be given in writing. As the Shares of the Company are traded on an organised market, the shareholders of the Company may authorise such person through facsimile or other electronic means if so determined by the Management Board in the convocation notice. Shareholders may revoke the authorisation at any time in the same manner.

The General Meeting must be convened at least one month prior to the holding of such meeting. Information on the convocation of such General Meeting is published in Delo, a daily newspaper, or another daily newspaper and through the Slovenian electronic system for the dissemination of regulated information, SEOnet. The information on the convocation of the General Meeting must also be published on the Company’s website.

In the period from the date of announcement of the convocation of the General Meeting to the date of the holding of such meeting, at least the following information must be available on the Company’s website:

- the convocation of the General Meeting;
- the total number of shares and voting rights on the date of the convocation of the General Meeting, including separate data on each class of shares;
- the full texts of the relevant documents and proposals;
- the forms used for voting by an authorised person or the forms used to vote by mail or if such forms cannot be published on the website due to technical reasons, information on how these forms may be obtained free of charge in hard copy upon a shareholder’s request;
- exhaustive information on the shareholders’ rights, including from the first paragraph of Article 298, the first paragraph of Article 300 and Articles 301 and 305 of ZGD-1; and
- the shareholders’ proposals.

Following the announcement of the convocation of the General Meeting, shareholders whose total interest accounts for 5% of the subscribed capital in the Company may request in writing that additional items be placed on the agenda. Such request must be accompanied by a written proposed resolution to be decided upon by the General Meeting or, if the General Meeting will not decide on an individual agenda item by adopting a separate resolution, an explanation of that agenda item must be provided. The request must be sent to the Company within seven days, at the latest, following the announcement of the convocation of the General Meeting. As the Shares are traded on the organised market, the Company must offer its shareholders at least one manner of sending additional agenda items through electronic means, i.e. through facsimile or other electronic means if so determined by the Management Board in the convocation notice. Immediately upon the lapse of the deadline for any supplements to the agenda, the Management Board must publish the additional agenda items to be discussed at the General Meeting. Within the deadline for any supplements to the agenda, the Company must publish the amended version of the agenda in the same manner as it published the information on the convocation of the General Meeting.

Voting rights

A majority of votes cast by the shareholders (simple majority principle) is required in order for the General Meeting to adopt resolutions. A three-quarters majority is required to adopt resolutions on the following matters:

- amendments to the Articles of Association;
- increase of the share capital in the Company (including conditional increase);
- decrease of the share capital in the Company;
- changes in the corporate status of the company and the winding up of the Company;
- the exclusion of pre-emptive rights of the shareholders in the case of new share issue;
- the early dismissal of Supervisory Board members;
- other cases prescribed by law or the Articles of Association.

Shareholders exercise their voting rights based on the proportion of the Shares they hold in the subscribed capital in the Company. Each Share carries one vote.

Within two days of the holding of the General Meeting the Company must publish the voting results on its website.

Participation in and voting at the General Meetings of shareholders holding Shares through the NDS

The right to exercise voting rights at the General Meeting by investors holding Shares through the NDS will be established on the basis of the balance of securities accounts as of the end of the Voting Record Date, including all of the transactions which have been settled up to the Voting Record Date (inclusive).

Share-related transactions settled as of the Voting Record Date.

As regards participation in and voting at the General Meeting by investors holding Shares through the NDS, the NDS will enable (i) personal voting, (ii) proxy voting, and (iii) voting instructions.

In order to participate in and vote at a General Meeting, shareholders holding Shares through the NDS should contact the investment firms (the NDS participants) that maintain their securities account and they will be provided with the relevant information.

Personal voting and proxy voting will require that the NDS issue powers of attorney for the relevant shareholders and deliver such powers of attorney together with the personal data of such shareholders or their proxies to the NLB.

Voting by instructions will consist in the delivery by the NDS of voting instructions for the General Meeting (received via the NDS participants from the investors holding Shares through the NDS), along with the relevant powers of attorney, to the NLB, which will subsequently vote at the General Meeting, either directly or via its appointed proxy, according to the instructions received from the investors holding Shares through the NDS. Voting by instructions will not require the disclosure of the personal data of shareholders.

Dividend rights

The General Meeting decides on the division of profits. Shareholders have the right to a share in the profits unless the General Meeting resolves, in accordance with the law or the Articles of Association that: (1) any

additional amounts will be transferred to the reserve capital or designated for other purposes as stipulated by the Articles of Association; or (2) the profits will not be distributed to the shareholders (profit retained).

In general the shareholders' participation in the profits is determined pro rata to their share in the subscribed capital in the Company. Exemptions to the above rules of participation by the shareholders in the profits are permitted only if prescribed by applicable law or the Articles of Association.

Shareholders that are entitled to a dividend are those shareholders who were registered with the KDD on the date specified in the decision of the General Meeting (the "**Dividend Date**"). It should be noted that changes of ownership are usually recorded in the register operated by the KDD with a delay of approximately two working days. Additionally, the LJSE publishes on its website information on what is referred to as the "first trading day without entitlement to dividends". Shares acquired on such date or after this date will not entitle the holder thereof to a dividend.

It is the common practice of the Company that all shareholders are informed of the General Meeting's decisions on dividend payments within approximately three weeks of such decisions being taken by the General Meeting by way of a written notification from the Company specifying the amount of dividend and the date and method of its payment. The Company recommends to its shareholders that once they receive notification on the payment of dividends, they should inform the Company's agent authorized for the payment of dividends of their tax number and their bank account number in order to ensure that dividends will be paid exactly on the date fixed by the General Meeting.

Payment of dividends and other distributions to shareholders holding Shares through the NDS

The group of investors holding Shares through the NDS who are entitled to receive the dividend will be established on the basis of the balance of securities accounts as of the end of the Dividend Date, including all of the transactions which have been settled up to the Dividend Date (inclusive).

The Company will pay the dividend to shareholders holding Shares through the NDS in EUR and transfer it to the NLB. The NLB will then transfer the dividend amount less withholding tax to the NDS account (within the TARGET2 system) and, subsequently, the NDS will distribute it to the accounts of the individual NDS participants who will then pay the dividend to the Company shareholders who are authorised to receive such dividend.

Right to share in the capital in the event of liquidation

If a joint stock company is liquidated, the remaining assets are divided among the shareholders in proportion to their contributions after repayment of all the company's liabilities. Contributions that have not yet been paid must be paid before the division in accordance with the articles of association.

Pre-emptive rights

Pursuant to the Articles of Association the shareholders have a priority right to subscribe for new shares in the Company in any share capital increase, unless such right is excluded by a resolution of the General Meeting passed by at least a 75% majority of votes present at the General Meeting.

The Management Board announces the issuance of new shares in a daily newspaper and invite existing shareholders to subscribe and pay for the new shares in proportion to their existing shareholdings, no later than thirty days from the relevant resolution on the increase of the share capital adopted by the General Meeting. The existing shareholders must subscribe the newly issued shares no later than thirty (30) days after the announcement of the share issuance in a daily newspaper, unless otherwise is provided in the relevant resolution on the issuance of new shares.

Shareholders can exercise their pre-emptive right by sending a written statement to that effect to the Management Board within the time limit specified in the resolution on share issuance. If the existing shareholders do not exercise their pre-emptive rights within the specified time limit and do not subscribe the issued shares, the Management Board is free to call on third parties to subscribe and pay for the shares.

Execution of pre-emptive rights by shareholders holding Shares through the NDS

The NLB shall provide the NDS with information on the increase of the share capital with pre-emptive rights upon the receipt of such information from the Company and /or the KDD.

The said information will be provided to the NDS participants (brokerage companies and custodians) for onward delivery to end investors.

On the allocation day (after the record date), the NDS's account with the KDD will be credited with subscription rights, in accordance with balances of accounts as per the record date.

The NDS will reflect them on the accounts of its participants.

During the subscription period, beneficial owners will approach the entities managing their securities accounts (brokerage companies, custodians) in order to subscribe for the shares of the new issue and make the relevant payment.

Individual subscription rights will be exercised based on the subscription ratio determined by the Company. At the end of the subscription period, the NDS participants will advise the NDS of the total number of exercised rights, as well as acquired shares, and will provide the NDS with the funds relating to the placed subscriptions. Upon the receipt of payment, the NDS will transfer the funds to the NLB, which will in turn transfer them to the Company.

Upon the receipt of the above-mentioned information, the NDS will provide the NLB with an instruction, including information on the total number of the exercised rights and the number of subscribed shares. The NLB will block the exercised subscription rights until the date of allocation of the newly issued shares. On the allocation date, the NLB will debit the pre-emptive rights from the NDS account (with KDD) and credit the NDS account with the subscribed shares. Upon the receipt of the shares of the new issue, the NDS will reflect them in its system crediting the accounts of the entitled NDS participants, who will in turn credit the securities accounts of the end investors who subscribed for the shares.

Redemption provisions

A redemption right is the right of a shareholder to force the company to repurchase its shares.

Neither the provisions of ZGD-1 nor the Articles of Association provide for any provision or (individual) option rights entitling shareholders to force the Company to repurchase their Shares.

Statutory provisions, to a limited extent and under the conditions of Article 247 of ZGD-1, only provide for the ability of the Company to acquire its own shares. The total proportion of the shares acquired by the Company, together with any other own shares if they have been previously acquired, may not exceed 10% of the subscribed capital.

Conversion provisions

As the Company only has one class of shares (i.e. ordinary shares), currently there are no provisions of the Articles of Association governing the possibility of converting ordinary shares into preferred shares.

Transferability

Slovenian statutory provisions provide that when shares are traded on the regulated market, a company's articles of association may stipulate that the company's permission is required in order to transfer these shares. However, the only circumstance in which the articles of association may determine as a substantiated reason for refusal to give permission for such transfer is that with the acquisition of these shares together with the shares already held by the acquirer prior to the acquisition the acquirer would exceed a certain proportion of the voting rights or a certain proportion in the share capital of the company.

Pursuant to the Articles of Association, the authorization of the Supervisory Board is required for the acquisition of Shares by which the acquirer would cumulatively exceed 20% of the Company's share capital and the authorization of the General Meeting is required for the acquisition of Shares by which the acquirer would cumulatively exceed 25% of the Company's share capital. In both cases, for the calculation of above-mentioned proportion the shares owned by shareholders of any subsidiary or parent company or related companies are also considered. The Supervisory Board or the General Meeting may refuse to grant permission for the transfer of shares if the acquirer would exceed 20 % or 25 % of the share capital of the Company respectively. It should be noted that this provision on the limitation of the transferability of the Shares in the current Articles of Association could be interpreted as being legally ineffective due to mandatory provisions of ZGD-1, ZNVP and ZPre-1.

The form and rules governing trading in the Shares in Poland

The Company is a Slovenian entity and its organisation, structure, rules of operation and shareholder relations are governed by the laws of Slovenia. Therefore, the regulations and procedures governing the exercise of rights of the Company's shareholders might be different than the corresponding regulations and procedures relating to Polish joint stock companies.

After the WSE Listing, the Shares will be listed on both the LJSE and the WSE and will be registered, respectively, in the securities depositories operated by the KDD and the NDS.

The operating connection between NDS and KDD for the purposes of a securities clearing system is a direct connection and the NDS holds an omnibus securities account (an account maintained in favour of a financial intermediary who is not the owner of the securities, used for keeping securities on behalf of third parties, without showing the data of the end investors) in the KDD. The NDS account in the KDD is operated by the NLB, a depository bank.

After the WSE Listing the rights held by the Company's shareholders will be exercised by investors holding Shares through the NDS in accordance with the relevant regulations of Slovenian law governing the exercise of rights by the Company's shareholders using the above-mentioned direct connection between the NDS and the KDD.

In order to transfer the Shares from the KDD system to the NDS system, investors should issue appropriate instructions to investment firms operating their securities account through the KDD system (in which the Shares are recorded) and appropriate instructions to the investment firms operating their securities account through the NDS system (in which account the Shares are to be recorded). Investment firms will then issue share transfer instructions which are required by the NDS, the KDD and the NLB to effect the share transfer. The share transfer will be effected through the NLB and the Shares subject to the transfer will be recorded on the account of the NDS opened with the KDD and operated by the NLB.

Transferring the Shares will be contingent on the unequivocal identification of the participant of the KDD system from whose account the Shares are to be released. Based on the confirmation of the crediting of the account of the NDS in the KDD, the NDS will record the Shares in the account of the direct NDS participant, and subsequently the Shares will be recorded in the investor's securities account.

The transfer of the Shares from the NDS system to the KDD system is effected in the same way as described above.

The attention of investors is drawn to the fact that although to the best knowledge of the Company the KDD, the NDS and the NLB have agreed on the rules governing the share transfer described in this section, those institutions are not required to carry out these procedures and may interrupt these at any time. Neither the Company, nor its advisers nor any of their respective representatives assume any responsibility for any of the trade settlement obligations of the NLB, the KDD and the NDS or any of their participants.

Mandatory takeover bids and/or squeeze-out rules in relation to Shares under Slovenian regulations

The Slovenian rules on mandatory takeover offers and squeeze-out and sell-out rules are included in the following laws and regulations:

- the Companies Act and the implementing regulations issued on the basis of this act (“**ZGD-1**”);
- the Market in Financial Instruments Act and the implementing regulations issued on the basis of this act (“**ZTFI**”);
- the Book Entry Securities Act and the implementing regulations issued on the basis of this act (“**ZNVP**”);
- the Takeovers Act and the implementing regulations issued on the basis of this act (“**ZPre-1**”);
- the Obligations Code (“**OZ**”);
- the Banking Act (Official Gazette of RS No. 131/06, 109/08, 19/09, 98/09, 79/10 and 99/10) and the implementing regulations issued on the basis of this act (“**Zban-1**”);
- the KDD rules (Official Gazette of RS No. 137/04, 115/07 and 37/10).

Mandatory takeover bids

In accordance with ZPre-1, a mandatory takeover bid must be made by a shareholder (offeror) achieving, alone or together with persons acting in concert with it, the takeover threshold. The takeover threshold is set at 25% of the voting rights in a public company (the initial takeover threshold). This takeover threshold might in the near future be raised to 33%. The SMA, namely in March 2012, proposed changing the ZPre-1 threshold to 33%.

After the completed successful takeover bid procedure an additional takeover bid must be made by the offeror each time it acquires an additional 10% share of the voting rights (the additional takeover threshold). An additional offer must be announced for all the remaining shares that were not acquired by the offeror pursuant to a completed takeover bid procedure. The obligation to make an additional takeover bid ceases when a

shareholder-offeror that has already made a successful takeover bid acquires at least 75% of a company's total voting shares (the final takeover threshold).

Thus, a takeover bid must be made by:

- an offeror that achieved the takeover threshold,
- an offeror that achieved the additional takeover threshold.

The latter obligation arises when the offeror has acquired a 10% share of voting rights after a completed successful takeover bid procedure and ceases when the offeror who has already made a successful takeover bid acquires at least 75% of all the offeree company's voting shares.

Prior to announcing its takeover bid, the offeror must notify the SMA of its takeover intention, the offeree company's management and the authority responsible for the protection of competition (the Competition Protection Office in Slovenia) as well as make a public announcement of its takeover intention on the same day.

Squeeze-out

A shareholder whose shareholding represents at least 90% of a public company's subscribed capital (i.e. the principal shareholder), may propose that the general meeting adopts a resolution on the transfer of shares of the remaining shareholders (the minority shareholders) to the principal shareholder against payment of appropriate monetary compensation.

The publication of the agenda of the general meeting to decide on such transfer of shares to the principal shareholder must contain:

- the name and registered office of the company or name, surname and address of the principal shareholder; and
- the amount of monetary compensation offered by the principal shareholder.

The principal shareholder must prepare a written report for the general meeting in which it explains the assumptions for the transfer of shares and the appropriate amount of monetary compensation. The appropriate amount of monetary compensation offered by the principal shareholder is to be reviewed by one or more auditors appointed by the court following a proposal therefor by the principal shareholder.

The compensation to the excluded shareholders must be paid in monetary form (and not, for example, in the form of the shares of the principal shareholder or shares of its subsidiaries or any other substitute shares or other type of securities). Pursuant to ZGD-1 the amount of monetary compensation is determined by the principal shareholder and must take into account the financial and profit position of the company at the time when the general meeting adopts the decision on the squeeze-out. For the time from the publication of the entry of the decision on transfer of shares into the register until the actual payment of monetary compensation, interest is added to cash payments at five percent per annum pro rata. Prior to the convocation of the general meeting, the principal shareholder must submit to the management of the company a statement from a bank in which the bank confirms its joint and several liability to meet the obligations of the principal shareholder, namely, to pay monetary compensation to the minority shareholders for the acquired shares immediately after the registration of the transfer of shares in the court register.

Every shareholder must prior to the general meeting be given access to: (i) the proposal on the transfer of shares; (ii) annual reports for the last three financial years; (iii) a written statement from the principal shareholder; (iv) the auditor's report.

All these documents must be submitted to the session of the general meeting. At the beginning of the discussion at the general meeting, the principal shareholder must orally explain the proposal of the resolution for the transfer of shares and the method of calculating the amount of monetary compensation. Before a decision is taken on the consenting to the transfer of shares to the principal shareholder, the principal shareholder must inform the minority shareholders of all significant changes in the assets of the company that occurred between the drawing up of the resolution on the transfer of shares and the session of the general meeting.

Squeeze-out in consequence of a takeover bid

If a company's general meeting (on the proposal of a principal shareholder) adopts a decision to transfer shares held by minority shareholders to the principal shareholder within three months after the announcement of the outcome of the takeover bid following which the principal shareholder has acquired at least 90% of all voting shares, the principal shareholder must instead of the monetary compensation laid down by the provision of ZGD-1, offer a compensation in the amount specified by the takeover bid (the "takeover price").

Sell-out

Following a request made by one or more minority shareholders, the principal shareholder must, within a month of receiving such request, offer such shareholder or shareholders appropriate monetary compensation for the purchase of all the remaining shares of each individual minority shareholder.

The provisions of ZGD-1 governing squeeze-out (as described above) apply *mutatis mutandis* to the determination of appropriate amount of monetary compensation.

Sell-out in consequence of a takeover bid

If the minority shareholders make a request for the repurchasing of their shares within three months from the announcement of the outcome of the takeover bid, they may request compensation in the amount specified by the takeover bid instead of the compensation determined by the provisions of ZGD-1 (as described above).

Form of the Shares

The Shares are issued and traded on a dematerialised basis in a book-entry form.

Certain applicable Polish laws and regulations

The principle regulations governing the Polish securities market are three acts dated 29 July 2005, i.e.: (i) the Polish Act on Public Offering; (ii) the Polish Act on Trading in Financial Instruments; and (iii) the Polish Act on the Supervision over the Capital Market. Since 19 September 2006, supervision over the capital markets has also been regulated by the Act on Supervision over the Financial Market. Furthermore, the Polish capital market is governed by regulations provided in secondary legislation adopted on the basis of the above-mentioned laws and Community rules, which, similarly to Community regulations, apply directly in Poland.

The authority which oversees the capital market in Poland is the PFSA.

The Polish Act on Public Offering: rights and obligations related to the acquisition and sale of significant blocks of shares

The Company is a public company for the purposes of Art. 4 section 20 of the Polish Act on Public Offering. Consequently, any acquisition and sale of shares is subject to, in particular, the requirements listed below.

Pursuant to the Polish Act on Public Offering, anyone who:

- has reached or exceeded 5%, 10%, 15%, 20%, 25%, 33%, thirty-three and one-third percent, 50%, 75% or 90% of the total number of votes in a public company; or
- holds at least 5%, 10%, 15%, 20%, 25%, 33%, thirty-three and one-third percent, 50%, 75% or 90% of the total number of votes in such company, and as a result of reducing that shareholding has respectively reached 5%, 10%, 15%, 20%, 25%, 33%, thirty-three and one-third percent, 50%, 75% or 90% or fewer of the general number of votes,

is required to immediately notify the PFSA and the relevant public company not later than within four business days from the date on which it acknowledged the change in its share in the total number of votes or, with due diligence could have acknowledged such change, and in the case where the change results from the purchase of shares in a public company in a transaction concluded on the regulated market, not later than within six trading days from the transaction. Trading days are days specified by the company managing the regulated market (in the case of the Company, the WSE) in its rules, pursuant to the Polish Act on Trading in Financial Instruments and announced by the PFSA on its website.

The obligation to notify the PFSA and a public company also applies if:

- shares in a company traded on the main market of the WSE representing at least two percent (2%) of the overall number of votes at a meeting of shareholders are purchased or sold by any shareholder who already owns shares representing more than ten percent (10%) of the votes at a meeting of shareholders;
- shares in a company whose shares are admitted to trading on a regulated market other than the main market of the WSE representing at least five percent (5%) of the overall number of votes at a meeting of shareholders are purchased or sold by any shareholder who already owns shares representing more than ten percent (10%) of the votes at a meeting of shareholders; and

- any person who holds shares representing more than 33% of the votes at a meeting of shareholders purchases or sells shares of this public company representing at least one percent (1%) of the overall number of votes at a meeting of shareholders of such company.

The duty to make the above-mentioned notification does not arise when, upon the settlement by the depository for securities of transactions concluded on the regulated market on the same day, the change of the share in the total number of votes in a public company as of the end of the settlement day does not result in achieving or exceeding the threshold for the total number of votes with regard to which the duty arises.

The aforementioned notification may be made in English.

Following receipt of a notice, a public company is required to immediately and simultaneously make the information public and deliver it to the PFSA and the company which operates the regulated market on which the shares in that company are quoted.

The PFSA may release a public company from the obligation to make such information public if the disclosure of such information could:

- harm the public interest; or
- result in major harm to the interests of the company, unless the lack of the relevant information will result in many investors being misled with regard to the assessment of the value of the securities.

The Polish Act on Trading in Financial Instruments

Insider trading

Confidential information is any information of a precise nature relating, directly or indirectly, to one or more issuers of financial instruments, or acquisitions or disposals of such instruments, which has not been made public and which, if made public, would be likely to have a significant effect on the prices of financial instruments or related derivative financial instruments.

Anyone who gains confidential information by virtue of membership in the governing bodies of a company or other entity, by virtue of an interest in the share capital of the company or other entity, or as a result of having access to confidential information in connection with employment or a mandate or any other contract or any legal relationship of a similar nature, is prohibited from using such information. Actions considered as prohibited use of confidential information include:

- purchasing or selling, on one's own account or for the account of a third party, shares in the issuer, the derivative rights attached thereto or other financial instruments related to such shares;
- recommending or inducing other persons to purchase or sell any financial instruments affected by the confidential information; and
- enabling or facilitating the confidential information regarding one or more share issuers, or the issuer of other financial instruments, to be obtained by an unauthorized person.

Any person publicizing or using confidential information in violation of the law may be guilty of an offence punishable by imprisonment, a fine or both. The maximum fine that can be imposed is PLN 5 million; the length of imprisonment ranges from three months to eight years.

Obligations related to the purchase or sale of shares during lock-up periods

Another restriction introduced under the Polish Act on Trading in Financial Instruments applies exclusively to members of the management board, supervisory board, registered proxies or attorneys-in-fact of an issuer (*emitent* or *wystawca*), any of its employees, statutory auditors or other persons who are retained by such issuer (*emitent* or *wystawca*) on the basis of a mandate or any other similar legal grounds (persons who have direct access to confidential information) who, during the restricted period, can not acquire or dispose of, on their own account or for the account of any third party, shares in the issuer, any derivatives related to such shares or any other financial instruments related therewith or to perform, on their own account or for the account of any third party, any other legal actions which do or could result in any disposal of such financial instruments.

Moreover, persons who have access to confidential information cannot, during any lock-up periods, acting in the capacity of authorities of any legal person, take actions aimed at procuring the purchase or sale by such legal person, on its own account or for the account of any third party, of shares in the issuer, any derivative rights attached to such shares or any other financial instruments related therewith, or take actions which will or could result in the disposal of any such financial instruments by the legal person on its own account or for the account of any third party.

The above restrictions do not apply to actions taken: (i) by an entity conducting any brokerage activity which was entrusted by such person with the management of a financial instruments portfolio in a manner excluding any interference of that person in the investment decisions taken for the account of such person; or (ii) in performance of an agreement requiring the sale or purchase of shares in the issuer, any derivative rights attached to such shares or any other financial instruments related therewith, such agreement being made in writing with a certified date (*data pewna*) prior to the commencement of the given lock-up period; or (iii) as a consequence of a person who has access to level one confidential information filing a subscription order in response to a public tender for presenting shares for sale or exchange in accordance with the Polish Act on Public Offering; or (iv) in relation to a person who has access to level one confidential information being required to announce a public tender for presenting shares for sale or exchange in accordance with the Polish Act on Public Offering; or (v) in connection with an existing shareholder's exercise of pre-emptive rights; or (vi) in connection with an offering addressed to the employees or persons who are members of the corporate authorities of the issuer, provided that information on such offering was publicly available prior to the commencement of the given lock-up period.

Restricted periods are: (i) the period between a primary insider gaining inside information concerning the issuer of the financial instruments and the time such information is made public; (ii) in the case of an annual report, a period of two months preceding the publication of such report, or if shorter, the period between the end of the given financial year and the publication of such report; (iii) in the case of a semi-annual report, a period of one month preceding the publication of such report, or if shorter, the period between the end of the given half year and the publication of such report; and (iv) in the case of a quarterly report, the period commencing two weeks before the publication of such report, or if shorter, the period between the end of the given quarter and the publication of such report.

If an insider violates this prohibition during the restricted periods, the PFSA may impose a fine of up to PLN 0.2 million.

In addition, persons who are members of governing or supervisory bodies of issuers or are the issuer's proxies, as well as persons holding managerial positions, who have access to confidential information of the issuer are required to notify the PFSA and the issuer of their transactions involving shares in the issuer or related financial instruments. This obligation also applies to transactions involving relatives of the persons indicated above, in accordance with the definition provided in Article 160, section 2 of the Polish Act on Trading in Financial Instruments. A breach of the aforementioned obligations is subject to a fine of up to PLN 0.1 million.

Concentration regulations

General Remark

Carrying out any concentration involving the Group may require the notification of the relevant antimonopoly authority or authorities as well as the need to obtain antimonopoly approval(s) for such concentration. The jurisdiction of the relevant antimonopoly authorities will depend on the circumstances of each intended concentration, in particular the character of the concentration and applicable turnover thresholds of the investor and the Group. Thus, prior to carrying out any concentration, it should be verified which antimonopoly authority or authorities have jurisdiction over the concentration and the relevant antimonopoly approval(s) should be obtained. The concentration might be subject to notification to the European Commission (described below) and/or to the relevant national antimonopoly authorities.

Concentration Control Regulation

The requirements regarding the control of concentrations arise, *inter alia*, from the Concentration Control Regulation. This regulation governs concentrations having a Community dimension and therefore applies to undertakings and their related parties which exceed specific thresholds of sales of goods and services. The Concentration Control Regulation only encompasses such concentrations as a result of which a permanent change arises in the ownership structure of the enterprise. Community concentrations are subject to notification of the European Commission before their final implementation.

A concentration of undertakings has a Community dimension if:

- the total global turnover of all undertakings in the concentration amounts to more than EUR 5 billion and
- the total turnover in the EU of each of at least two undertakings in the concentration is more than EUR 250 million, unless each of the undertakings in the concentration achieves more than two-thirds of its total turnover in the EU within one and the same member state.

A concentration of enterprises that does not satisfy the above criteria has a Community dimension if:

- the total global turnover of all the enterprises in the concentration amounts to more than EUR 2.5 billion;
- in each of at least three member states, the total turnover of all the enterprises in the concentration amounts to more than EUR 100 million;
- in each of at least three member states, specified for the purposes indicated above, the total turnover of each of at least two of the enterprises in the concentration is at least EUR 25 million; and
- the total turnover in the European Community of each of at least two of the enterprises in the concentration is more than EUR 100 million, unless each of the enterprises in the concentration achieves more than two-thirds of its total turnover in the Community in one and the same member state.

It cannot be excluded that carrying out a concentration involving the Group may require notifications in other jurisdictions in addition to or in lieu of notifying the European Commission. Thus, investors intending to carry out a concentration involving the Group should verify whether notifications to any other antimonopoly authorities, in particular in countries in which the Group operates, are required.

STATUTORY PROVISIONS WHICH AUTHORIZE THE ADMISSION OF THE SHARES TO TRADING ON THE WSE ON THE BASIS OF THIS INFORMATION MEMORANDUM

This Information Memorandum has been prepared pursuant to Article 39 Section 1, in conjunction with Article 7 Section 4 item 8, of the Polish Act on Public Offering. These regulations implement the provisions of Article 4 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on Prospectuses to be Published When Securities are Offered to the Public or Admitted to Trading and amending Directive 2001/34/EC (“**Directive 2003/71/EC**”).

According to Article 7 Section 4 item 8 of the Polish Act on Public Offering, the preparation, approval and publication of a prospectus is not required in cases where admission is sought for securities already admitted to trading on another regulated market if: (i) the securities or other securities of the same kind of that issuer have been admitted to trading for at least 18 months on that other regulated market; and (ii) such securities or other securities of the same kind of that issuer were for the first time admitted to trading on that other regulated market after 31 December 2003 following the approval and publication of an issue prospectus in conformity with principles conforming to the provisions of Chapter 2 of the Polish Act on Public Offering; and (iii) the information document published in connection with admission which took place after 1 July 1983 but before 31 December 2003 was prepared and approved in accordance with provisions of European Union law applicable in that period, as far as provisions of point (ii) above are of no application; and (iv) the issuer exercises the duties related to the admission of securities to trading on that other regulated market. In view of the foregoing, the issuer should publish an information memorandum prepared in the form of a single document and in the scope determined in the Memorandum Ordinance.

The requirements stipulated in Article 7 Section 4 item 8 of the Polish Act on Public Offering have been satisfied with respect to the Shares and the Company. In particular all Shares in issue at that time have been admitted to trading on the LJSE on the basis of the prospectus approved on 14 October 1997 with the authorization number 146/97 prepared in accordance with the provisions of European Union law applicable at that time. The above circumstances were confirmed by the SMA in a certificate issued on 21 November 2011 to the PFSA pursuant to the Slovenian law implementing the Directive 2003/71/EC in which the SMA certified that:

- *“The Ordinary Registered Shares with Voting Rights issued by issuer named **Krka, tovarna zdravil, d. d., Novo mesto, Slovenia** (Security Code: **KRKG**, ISIN Code: **SI0031102120**) have been admitted to trading on the regulated market Ljubljana Stock Exchange for more than 18 months (since 4 November 1997) - the condition from Article 4 (2) (h) (i) of Directive 2003/71/EC.*
- *The listing particulars were approved in accordance with the requirements of Directive 80/390/EEC - the condition from Article 4 (2) (h) (iii) of Directive 2003/71/EC.*
- *The ongoing obligations for trading on Ljubljana Stock Exchange have been fulfilled, the condition from Article 4 (2) (h) (iv) of Directive 2003/71/EC.”*

Taking the above into account, the conditions laid down in the Article 7 Section 4 item 8 of the Polish Act on Public Offering after the fulfillment of which an issuer of securities admitted to trading on another regulated market may apply, on the basis of an information memorandum, for admission of its securities to trading on a regulated market operated by the WSE have been fulfilled.

PERSONS MANAGING THE COMPANY, ITS ADVISORS AND AUDITORS

Corporate bodies

The Company operates on a two-tier corporate structure, in which it is managed by the Management Board, whose work is supervised by the Supervisory Board.

Management Board

The Management Board has the following tasks:

- to manage the Company and make business decisions directly and independently
- to adopt the Company's development strategy
- to ensure appropriate risk management, and
- to act with the care of a conscientious and honest manager and protect the business secrets of the Company.

The Management Board comprises five members: the president of the Management Board, three members, and the worker director, who represents the interests of the employees in relation to human resources and social issues, but is not authorised to represent the Company.

The term of office for members of the Management Board is six years, with the possibility to be re-appointed.

As at the date of this Memorandum, the Management Board is composed of the following members of which the president and three members were appointed on the basis of Supervisory Board resolution No. 172/2009 dated 29 July 2009 and the worker director was appointed on the basis of resolution No. 87/2007 of the workers' council of the Company dated 7 November 2007 and subsequently on the basis of Supervisory Board resolution No. 87/2007 dated 7 November 2007:

Name	Position	Date the current term began	Expiration of term of office
Jože Colarič	President of the Management Board and Chief Executive, a member appointed by the Supervisory Board. First became a member of the Management Board as at 30 July 1997.	1 January 2010	31 December 2015
Vinko Zupančič, Ph.D.	Member of the Management Board and Director of product supply, a member appointed by the Supervisory Board. First became a member of the Management Board as at 1 January 2010.	1 January 2010	31 December 2015
Aleš Rotar, Ph.D.	Member of the Management Board and Director of research and development, a member appointed by the Supervisory Board. First became a member of the Management Board as at 1 January 2001.	1 January 2010	31 December 2015
Zvezdana Bajc	Member of the Management Board and Director of economics and information processing, a member appointed by the Supervisory Board. First became a member of the Management Board as at 1 April 2005.	1 January 2010	31 December 2015
Danica Novak Malnar	Member of the Management Board and Worker Director, a member selected by the workers' council. First	1 January 2008	31 December 2012

Name	Position	Date the current term began	Expiration of term of office
	became a member of the Management Board as at 1 January 1998.		

Supervisory Board

The Supervisory Board oversees the Company's operations and management and selects and appoints members of the Management Board.

The Supervisory Board comprises nine members. One third of the Supervisory Board members are representatives of the employees of the Company, elected by the workers' council.

The Supervisory Board members are appointed for a period of five years and can be reappointed.

As at the date of the Information Memorandum, the Supervisory Board is composed of the following members, which were elected on the basis of the resolution of the 15th General Meeting of 17 June 2010 and the council of the workers of the Company on 18 May 2009:

Name	Position	Date the current term began	Expiration of term of office
Jože Lenič, M. Sc.	President of the Supervisory Board, a member elected by shareholders.	21 June 2010	21 June 2015
Julijana Kristl, Ph. D.	A member elected by the shareholders.	21 June 2010	21 June 2015
Vincenc Manček	A member elected by the shareholders.	21 June 2010	21 June 2015
Mojca Osolnik Videmšek	A member elected by the shareholders.	21 June 2010	21 June 2015
Matjaž Rakovec	Deputy President of the Supervisory Board, a member elected by the shareholders.	21 June 2010	21 June 2015
Sergeja Slapničar, Ph.D.	A member elected by the shareholders.	21 June 2010	21 June 2015
Franc Šašek	Deputy President of the Supervisory Board; a member elected by the workers' council.	21 June 2009	21 June 2014
Tomaž Sever, M.Sc.	A member elected by the workers' council.	21 June 2009	21 June 2014
Mateja Vrečer, Ph.D.	A member elected by the workers' council.	21 June 2009	21 June 2014

As of the date of this Memorandum, the Supervisory Board has two committees: the audit committee and the human resources committee.

Accounting audit

KPMG Slovenija, podjetje za revidiranje, d. o. o. with its registered seat at Železna cesta 8A, 1000 Ljubljana is responsible for the accounting audit of the financial statements of the Company and of the Group. KPMG Slovenija podjetje za revidiranje, d. o. o. was appointed on the basis of a resolution of the 16th General Meeting of 7 July 2011 for the accounting audit of the financial statements for the year 2011.

SELECTED FINANCIAL INFORMATION

Selected consolidated financial and other information

The following tables present selected consolidated information that has been derived from the Group's audited consolidated financial statements as of and for the years ended 31 December 2010 and 2011.

The selected consolidated financial and other information presented in this Section of the Information Memorandum has been extracted from the Group's consolidated financial statements. The consolidated financial statements of the Group are published by the Company as a part of its annual report and are available at <http://www.krka.biz/en/>.

The Group's audited consolidated financial statements as of and for the years ended 31 December 2010 and 2011 were prepared in accordance with the IFRS.

The information presented in this Section of the Information Memorandum should be read in conjunction with the Group's audited consolidated financial statements, the introduction thereto and the related notes thereto.

Statement of Consolidated Financial Position of the Group

	As of 31 December	
	2011	2010
	<i>EUR thousand</i>	
Assets		
Property, plant and equipment	703,112	686,461
Intangible assets	119,082	122,815
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
Total non-current assets	859,468	846,506
Inventories	253,208	229,343
Trade and other receivables	399,512	402,686
Short-term loans	1,050	1,227
Current investments, including derivatives	602	653
Cash and cash equivalents	20,187	7,789
Total current assets	674,559	641,698
Total assets	1,534,027	1,488,204
Equity		
Share capital	59,126	59,126
Treasury shares	(42,584)	(21,749)
Reserves	174,409	159,233
Retained earnings	947,289	855,140
Equity holders of the parent	1,138,240	1,051,750
Non-controlling interest	1,514	1,577
Total equity	1,139,754	1,053,327
Liabilities		
Long-term borrowings	25,500	67,214
Provisions	104,819	108,889
Deferred revenue	6,670	7,138
Deferred tax liabilities	18,103	19,468
Total non-current liabilities	155,092	202,709
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
Total current liabilities	239,181	232,168
Total liabilities	394,273	434,877
Total equity and liabilities	1,534,027	1,488,204

Source: Consolidated Annual Financial Statements

Consolidated Financial Statement of the Group

	For the year ended 31 December	
	2011	2010
	EUR thousand	
Revenues	1,075,627	1,010,021
Cost of sales.....	(416,704)	(385,409)
Gross profit.....	658,923	624,612
Other income.....	4,721	11,888
Distribution expenses.....	(281,151)	(256,619)
R&D costs.....	(92,932)	(90,924)
Administrative expenses.....	(75,555)	(77,486)
Operating profit.....	214,006	211,471
Financial income.....	2,897	7,972
Financial expenses.....	(16,928)	(8,071)
Net financial expenses.....	(14,031)	(99)
Profit before tax.....	199,975	211,372
Income tax expense.....	(37,240)	(40,454)
Profit for the period.....	162,735	170,918
Attributable to:		
- equity holders of the parent.....	162,801	171,025
- non-controlling interest.....	(66)	(107)
Basic earnings per share (in EUR).....	4.85	5.06
Diluted earnings per share (in EUR).....	4.85	5.06

Source: Consolidated Annual Financial Statements

Consolidated Statement of Comprehensive Income of the Group

	For the year ended 31 December	
	2011	2010
	EUR thousand	
Profit for the period.....	162,735	170,918
Other comprehensive income for the period:		
Changes in retained earnings.....	-	-
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
Deferred tax effect and tax effect of transition to IFRS.....	-	-
Translation reserve.....	(8,250)	1,816
Total other comprehensive income for the period.....	(8,475)	1,479
Total comprehensive income for the period.....	154,260	172,397
Attributable to:		
- equity holders of the parent.....	154,326	172,504
- non-controlling interest.....	(66)	(107)

Source: Consolidated Annual Financial Statements

Consolidated Statement of Cash Flows of the Group

	For the year ended 31 December	
	2011	2010
	EUR thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period.....	162,735	170,918
Adjustments for:.....	127,202	126,354
- amortisation/depreciation.....	87,186	81,721
- foreign exchange differences.....	(3,354)	(97)

	For the year ended 31 December	
	2011	2010
	<i>EUR thousand</i>	
- 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
- other	0	0
Operating profit before changes in net operating current assets.....	289,937	297,272
Change in trade and other receivables	8,083	(75,583)
Change in inventories.....	(23,865)	(47,697)
Change in trade payables	(498)	18,884
Change in provisions.....	(4,070)	1,485
Change in deferred revenue	(468)	243
Change in other current liabilities.....	29,738	15,425
Income taxes paid.....	(51,799)	(28,513)
Cash generated from operations.....	247,058	181,516
CASH FLOWS FROM INVESTING ACTIVITIES		
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)
Non-current loans	(1,502)	(1,373)
Proceeds from repayment of non-current 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.....	87	1,534
Net cash used in investing activities	(107,438)	(112,615)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(3,361)	(4,278)
Repayment of long-term borrowings	(37,899)	(38,653)
Acquisition of long-term borrowings.....	0	0
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
Net cash used in financing activities.....	(126,434)	(74,259)
Net increase/decrease in cash and cash equivalents	13,186	(5,358)
Cash and cash equivalents at beginning of period.....	7,789	13,411
Effect of exchange rate fluctuations on cash held	(788)	(264)
Net cash and cash equivalents at end of period	20,187	7,789

Source: Consolidated Annual Financial Statements

The following table sets forth certain key financial ratios.

	For the year ended 31 December	
	2011	2010
EBIT Margin	19.9%	20.9%
EBITDA Margin	28.0%	29.0%
Net profit Margin	15.1%	16.9%
Net Debt / EBITDA.....	0.16	0.40
ROE ¹	14.8%	17.3%

	For the year ended 31 December	
	2011	2010
Liabilities / Equity.....	0.346	0.413
R&D costs / Sales.....	8.6%	9.0%
Dividend per share paid out in a given year (in EUR)	1.40	1.10

¹ *Net profit/average equity balance over period*

Source : Consolidated Annual Financial Statements

KEY RISK FACTORS RELATED TO THE GROUP AND THE SHARES

Investors are invited to carefully review the risk factors connected with the Group and listing of the Shares on the WSE as described herein. Within their investment decision, also on the basis of recent business developments related to the Group, investors are invited to closely consider the specific risk factors of the Group and its activities.

Within its operations the Group could be exposed to a series of risks typical of the pharmaceutical sector, such as changes in legal and regulatory environment, inability to effectively manage intellectual property risks and potential product liability for side-effects or defects of its products, as well as more general risks such as potential slowdown of the economy and currency exchange rates volatility. The key risks that could significantly affect the Group's business, financial condition and/or results of operations are detailed below. If any of the following risks actually materialise, the value and trading price of the Shares could decline and investors could lose all or part of their investment. The order of the risk factors described below is not an indication of their relative importance for the Group, the probability of their occurrence or their potential influence on the Group's activity. Additional risks and uncertainties, including those that the Group is not currently aware of or deems immaterial, may also affect the Group's business, financial condition or results of operations, or they could result in a decline in the value of the Shares.

Pursuant to the requirements set forth in the Memorandum Ordinance, this Chapter of the Information Memorandum includes only a description of key risk factors relating to the Company, the Group and the Shares. In order to obtain more detailed information on risk factors and the uncertainties related thereto, investors should refer to the documents published by the Company in the past and available at <http://www.krka.biz/en/>, including the documents specified in "The Company corporate documents available to investors" and "The Company Prospectuses and Financial Information Available to Investors".

Risks relating to the general economic and political conditions on markets in which the Group operates

Adverse economic conditions in countries in which the Group operates, in particular in the Core Markets, could cause the Group's business to suffer

Part of the Group's operations are in the domestic Slovenian market, and its performance and the growth of its business are necessarily dependent on the overall health of the Slovenian economy which has been adversely affected by the recent economic downturn. A substantial part of the Group sales is generated from sales outside of Slovenia (91% of sales generated by the Group in 2011), principally to the Core Markets, each of which (to varying degrees) has been adversely affected by the recent economic downturn. Any worsening of the economic conditions in any of the above countries may adversely affect the Group's businesses in those countries, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's business has been affected by the global economic crisis and could be further affected if the global economic crisis continues or worsens and/or lead to the abandonment of the Euro as a common currency

The continued global crisis on the financial markets has impacted the condition of many financial institutions, and governments have often been forced to intervene on the capital markets on an unprecedented scale. Such turbulence has resulted in businesses having restricted access to bank financing, an increase in interest rates charged on bank loans and a decrease in consumer spending, also as regards pharmaceutical products and other products offered by the Group. All of these factors impact the markets on which the Group operates.

The crisis on the financial markets may also adversely affect the Group's business in other ways, for example, if the financial institutions that provide the Group with financing are in default on their payments or go bankrupt. Any of these results could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Furthermore, it is possible that the downturn in general economic conditions in the EU may lead to the abandonment of the Euro as a common currency of certain, or all, EU member states. The abandonment of the Euro would substantially impact the Group operations, in particular: (i) national currencies which would substitute Euro would be subject to high volatility, which would result in increase of the currency exchange fluctuations risk to which the Group is currently exposed due to its widespread operations; (ii) a substantial number of the Group's contracts and commercial agreements are based on the Euro as a means of payment, after the abandonment of the Euro amounts in the Euro would be converted into national currencies and the rate of conversion which would be established for such operation may adversely impact the Group operations; (iii) the Group would suffer from the increased transactional costs which currently are limited due to the use of Euro in

certain countries in which the Group operates; and (iv) by any other adverse economic and business conditions which might be associated with the abandonment of Euro.

Continuation or worsening of the global economic crisis and/or abandonment of the Euro as a common currency could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The political environment in some of the Group's export markets has a significant effect on the Group's operations and financial condition

The Group has significant operations in some of the Core Markets which may be susceptible to political, social and economic instability. Regulations and political decisions adopted by some of the developing countries where the Group operates have a material effect on the Group's operations. Political factors may influence regulatory developments within the Group's markets of operations, which, in turn, may affect the pharmaceutical industry.

The Group's international operations in some of the Core Markets may be susceptible to political, social and economic instability and civil disturbances, which may lead to:

- difficulties in collecting accounts receivable and longer collection times than in Slovenia;
- disruption to operations, including strikes, civil actions or political interference; and
- restrictions on the movement of funds or limitations on the repatriation of funds.

Any of the above factors could result in disruptions to the Group's business, increase costs or reduce future growth opportunities. No assurance can be given that the governments in the Group's export markets will not implement regulations or fiscal or monetary policies, including regulations or policies relating to or affecting taxation, the healthcare industry, the environment, public procurement, or exchange controls, or otherwise take actions which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Changes in currency exchange rates may adversely affect the Group's business, financial condition and results of operations

Due to its widespread international operations, the Group is exposed to foreign exchange risk mainly with respect to the Russian rouble, the Romanian leu, the Croatian kuna, the Polish zloty, the Czech koruna, the Hungarian forint, the Ukrainian hryvnia and the Serbian dinar. The fluctuations of the above currencies to the Euro, which is the official currency in the Republic of Slovenia, directly impacts the consolidated financial result of the Group and unfavorable changes in the currency exchange rates may adversely affect the Group's business, financial condition and/or results of operations.

Developments of the legal frameworks in some developing countries in which the Group sells its products may negatively impact the Group's operations in such countries

The legal framework required by a market economy is still under development in some of the Group's operating countries and large portions of this legal framework have only recently become operational, including in areas of privatization, securities, corporate legislation and licensing. The recent nature of much of the developing countries' law and the rapid evolution of their legal systems places the enforceability and underlying constitutionality of many laws in doubt and many new laws remain untested. Ambiguities, a lack of guidance and interpretation, gaps in the regulatory structure and the inexperience of judges also make it difficult for the Group to determine whether it has adequate property and other rights.

Any or all of these weaknesses could affect the Group's ability to enforce its legal rights in some of its export markets, including rights under its contracts, or to defend against claims by others. In addition, court claims and/or prosecutions are sometimes influenced by, or used in furtherance of, private interests. The Group may be subject to such claims and/or prosecutions and may not be able to receive a fair trial.

These risks could affect the Group's ability to ascertain its rights or to seek or obtain effective redress in courts, which could have a material adverse effect on the Group's business, financial condition, and/or results of operations.

Risks relating to the Group's business

The Group faces significant competition

The pharmaceutical industry is highly competitive, especially in terms of prices, ranges of products offered, product quality and efficiency.

The Group's principle business is sale of generic products which have a number of substitutes available on the market. The Group's products face intense competition from products developed, or which are under development, by other companies, including major multinational, regional and local pharmaceutical companies. In particular, the efforts of the Group's competitors aimed at broadening their product ranges and their R&D activities could lead to the development and launching of new products which are new generation drugs substituting the Group's products and/or altering the habits of end-consumers. Such new products could be regarded as being more efficient than the Group's products, cheaper, or better promoted. In addition, in the future, the Group may face intense competition from other pharmaceutical companies with lower cost bases than the Group. Many of the Group's competitors have greater financial resources, marketing capabilities and distribution network than it does. The Group's competitors may also succeed in developing technologies and products that are more effective, more popular or cheaper than those which the Group offers or which are subsidized by governments. These developments could render the Group's technologies and products obsolete or uncompetitive.

Competition will remain intense as the pharmaceutical industry adjusts to increased pressures to contain healthcare costs. Selling prices of generic drugs frequently decline, sometimes as additional pharmaceutical companies receive market authorizations and approvals for a given product and, consequently, competition intensifies. The Group's ability to sustain its sales and profitability on any product over time is, inter alia, dependent on both the number of new competitors for its products and the timing of their approvals, as well as market demand. No assurance can be given that the Group will be able to adjust its prices, portfolios of products offered or marketing strategy to compete successfully within the markets in which it operates.

Some major originator pharmaceutical companies continue to sell their products in the generic market directly by acquiring or forming strategic alliances with generic pharmaceutical companies. Originator pharmaceutical manufacturers do not face significant barriers to entry into the generic market. In addition, such companies continually seek new ways to defeat generic competition, such as filing new patents on pharmaceutical products whose original patent protection is about to expire, developing alternative formulations of patented products, changing product claims and product labeling or developing and marketing their own generic products as their original patented products are about to face generic competition.

The risks described above in relation to the prescription pharmaceuticals also accordingly apply to other products offered by the Group, namely non-prescription products and animal health products. The occurrence of any or all of the developments described above could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The demand for the Group's products may fluctuate or decrease, negatively affecting the Group's business, financial condition and/or results of operations

Demand for certain of the Group's products may fluctuate or decrease in particular as a consequence of changes in consumer preferences or habits resulting, inter alia, from changes in respective regulations imposing restrictions on the distribution of certain products or the introduction of new products in corresponding segments. Such new products could be regarded as being more efficient than the Group's products, cheaper or better promoted. The Group is exposed to this risk, in particular, as it produces generics which may be relatively easily substituted with other products. Any substitution of the Group's products, as well as changes in consumer preferences or habits, could lead to a decrease or fluctuation in demand for the Group's products, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

A decrease in the sales of the Group's products on its export markets, in particular in the Core Markets, could have a material adverse effect on the Group's business, financial condition and/or results of operations

The Group's sales on its export markets accounted for 91% of the Group's revenue in 2011. Of its export markets, Russia is the largest market in terms of revenue and represented 18% of the Group's revenue in 2011. The second largest export market of the Group in terms of revenue is Poland, which constituted 10% of the Group's revenue in 2011.

In total the Group sells its products in over 70 countries, operating in different geopolitical and macroeconomic conditions and legal and competitive environments. It is therefore exposed to different and varied intense sales and marketing risks. Failing to rapidly respond to changing business conditions and adapting sales and marketing activities in any of its export markets may cause a decrease in the Group's sales.

Any, even temporary, decrease in sales on any or all of the Group's export markets, in particular in the Core Markets, which could result from a number of factors, while not being compensated for by an increase in the sales on the other markets, could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may not achieve its strategic objectives

The achievement of the strategic objectives of the Group is contingent upon a range of factors that are beyond the Group's control, including, in particular, market conditions, the general business and regulatory environment.

The Group may incur substantial costs to introduce new products or services when implementing its strategic objectives from which the Group may not ultimately realize significant revenues. If revenues do not increase as a result of the introduction of such products or services, the costs associated therewith may exceed revenue thereby reducing operating income and creating working capital cash flow constraints. The Group's failure to implement its strategic objectives may have a material adverse effect on the Group's business, revenues, financial condition and results of operations.

The Group may not be able to successfully develop and commercialise new products and enter new markets

The Group's business and future results of operations depend, to a significant degree, upon the Group's ability to successfully commercialise new products in a timely manner or successfully commercialise existing products in new markets. The Group must constantly develop, test and manufacture new generic products. In addition, in line with its strategy, the Group intends to identify and enter into new markets in order to distribute both its existing products and new products. Most of the Group's products must meet regulatory standards and/or receive regulatory approvals. The development and commercialization process is both costly and time consuming, may require clinical trials and involves a high degree of regulatory and business risk. There can be no assurance that obtaining product marketing authorization in one country guarantees that market authorization covering exactly the same product will be granted in another market or that additional clinical trials or improvement of the product dossier will not be needed.

No assurance can be given that the Group will be able to successfully develop and commercialise a sufficient number of new generic products in order to maintain its position on the market or develop its operations. The products currently under development, if and when fully developed and tested may not perform as the Group expects, necessary regulatory approvals may not be obtained in a timely manner, if at all, and such products may not be able to be successfully and profitably produced and marketed. In addition, the Group may not be able to identify and enter into new markets with its existing and new products, may not be able to successfully and profitably market its products in such markets or the costs incurred to that end may be higher than expected.

Delays in any part of the process or the Group's inability to obtain regulatory approval for its products could adversely affect its operating results by restricting its introduction of new products and leading to competitors seizing large shares of product markets important to the Group's profitability.

The occurrence of any or all of the developments described above could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's products may have side-effects or defects

The Group's business inherently exposes itself to potential liability. In particular, the Group's prescription pharmaceuticals, non-prescription products and animal health products may have defects or cause side-effects, including those of which the Group is not currently aware. In addition, the side-effects which may potentially be caused by the Group's products may differ from those that are known to the Group and, as such, may not be indicated in the information leaflets of a given product. No assurance can be given that the side-effects of and indications for a given product which are known to the Group will not change in the future. The Company and/or its Subsidiaries may be sued by consumers or its other clients for side-effects caused by, or for defects in, their products, including misleading information provided in the information leaflets of a given product, and any resultant damages caused by such defects or side-effects, to the extent permitted by applicable laws. Consumer protection regulations in respect of product liability are becoming more stringent and the awareness of consumers of their rights is greater, therefore, claims for product liability are more prevalent. Such claims, including collective claims, may be filed against the Company or its Subsidiaries in particular within all the markets in which such defective products or products having unknown side-effects were distributed and sold or where such unknown side-effects occurred and will be decided in accordance with the local laws and principles of liability in effect therein. Thus, the scale of the Company's liability could be significant and could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's operations depend, to a significant extent, on the delivery of certain APIs, raw materials and certain other products and services by third-party contractors

The Group's operations are dependent on the timely and consistent delivery of certain products, including APIs, raw materials, half-finished products, packaging and equipment, and services by third parties. The Group has

entered into, or is in the process of entering into, arrangements for the supply of products or certain of these services. There can be no assurance, however, that the Group will be able to secure such services, supply of products or the performance of relevant agreements in a timely manner, on commercially reasonable terms, meeting required quality standards or at all. Furthermore, there can be no assurance that such services or supply of products that are secured by the Group will be sufficient to meet the Group's future needs or that such services or supplies will not be interrupted or cease altogether.

Some of the Company's suppliers are located outside the territory of the Group's manufacturing plant and may be subject to export limitations or quotas imposed in their countries of origin.

If there are any supply interruptions, delays, unfavorable changes to the terms and conditions of supply agreements or if the supply of materials does not meet quality standards, the Group may be forced to obtain substitute materials or products on short notice and, to that end, find reliable suppliers meeting all the production requirements and at the same time offering satisfactory terms and conditions of co-operation. The majority of the material supply agreements of the Group are entered into for a limited period of time, and, therefore, the Group is subject to the risk that its suppliers may not continue to supply the Group with the raw materials and half-finished products necessary to manufacture its products to satisfactory standards.

Any change in the availability or quality of raw materials and half-finished products could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Moreover, the prices of certain raw materials have been subject to volatility in recent years. Although the Group endeavors to purchase raw materials and half-finished products for the best prices without affecting the quality thereof, it can not rule out the possibility that any increases in prices will raise the production costs of the Group without a corresponding increase in the prices of the Group's products. The occurrence of any of the events described above could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Negative publicity may have a material adverse effect on the Group's business, financial condition and/or results of operations

The market perception of the Group is of key importance for the Group's operations. The Group's activity may be subject to negative publicity which may cause concerns about the quality, safety or efficacy of its products, regardless of whether such concerns are justified or not. Even the dissemination of negative information relating to products which are regarded as similar to those manufactured by the Group but manufactured by other pharmaceutical companies could be harmful to the Group's business. Also, any potential litigation against or with the involvement of the Group may result in negative publicity regarding the Group's operations, irrespective of the fact of whether such litigations has any legal grounds or not.

Such negative publicity could in particular lead to a loss of confidence in the Group and its products and, consequently, could result in a decrease in the sales of the Group's products or an increase of the Group's marketing costs, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be unable to properly manage intellectual property risks, know-how or other trade secrets related to its business

The Group's success, market position and future performance is dependent, inter alia, on its capacity or the capacity of its business partners to adequately manage intellectual property related risks, development of its products and regulatory processes, related to the development, production and usage of its current or new products, in particular patents, information on various manufacturing processes and technologies.

Furthermore, the Group's success, market position and future performance is dependent also on its accurate assessment of patent situation for each individual product, i.e. proper assessment of valid IP rights of third parties, the Group's ability to circumvent valid IP rights in the development of its new products and avoiding infringement of third parties' existing IP rights, in particular patent rights and related extensions (Supplementary Protection Certificates, pediatric extensions).

Given the legal requirements applicable to intellectual property rights, there can be no assurance that the Group's products currently under development or those awaiting the completion of the registration process will meet all the regulatory requirements and will be finally protected by patents, or other intellectual property rights or that procedures for obtaining marketing authorizations will not take longer than expected.

In particular, no assurance can be given that changes in the law affecting the Group's activities will not occur.

The pharmaceutical sector is highly competitive: other pharmaceutical companies simultaneously develop pharmaceutical products competitive to those being developed by the Group. No assurance can be given that such companies will be given certain legal protection for its solutions, which might affect Group's capability to enter markets. In addition, third parties may take actions aimed at challenging the Group's intellectual property rights and undermine the Group's strategy and its product development.

The Group has protected all its major trade names by trademarks. Trademarks and patents are granted for a limited period of time. The Group may fail or be unable to renew the registration of its trademarks, develop alternative compositions/formulations, processes or other forms of patented products or identify and protect by patents inventions on pharmaceutical products whose original patent protection is about to expire and which can enable the Group advantage over competitors.

The ability of the Group to preserve the confidentiality of its know-how and other trade secrets is of importance. There can be no guarantee that the Group would be able to protect itself from disclosing such sensitive information, which may impact its competitive position. Furthermore, there is a risk of loss of market confidence when the efficiency and quality of products which are sold under the Group's brands is insufficient.

Such detrimental market perception or the occurrence of any or all of the events described above could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may inadvertently infringe intellectual property rights of third parties

Any alleged infringement by the Group of intellectual property rights of others could result in litigation and could have a material adverse effect on the Group's operations. The Group's competitors as well as other companies and individuals may have obtained, and may be expected to obtain in the future, intellectual property rights that concern products the Group offers or plans to offer. The Group may not adequately evaluate valid intellectual property rights that may pose a risk of infringement by its products or technologies.

Furthermore, due to the nature of certain intellectual property rights, in certain cases the Group cannot absolutely avoid potential litigations, and in such cases, the Group cannot be sure that it will prevail in potential disputes, if patentees make claims of infringement against the Group. If the Group's products or technologies were determined to infringe third party intellectual property rights, the Group may be required to stop manufacturing and marketing those products or use technologies in certain markets, to obtain a license from the holders of the patents against payment of remuneration, or to redesign those products or technologies in such a way as to avoid infringing the patent or, in the worst case scenario, pay damages to patent holder. If the Group were required to stop manufacturing and marketing certain products, or if the Group were unable to obtain licenses, its business, financial condition and results of operations could be materially adversely affected.

The Group depends on certain members of the Management Board and other key executives, and its operations may be undermined if the Group is unable to retain or recruit qualified personnel

Due to their knowledge and significant experience, the Group is highly dependent on the members of the Management Board and other key executives. The loss of any member of the Management Board or any key executive may significantly delay or prevent the implementation of its strategy or business objectives. The resignation, retirement or dismissal of any executive member of the Management Board could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group depends on highly specialized personnel and inability to attract such personnel could have a material adverse effect on the Group's business, financial condition and/or results of operations

Due to the specialised scientific nature of the Group's business, the Group's ability to develop its operations is reliant on its ability to continue to attract and retain qualified scientific and technical personnel, in particular masters of pharmacy. The Group's sales force marketing and selling its products is very important for the success of such sales and marketing efforts. A loss of the services of, or a failure to recruit, key scientific, technical or sales personnel could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Strikes or other industrial action, as well as negotiations with trade unions, could disrupt or increase the Group's operating costs

The Group is exposed to the risk of strikes, work slowdowns, stoppages or other industrial action. As of 31 March 2012, approximately 16% of the Group's employees belonged to trade unions. Although as of the date of this Information Memorandum the relationships between the Company or its Subsidiaries and the trade unions operating within the Group are considered to be good, the Group could experience lengthy negotiations with trade unions or even strikes, work stoppages or other industrial action in the future. If such events were to occur

in the future, they could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group is subject to operational risk which is inherent to its business activities

The Group is subject to the risk of incurring losses or unforeseen costs relating to: inadequate or failed internal processes; human error; system failures or external events, such as errors made during the execution of operations, clerical or record keeping errors; business disruptions (caused by various factors such as software or hardware failures and communication breakdowns); fraud; unauthorized transactions; and damage to assets. The Group also outsources certain activities to third parties. Any failure of the Group's risk management system to detect or correct operational risk or of third parties to adequately perform the activities outsourced to them could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's equipment, installations and production lines may cease to operate

The Group's equipment, installations and production lines may fail, which could result in their full or partial inoperability. Failures may arise from, among other things: (i) the wear and tear of aging equipment, installations and production lines; (ii) errors in their operation or maintenance; (iii) events beyond the Group's control, including fires, earthquakes, explosions, floods, or other natural disasters; or (iv) war, riots or terrorist attacks. Failures of the Group's equipment, installations or production lines may also result from power system failures.

Failures of the Group's equipment, installations and production lines may lead to the suspension or limitation of production processes. This could lead to a decrease in the Group's revenues and result in unexpected material costs associated with the replacement or repair of the Group's property. In addition, delivery disruptions to the Group's products may result in the requirement to pay indemnities or contractual fines or grant of discounts for breach of contract. The failure of the Group's equipment, installations or production lines could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's IT systems may fail or its security may be compromised

The Group relies on its IT systems for a variety of functions, including processing applications, production process and maintaining financial records. Despite the implementation of security and back-up measures, the IT systems used in the Group may be vulnerable to physical or electronic intrusions, computer viruses or other attacks. Moreover, programming errors and similar disruptive problems could impact the Group's ability to serve its production process, interrupt the Group's operations, damage the Group's reputation and require it to incur significant technical, legal and other expenses. In addition, there is no guarantee that the Group's IT systems will be sufficient to meet the needs of the Group's growing and changing business.

If the Group experiences any failure of or interruption to its IT systems, such could have an adverse effect on the Group's business, financial condition and/or results of operations.

If the Group improperly handles any of the dangerous substances used in its business and accidents result, the Group could face significant financial liabilities

The Group handles dangerous substances in connection with its activity. If improperly handled or subjected to the wrong conditions, these substances could cause accidents, harm the Group's employees and other persons, cause damage to its properties and those of third parties, and harm the environment, which in turn could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Catastrophic events, terrorist attacks and acts of war could have a negative impact on the Group's financial condition and results of operations

Catastrophic events, terrorist attacks and acts of war or hostility, and the responses to those acts, may create economic and political uncertainties which could have a negative impact on economic conditions in Slovenia and other countries in which the Group operates and, as a result, could have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group may not have or may not be able to obtain sufficient insurance to protect itself from different business risks and liabilities

The Group's property may be destroyed or damaged due to numerous foreseeable or unforeseeable causes. Third parties may also be harmed or suffer damage due to events for which the Group is responsible. Such damage or claims may not be covered by insurance or may only be partially covered by insurance. Certain risks cannot be insured against and in the case of other risks the costs of insurance premiums are prohibitive compared to the probability of such risk occurring. Although the Group tends to maintain the types of insurance customarily available to commercial businesses in the countries in which the Group operates, the Group's

insurance policies do not cover all the potential risks to which the Group is or may be exposed, such as war, terrorist attack, nuclear contamination, confiscation, volcanic eruption, earthquake, machine breakdown and others. In addition, the insurance policies held by the Group are limited in terms of the maximum amount of claims and envisage certain situations in which the insurance does not cover Group's losses; therefore, the claims paid to the Group under such policies may not be sufficient to cover the potential damages suffered by the Group.

The lack of insurance for certain business-related risks or an insufficient level of current insurance coverage may expose the Group to substantial losses. The occurrence of uninsured or partially-insured events or damage could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Risks relating to the legal and regulatory environment in which the Group operates

The Group is dependent on regulatory approvals

The development, manufacture and marketing of the most of the Group's products are subject to strict regulations in all of the territories within which the Group manufactures and markets its products or intends to undertake such activities in the future, and require a number of authorizations and other administrative approvals, including product marketing authorizations.

However, there can be no assurance that any of the Group's new products will successfully be granted regulatory approvals, or that its existing products will successfully be granted marketing authorizations in new markets. The Group can not also rule out the possibility that regulatory proceedings aimed at obtaining the required approvals will take longer than expected or will result in the Group incurring additional costs.

If regulatory approval is granted, the product and manufacturer will need to comply with a number of regulatory requirements and regulations and will be subject to permanent supervision by the respective authorities. No assurances can be given that the Group will meet all the applicable regulatory requirements and as a result, that such approval will not be limited or even withdrawn. The Group may also be subject to sanctions, fines and other penalties for its failure to comply with applicable requirements.

Any revocation or limitation of material regulatory approvals or a delay in obtaining or a failure to obtain regulatory approvals, or any sanctions, fines or penalties incurred by the Group for its failure to comply with regulatory requirements, could limit the scope of the Group's operations and have a material adverse effect on the Group's business, financial condition and/or results of operations.

Government regulations affecting the Group's business may change, thus possibly increasing compliance costs or otherwise affecting its operations

The pharmaceutical sector is subject to significant regulation at national, EU and international levels. Governmental authorities in Slovenia and in other jurisdictions in which the Group operates, and at the EU-level regulate the research, development, manufacture, testing and safety of pharmaceutical products. The cost of complying with government regulations can be substantial. The regulations applicable to the Group's existing and future products and operations may change and/or increase substantially, causing the Group to incur substantial and unanticipated compliance costs or otherwise affect its operations.

In addition, no assurance can be given that the governments in the Core Markets will not implement regulations or fiscal or monetary policies, including regulations or policies relating to or affecting taxation, the healthcare industry, the environment, public procurement, or exchange controls, or otherwise take actions which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's ability to set its prices in certain of the Core Markets or with respect to some of its products is restricted

In certain of the Core Markets, prescription medicinal products, especially products included on reimbursement lists, are subject to price regulation. Since about 82% of the Group's sales in 2011 are composed of prescription pharmaceuticals, the Group's price policy is not completely formed by market conditions and it is strongly dependent on the legal framework as regards the determination of the maximum allowable prices for drugs (for example, changes in legislation related with prescribing medicines in Poland significantly affected the Group's sales in Poland, which declined in 2011 by 16% in value in comparison to 2010). The price of medicines is a socially sensitive topic and as such the legal framework that determines them can be subject not only to economic consideration but also to political pressure. Moreover, the legal framework related to the determination of medicinal product price limits is subject to frequent changes. As a consequence, the Group's ability to set its prices in certain of its markets or with respect to some of its products is restricted. The Group may even not be able to reflect all the costs incurred by it for the purposes of the development, manufacture,

marketing and distribution of some of its products in their selling prices. The limitations described above could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Part of the Group's revenues depends on the inclusion of the Group's medicines on reimbursement lists

The reimbursement list in Slovenia is a list of medicines the expenses for which are fully or partially covered by the Health Insurance Institute of Slovenia (in Slovenian "Zavod za zdravstveno zavarovanje Slovenije"). Similar reimbursement lists identifying pharmaceutical products that are subsidized by governments exist in the other Core Markets. Registration on reimbursement lists substantially impacts the consumption of medicines; however, only certain categories of prescription medicines are included on the reimbursement lists. As a significant part of the Company's revenues in 2011 was generated by products placed on reimbursement lists, the exclusion of certain medicines from such lists could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's production facilities and processes are subject to strict requirements and regulatory approvals that may delay or disrupt the Group's operations

The production of the Group's products is strictly regulated and requires precise, complex manufacturing processes and controls throughout the entire process. As a result, the Group should guarantee that all production methods and equipment related to the Group's products are in compliance with applicable EU-GMP requirements or other applicable requirements and that the Group's production facilities hold all the required licences, certifications and other regulatory approvals. The Group's production facilities are subject to inspection by regulatory authorities at any time and there can be no assurance that any such inspection will not reveal deficiencies in its production processes, which could lead to temporary stoppage of the production process by the time any such deficiencies are removed and regulatory approvals granted, if needed, which in turn could have a material adverse effect on the Group's business, financial condition and/or results of operations.

In addition, compliance with the EU-GMP standards requires that all manufacturers, partners and suppliers who co-operate with the Group maintain high-quality production processes and adequate controls so as to ensure that the products comply with the applicable requirements. As they are subject to inspection by regulatory authorities at any time, if any such inspection reveals deficiencies in production processes, the Group should terminate co-operation with such entity. As the replacement of such partner may require the re-validation of the production processes and procedures in accordance with EU-GMP and, in some cases, regulatory approval, any such necessary re-validation and supplemental approval may be costly and time consuming. Therefore, there is a risk that if the Group's manufacturers, partners and suppliers do not comply with all the applicable EU-GMP standards, the Group will not be able to manufacture some of its products, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Litigation or other out-of-court proceedings or actions may adversely affect the Group's business, financial condition and results of operations

Due to the nature of its business, the Company and its Subsidiaries may be subject to the risk of litigation by competitors, customers (including collective claims), employees, shareholders, contractors (including distributors) or others through private actions, administrative proceedings, regulatory actions or other litigation. Plaintiffs in these types of actions against the Company or its Subsidiaries may seek recovery in larger or indeterminate amounts or other remedies that may negatively affect the ability of the Company or its Subsidiaries to conduct their business (e.g. different kinds of injunctions, including those imposing on the Company a ban on distributing its products or a recall of its products from market), and the magnitude of the potential losses relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation against the Company or its particular Subsidiaries that could harm the reputation of the Company, its particular Subsidiaries and/or the Group as a whole, regardless of whether the allegations are valid or whether the Company or its particular Subsidiaries are ultimately found liable. Moreover, actual or potential, and, in particular, unjustified claims and lawsuits related in particular to the intellectual and industrial property rights of the Group may negatively impact the operations of the Group, delay the process of the commercialisation of new products and/or impede product development. As a result, litigation could have an adverse effect on the Group's business, financial condition and/or results of operations.

The Company is the subject of an antimonopoly investigation which is being carried out by the European Commission which may adversely affect the Group's business, financial condition and results of operations

The European Commission initiated proceedings regarding potential prohibited agreement between the Company, other generic drug manufacturers and Les Laboratoires Servier and Servier SAS (brand-name drug producers). This antitrust investigation with respect to Company and other generic producers is aimed at

scrutinizing whether their activity together was aimed at, or has had the effect of, hindering the entry of generic equivalents of perindopril on the markets of the member states of the EEA. The alleged practice may constitute infringements of EEA antimonopoly law.

If the European Commission finds that the Company infringed EEA antimonopoly law, this will mean the prohibited agreements become void by the operation of law and the European Commission may impose on the Company a fine of up to 10% of its total turnover in the preceding business year. If the final resolution of the above proceeding is not in favour of the Company, this may have an adverse effect on the Group's business, financial condition and/or results of operations. Furthermore, the Company can not exclude that similar proceedings will be instituted against the Company in the future.

The Company created provisions amounting to EUR 47.5 million for potential liabilities arising from the above described investigation.

The Group is subject to numerous environmental and health and safety laws and regulations and is exposed to potential environmental liabilities

The Group's operations and properties are subject to numerous and complex environmental and health and safety laws and regulations. The Group's business activities may have an effect on the environment. The environmental laws in Slovenia and other markets where the Group's production facilities are located are continuing to evolve and are becoming more stringent. In light of the uncertainty in this area as well as the increasing costs of compliance, the Group may be required to incur additional substantial costs in connection with new environmental requirements. Additionally, environmental regulations are subject to frequent change and the Group's failure to fully comply with applicable environmental regulations, at all or within prescribed time limits, could lead to the imposition of administrative, civil or criminal sanctions against the Group, the members of the Management Board or the Group's employees.

Non-compliance with environmental regulations may also require the suspension or closure of certain of the Group's operations. Failure to comply with such regulations and any resulting operational disruptions or fines could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Interpretations of tax regulations may be unclear and tax laws and regulations applicable to the Group may change

Taxes payable by Slovenian companies include corporate profit tax, value-added tax, excise duties, export and import duties, and local (municipal) taxes and fees, including property taxes. The foreign Subsidiaries are subject to taxes in their countries of incorporation. The tax systems in Slovenia and in other markets where the Group operates are still developing, which may result in inconsistent tax practice at both the state and municipal levels.

The tax systems applicable to the Group are subject to frequent changes. Some provisions of the tax law are ambiguous and often there is no unanimous or uniform interpretation of the law or uniform practice by the tax authorities. Because of different interpretations of the tax law, the risk connected with Slovenian tax law, and with tax laws of some other countries where the Group operates may be greater than that under other tax jurisdictions in developed markets. The Company can not guarantee that the Slovenian tax authorities or other competent tax authorities will not take a different, unfavorable interpretation of the tax provisions implemented by the Group, which may have an adverse effect on the business, financial condition and/or results of operations of the Group.

Risks relating to the Group's corporate governance

The Republic of Slovenia through its significant shareholding has the ability to exert significant influence over the Company, and its interests may conflict with those of other holders of the Shares

Currently the Republic of Slovenia holds through the State Asset Manager and the Slovenian Restitution Fund, the Shares accounting for approximately 24.85% of the share capital of the Company and 26.41% of the total voting rights in the Company, and thus it is the largest single shareholder. Even though the Republic of Slovenia does not hold the majority of all shares or voting rights in the Company, its shareholding enables it to exert decisive influence on the results of votes at the General Meeting, including those regarding the appointment of the Supervisory Board and on the Company and its operations. As the interests of the Republic of Slovenia as the biggest shareholder may conflict with the Company's best interests or the best interests of its other shareholders, to the extent that the Republic of Slovenia is able to exercise influence over the Company and the action it takes, this may have an adverse impact on the business, financial condition and/or results of operations of the Company.

The Republic of Slovenia through its significant shareholding (those Slovenian state-owned companies that are deemed to be persons acting in concert with respect to Krka) may not be able to exercise the voting rights in the Company

In the beginning of 2011, the SMA started proceedings against various Slovenian state-owned companies, aimed at investigating a possible breach of Slovenian takeover legislation consisting of the failure to announce takeover bids for increases of their shareholdings in various public companies, including the Company. These Slovenian state-owned companies, due to their ownership status, are deemed to be acting in concert. In accordance with Slovenian legislation, entities that are acting in concert which on the day of entry into force of ZPre-1 (i.e. 11 August 2006) achieved or exceeded the takeover threshold of 25 % of voting rights in a given public company must announce a takeover bid in compliance with ZPre-1 if they intend to acquire additional shares or other instruments entitling to the votes at the general meeting.

The SMA proceedings were initiated against the state-owned companies which jointly achieved or exceeded the takeover threshold at the introduction of ZPre-1 and further acquired shares in public companies including, to the best of the Company's knowledge, the Company. The legal sanction of such infringement is suspension of voting rights in the target company until the companies acting in concert (1) make a takeover bid pursuant to the provisions of ZPre-1 or (2) dispose the securities so that they fall below the takeover threshold of 25%.

The sanction applies as of the date of the finality of the decision on the suspension of the voting rights. The decision of the SMA becomes final when it is delivered to a party in the proceedings but it can be contested before the Supreme Court of the Republic of Slovenia. The lawsuit therefore would not prevent enforcement of the final decision, however, the Supreme Court may (upon request of the claimant for an interim order) decide that the contested SMA decision is suspended until the judgment by the Supreme Court is rendered, if the enforcement of the SMA decision would affect irreparable damage to the claimant.

In two proceedings against Slovenian state-owned companies, the SMA already issued a decision on breach of ZPre-1, one decision was revoked by the Supreme Court and in the other the decision of the Supreme Court has not been issued yet. In the other proceedings, including the proceeding in which the Company is a target company, the decisions of SMA have not yet been adopted.

If the breach of the takeover rules as described above is determined with respect to shareholders of the Company, it may consequently cause suspension of voting rights attached to 8,805,100 Shares held as of 20 March 2012 by those shareholders, which in turn may lead to the material change of voting power at the General Meeting, as historically in 2009 to 2011 the State Asset Manager and the Slovenian Restitution Fund executed together between 26.05% and 26.22% of the total votes at the respective General Meetings.

Risks relating to the Shares and listing of the Shares on the WSE

The Company may be unable to list the Shares on the WSE

The admission and introduction of the Shares to trading on the main market of the WSE requires in particular that the NDS register the Shares and that the management board of the WSE approve of the Shares being listed and traded on the WSE.

According to the WSE Rules, to obtain the WSE management board's approval, the Company has to meet certain requirements provided in the respective regulations of the WSE and other applicable laws. Such requirements include, but are not limited to: (i) the appropriate free float of the Shares; (ii) there being no restriction on the transferability of the Shares; and (iii) the preparation of required information document. Furthermore, while examining the Company's application for admission of the Shares to trading on the WSE, the management board of the WSE will take into consideration, *inter alia*, the following factors: (i) the Group's financial situation and its economic forecasts; (ii) the Group's development perspectives, in particular, the chances of the successful completion of its investment plans; (iii) the experience and qualifications of the members of the Management Board and Supervisory Board; and (iv) the security of public trading on the WSE.

The Company intends to take all the necessary steps to ensure that the Shares are admitted and introduced to trading on the WSE. However, there is no guarantee that all of the aforementioned conditions will be met and that the Shares will be admitted and introduced to trading on the WSE and that the listing on the WSE will come into effect.

Trading in the Shares on the WSE may be suspended

Polish regulations provide for situations in which trading in the Shares on the WSE will or may be suspended.

In particular, pursuant to Article 20.2 of the Polish Act on Trading in Financial Instruments, if trading in the Shares on the WSE might jeopardize the proper functioning of the regulated market or the security of trading

thereon or cause the infringement of investors' interests, the PFSA may demand that the WSE suspend the Shares from trading on the WSE for a period not exceeding one month. In addition, if the SMA requests that trading in the Shares be suspended, the PFSA will demand that the WSE suspends the Shares from trading on the WSE, provided that such suspension neither jeopardizes the proper functioning of the regulated market nor causes the material infringement of investors' interests.

Moreover, according to §30.1 of the WSE Rules, the WSE management board may suspend trading in the Shares on the WSE for a period of up to three months: (i) upon the Company's request therefor; (ii) if the WSE management board deems that such suspension is required in relation to the interests and safety of the trading participants; or (iii) if the Company is in breach of the regulations governing the WSE. Pursuant to § 30.2 of the WSE Rules, the WSE management board suspends trading in the Shares on the WSE for a period of a maximum one month upon the demand of the PFSA therefor made in accordance with the provisions of the Polish Act on Trading in Financial Instruments.

Any suspension of trading of the Shares on the WSE would adversely affect the Shares' liquidity and Share price.

The Shares may be excluded from trading on the WSE

Polish regulations provide for developments upon the occurrence of which the Shares will be or may be excluded from trading on the WSE.

In particular, according to § 31.1 of the WSE Rules, the WSE management board excludes the Shares from trading on the WSE: (i) if their transferability has become limited; (ii) upon the demand of the PFSA therefor made in accordance with the Polish Act on Trading in Financial Instruments; (iii) if they cease to exist in book-entry form; (iv) if the Shares are excluded from trading on a regulated market by a relevant supervisory authority. In addition, if the SMA requests that the Shares be excluded from trading on the WSE, the PFSA will demand that the WSE exclude the Shares from trading on the WSE, provided that such exclusion neither jeopardizes the proper functioning of the regulated market nor causes material infringement of investors' interests.

Furthermore, pursuant to § 31.2 of the WSE Rules, the WSE management board may exclude the Shares from trading on the WSE in the following circumstances: (i) if they cease to meet the conditions for admission to trading on the relevant market, other than the restrictions on transferability; (ii) if the Company permanently violates the WSE rules; (iii) upon the Company's request; (iv) as a result of the bankruptcy of the Company or if the motion to declare bankruptcy is rejected due to lack of Company's funds to cover the costs of proceeding; (v) if the WSE management board determines that delisting is required given the interests and security of the trading participants; (vi) as a result of a decision on a merger, split or transformation of the Company; (vii) if within the preceding three months there were no stock exchange transactions concerning the Shares; (viii) if the Company commences activities prohibited by an existing law; or (ix) upon the initiation of the Company's liquidation.

Moreover, if a company listed on the WSE fails to fulfill certain requirements under applicable laws, in particular the requirements referred to in Art. 96 of the Polish Act on Public Offering, the PFSA, in accordance with Art. 96a of the Polish Act on Public Offering, should notify the SMA of these infringements. If the SMA fails to take any measures aimed at preventing a further breach of the legal provisions, or when such measures prove ineffective, the PFSA, in order to protect investors' interests, after first notifying the SMA, has the authority to impose a fine on the Company and/or to exclude the Company's securities from trading on the regulated market. The PFSA shall notify the European Commission immediately upon the application of such a sanction.

There can be no assurance that above-mentioned situations will not occur in relation to the Shares.

The exclusion of the Shares from trading on the WSE would adversely affect the price and liquidity of the Shares.

The Company's ability to pay dividends depends on a number of factors and there can be no assurance that the Company will be able to pay dividends in accordance with its dividend policy, or at all, in any given year

There are many factors that can affect the availability and timing of dividend payments to shareholders, including the liquidity and capital requirements of the Company and the Group's businesses, particularly those related to the implementation of the investment program. The Management Board's recommendations as to the distribution of dividends will be affected by a number of factors, including the following: the amount of the net profit set forth in the Company's standalone financial statements; the amount of available cash and cash equivalents set forth in the Company's standalone financial statements; the current cost and availability of debt financing; the Company's capital expenditure requirements; planned acquisitions; and applicable law.

Consequently, there can be no assurance that the Company will be able to pay dividends in accordance with its stated dividend policy, or at all, in any given year.

Shareholders may have difficulties exercising rights which are governed by Slovenian law

The Company is organised and exists under Slovenian law. Accordingly, the rights and obligations of the Company's shareholders are regulated by Slovenian corporate law and the Company's shareholders must follow Slovenian legal requirements in order to exercise their rights, in particular the resolutions of the General Meeting may be passed with majorities different from the majorities required for the adoption of equivalent resolution under Polish law or other law.

In addition, to the extent that pre-emptive rights are granted, holders of the Shares in some jurisdictions may have difficulties or may be unable to exercise their pre-emptive rights. If the Company's share capital is increased in the future, the Company's shareholders who will not be able to exercise potential pre-emptive rights (in accordance with the laws of the country where they have their registered office) should take into account that their interest in the Company's share capital may be diluted upon the issuance of the Shares.

Moreover, the Company's shareholders holding their Shares through the NDS should also take into consideration the arrangements between the NDS and KDD in this respect. As a result, the exercise of certain shareholder rights may be more difficult or costly than the exercise of rights in other companies listed on the WSE.

Investors in the Shares will be subject to obligations resulting from various national laws

The Company is organized and existing under the laws of Slovenia, the Shares are listed on the LJSE and it is expected that the Shares will be listed on regulated market in Poland. The EU directives, such as Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the Harmonization of Transparency Requirements in Relation to Information about Issuers whose Securities are Admitted to Trading on a Regulated Market and amending Directive 2001/34/EC, Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on Takeover Bids, and Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on Insider Dealing and Market Manipulation (market abuse), provide different competencies for home Member State and host Member States with respect to rights and obligations of the investors in public companies, especially those which are listed on at least two market in different countries, depending on the subject of regulations. In addition, EU directives are not always implemented or interpreted in a consistent manner at the EU and national level.

Consequently, investors in the Shares may be subject to requirements stemming from the regulations of different jurisdictions, in this case those of Slovenia and Poland, which are not necessarily coherent. In addition, there is lack of court precedents which would provide some guidance on interpretation of the appropriate Slovenian and Polish provisions of law. Such situation may cause uncertainty or ambiguity when exercising shareholder rights or when fulfilling shareholder related obligations in accordance with the laws of the different jurisdictions. For example, it is not clear whether or which Polish thresholds for the announcement of takeover bids would be applicable to an investor who intends to purchase a substantial block of Shares.

If an investor fails to fulfil its obligations or violates any laws or regulations when exercising rights from or regarding the Shares, it may be fined or sentenced for such non-compliance or may be unable to exercise its rights in respect of the Shares as well may be subject to legal claims.

Tax treatment for non-Slovenian investors in a Slovenian company may vary

The Company is organised and existing under the laws of Slovenia and, as such, the Slovenian tax regime applies to the distribution of profit and other payments from the Company to its investors. The taxation of income from such payments, as well as other income, for instance, from the sale of Shares, may vary depending on the tax residence of particular investors as well as the existence and the provisions of double tax treaties between an investor's country of residence and Slovenia. Tax provisions applying to particular investors may be unfavourable and/or may change in the future in a way which has an adverse effect on the tax treatment of an investor's holding of Shares.

The marketability of the Shares may decline and the market price of the Shares may fluctuate and decline

The Company can not give assurance that following the admission and introduction of the Shares to trading on the main market of the WSE the marketability of the Shares will improve or remain consistent.

The market price of the Shares may fluctuate widely, depending on many factors which are beyond the Company's control. These factors include, inter alia, actual or anticipated variations in operating results and earnings by the Group and/or its competitors, changes in financial estimates by securities analysts, market

conditions in the industry and, in general, the status of the securities market, governmental legislation and regulations, as well as general economic and market conditions, such as a recession.

The market price of the Shares is also subject to fluctuations in response to further issuances of shares by the Company, sales of Shares by the Company's major shareholders, the liquidity of trading in the Shares and capital reduction or purchases of Shares by the Company as well as investor perception. As a result of these or other factors, the Company can not assure that the public trading market price of the Shares will not decline.

If securities or industry analysts do not publish research or reports about the Company, or if such analysts adversely change their recommendations regarding the Shares, the price and/or trading volume of the Shares could decline

The price and liquidity of the Shares will be influenced by research and reports published by industry analysts. If no analyst elects to cover the Company and publish research or reports about it, the market for the Shares could be severely limited and the price of the Shares could be adversely affected. In addition, if one or more analysts ceases to cover the Company or fails to regularly publish reports on it, the Company could lose visibility in financial markets, which in turn could cause the price or trading volume of the Shares to decline. If one or more analysts who elect to cover the Company adversely change their recommendation regarding the Shares, the market price of the Shares could decline.

There can be no assurance regarding the future development of the market for the Shares and its liquidity

The Shares are listed on the LJSE. However, the past performance of the Shares on the LJSE cannot be treated as indicative of the likely future development of the market and future demand for the Shares. The lack of a liquid public market for the Shares may have a negative effect on the ability of shareholders to sell their Shares, or adversely affect the price at which the holders are able to sell their Shares. There can be no assurance as to the liquidity of any trading in the Shares, or that the Shares will be actively traded on the WSE or the LJSE in the future.

Dual listing of the Shares will result in differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the two exchanges where the Shares will be listed. These and other factors may hinder the transferability of the Shares between the two exchanges

The Shares are listed on the LJSE. An application will be made to list the Shares on the WSE. Therefore, trading in and liquidity of the Shares will be split between those two exchanges. Furthermore, the price of the Shares may fluctuate and may at any time be lower on the LJSE than the price at which the Shares are traded on the WSE and vice versa.

Differences in settlement and clearing systems, trading currencies, transaction costs and other factors may hinder the transferability of the Shares between the two exchanges. In addition, it is uncertain which exchange will be the principal trading place of the Shares by value or volume. This could adversely affect the trading of the Shares on these exchanges and increase their price volatility and/or adversely affect the price and liquidity of the Shares on these exchanges.

The Shares are quoted and traded in EUR on the LJSE and will be quoted and traded in PLN on the WSE. The market price of the Shares on the WSE and LJSE may differ also due to exchange rate fluctuations. The Shares traded on the LJSE are settled and cleared through the KDD. The Shares traded on the WSE will be settled and cleared through NDS. The transfer of the Shares between the LJSE and the WSE will be effectuated through a direct settlement link between the KDD and the NDS.

Although the Polish and Slovenian settlement systems operated by the NDS and the KDD have established settlement procedures allowing transfers of the Shares between NDS and KDD participants, they are under no obligation to perform or to continue to perform such procedures and such procedures may be discontinued at any time, which may limit the liquidity of the Shares and have a negative impact on the efficiency of the pricing mechanisms of the secondary market of the Shares.

The issuance of new shares by the Company or future transactions involving the sale of a substantial number of Shares by shareholders after the admission to trading on the WSE or the perception that such issuance or sale could occur may adversely affect the market price of the Shares or the Company's ability to obtain capital in the future

Future share issuances may result in the dilution of Shares held by the Company's existing shareholders. If the Company conducts another issuance of shares, or a block of existing Shares owned by any of the Company's major shareholders is sold in the future, or the perception that such issuance or sale could occur, the supply of the Shares on the WSE and/or the LJSE could increase and/or the market price of the Shares could decline. This

could adversely affect the market price of the Shares or limit the Company's ability to raise capital, in particular through equity offerings.

Judgments of courts against the Company, other Group Companies and the members of the Management Board may be difficult to enforce

The Company was formed in accordance with Slovenian law and has its registered office in Slovenia. Moreover, the members of the Management Board are residents of Slovenia. For these reasons, investors may encounter difficulties in serving summonses and other documents relating to court proceedings on any of the entities within the Group and on the members of the Management Board if such proceedings are initiated in countries other than Slovenia or countries where such Group entities are located. For the same reasons, it may be more difficult for investors to enforce a judgment of the courts issued against the Group Companies or the members of the Management Board outside of Slovenia or the country of incorporation of a given entity within the Group than if those entities and the management team were located in the jurisdiction in which the judgment is issued.

CONCISE DESCRIPTION OF THE GROUP'S HISTORY

The history of the Group dates back to the nineteen-fifties, when a pharmaceutical laboratory was established in 1954. Until 1964 the Group opened its first production plant and R&D institute and also in a short period of time commenced its export activities.

Between 1965 and 1974 the Group focused mainly on the development of its manufacturing capacity: it constructed new plants for manufacturing active ingredients and for producing ointments, syrups, and injections and constructed a new plant for manufacturing tablets and coated tablets. In addition, in this period the Group started offering tourist and health-resort services.

During the nineties the Group expanded its business, especially through the opening of new production facilities and representative offices in several jurisdictions and accelerated development of its own generic drugs, especially through the increase in investments in research and development, and co-operation with leading international pharmaceutical companies.

In 1996, the Company transformed its legal status from a company with socially owned capital and organized as a company with full liability to the joint stock company.

In 1997, the Shares were admitted to trading on the LJSE and listed on the official market of the LJSE.

Since 2000, the Group has been focusing on expansion of production and distribution centers in Slovenia and abroad and development of new R&D capacities.

CONCISE DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group is one of the world's leading generic pharmaceutical producers and has more than 55 years' experience in the pharmaceutical industry.

The Group is engaged in the development, production, sale and marketing of human health products (prescription pharmaceuticals, non-prescription products) and animal health products. The Group's activities are supplemented by health-resort and tourist services.

The Group has a leading position in its domestic market and a strong presence in the generic pharmaceutical markets of south-east Europe (mainly Croatia and Romania), central Europe (especially the Czech Republic, Hungary and Poland) and east Europe (mainly the Russian Federation and Ukraine). In recent years the Group has built up its presence in western European markets, especially Germany, the UK, France, Italy, Portugal, the Nordic and the Benelux countries.

The Group's production and distribution capacity is located in Slovenia, Poland, Croatia, the Russian Federation and Germany.

In 2011, the Group's revenue was EUR 1,075.6 million, its EBITDA reached EUR 301.2 million and its net profit for the period was EUR 162.7 million.

In 2011, the production and sale of prescription pharmaceuticals accounted for 82% of the Group's revenue, non-prescription pharmaceuticals represented 11% of the Group's revenue, while animal health products corresponded to 4% of the Group's revenue. In 2011 health-resort and tourist services represented 3% of the Group's revenue.

Since 1997, the Shares have been admitted to trading on the LJSE and listed on the main market of the LJSE. The Company has the largest market capitalization amongst the companies listed on the LJSE.

Organizational structure

The Group consists of the Company and 25 Group Companies located in Slovenia and abroad, in 23 countries, including Slovenia.

Production takes place at the Company's facilities in Slovenia and in the Group Companies in Poland, Croatia, Germany and in the Russian Federation.

One of the Group Companies in Slovenia, Terme Krka, provides health-resort and tourist services and coordinates the business units of the spa complexes and hotels. Terme Krka is also the majority owner of the company Golf Grad Otočec d. o. o.

Products and services

The Group's main line of business is the production and sale of prescription pharmaceuticals. That is followed in sales volume by non-prescription pharmaceuticals and animal health products. The Group's activities are supplemented by health-resort and tourist services.

In 2011, the Group successfully introduced 19 new products in 44 dosage forms and strengths.

The table below shows the Company's and the Group's revenue and the percentage of total revenue for the Group's core product groups for the periods indicated:

	The Group		
	For the year ended 31 December		
	2011	2010	Change 2011/2010
	<i>EUR thousand</i>		
Human health products:	1,001,020	947,621	6%
- prescription pharmaceuticals	886,920	830,328	7%
- non-prescription products	114,100	117,293	-3%
Animal health products	38,059	30,473	25%
Health-resort and tourist services	34,833	30,839	13%
Other	1,715	1,088	58%

	The Group		
	For the year ended 31 December		
	2011	2010	Change 2011/2010
	<i>EUR thousand</i>		
Total.....	1,075,627	1,010,021	6%

Source: Annual report of 2011

Prescription pharmaceuticals

The Group's prescription pharmaceuticals are high-quality generic products with added value and are, in the majority of cases, the result of the Group's research activities.

In 2011, the Group achieved sales of prescription pharmaceuticals worth EUR 886.9 million, which is 7% more than in 2010.

The top therapeutic groups for prescription pharmaceuticals were medicines for the treatment of cardiovascular diseases, the alimentary tract and metabolism diseases, as well as those for central nervous system diseases, representing 45%, 19% and 17% of the Group's prescription pharmaceuticals' revenue in 2011, respectively.

In 2011, the leading prescription pharmaceuticals by sales value were:

- Atoris® (atorvastatin)
- Enap® (enalapril)
- Lorista/Lavestra® (losartan)
- Prenessa/Perineva® (perindopril)
- Nolpaza/Nolpaza control® (pantoprazole)
- Zyllt® (clopidogrel)
- Emanera/Emozul® (esomeprazole)
- Zalasta/Zolrix® (olanzapin)
- Lanzul/Lansoptol® (lansoprazole)
- Valsacor® (valsartan)
- Vasilip® (simvastatin)
- Bilobil® (ginko biloba)
- Fromilid® (clarithromycin)

Non-prescription products

The Group's non-prescription products are intended for the prevention of diseases and treatment of milder disease symptoms which do not require medical care. In developing these products, the Group follows recommendations of the professionals and customer needs. The Group's non-prescription products are known in central, east and south-east Europe, where individual products are at the very top of consumption rankings.

In 2011, the best known and best-selling brands were:

- Bilobil®, a ginko product,
- Herbion® herbal products against cough,
- Septolete® mouth and throat antiseptics,
- Pikovit® vitamins and minerals for children.

In 2011, the Group sold non-prescription products worth EUR 114.1 million, which constituted a 3% decrease in comparison to the year 2010. High sales growth, compared to 2010, was achieved on many important markets: over 20% in the Czech Republic, Kazakhstan and Macedonia.

The top therapeutic groups for non-prescription products sales were vitamins and minerals, products improving cerebral and peripheral circulation and cough and cold products, representing 23%, 19% and 15% of the Group's non-prescription products' revenue in 2011, respectively.

Animal health products

The main product groups are anti-infectives for food-producing animals, antiparasitics for food-producing animals and other products for food-producing animals. Recently, the Group has also been devoting increasing attention to products for so called companion animals, i.e. domestic pets.

In 2011, the best known and best-selling brands were:

- Enroxil® (enrofloxacin),
- Floron® (florfenicol),
- Kokcisan® (salinomycin).
- Toltarox/Tolzesya® (toltrazuril)
- Ecocid/Oxicid S
- Fypryst® (fipronil)
- Quiflox/Marfloxin® (marbofloksacin).

In 2011, the Group sold animal health products worth EUR 38.1 million, 25% more than in 2010. Sales increased most in West Europe and Overseas Markets, also in Poland and the Russian Federation, as well as on smaller markets.

The top therapeutic groups for animal health products sales are anti-infectives for food-producing animals and antiparasitics for food-producing animals representing 53% and 21% of the Group's animal health products' revenue in 2011, respectively.

Health resort and tourist services

Terme Krka, a subsidiary of the Company, offers health resort and tourist services at these choice locations:

- Terme Dolenjske Toplice, involved in the treatment of rheumatic diseases, conditions following injury to the locomotor system, gynecological disorders and osteoporosis; at the Balnea relaxation centre Terme Krka offers different wellness programs.
- Terme Šmarješke Toplice, specialised in treating cardiovascular diseases, sports injuries and psychosomatic disturbances, while the programmes of the Vitarium Spa&Clinique are designed to reinforce health and psychophysical capabilities and improving the quality of everyday life.
- The Hotels Otočec, including Hotel Grad and Hotel Sport and a tennis centre.
- Hotel Krka in Novo mesto, offering business tourism and a rich culinary selection.
- Diseases of the respiratory tract, conditions following injuries to the limbs, and osteoporosis are treated in the Terme Krka – Talaso Strunjan, at the seaside resort of Strunjan, which also offers additional treatment in the Salia thalassotherapy centre.
- The Golf Grad Otočec golf course at Otočec.

In 2011, the Terme Krka group generated sales of EUR 34.8 million, which is 13% more than in 2010.

Markets

The Group sells its products on the domestic Slovenian market and exports its products to over 70 countries. The Group divides its markets into five regions: Slovenia, South-East Europe, West Europe and Overseas Markets, Central Europe and East Europe.

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.

The following tables set forth information on the Group's main markets as measured by revenues for the periods indicated:

The Group			
For the year ended 31 December			
	2011	2010	Change 2011/2010
<i>EUR thousand</i>			
Slovenia.....	101,827	104,640	-3%
South-East Europe.....	146,136	138,014	6%
East Europe.....	285,226	264,897	8%
Central Europe.....	288,217	293,675	-2%
West Europe and Overseas Markets	254,221	208,795	22%
Total.....	1,075,627	1,010,021	6%

Source: Annual report of 2011

Slovenia

Sales of products and services on the Group's domestic market in 2011 amounted to EUR 101.8 million, a decrease of 3% in comparison to 2010. The largest share coming from prescription pharmaceuticals, which, complemented by non-prescription pharmaceuticals and animal health products, represented approximately EUR 65 million. Terme Krka contributed EUR 34.8 million to total sales, which is 13% more than in 2010.

The main drivers of the Slovenian market are Krka's leading market position and strong local brand awareness and brand recognition of Krka.

According to IMS, the Group maintained its position as market leader on the Slovenian pharmaceutical market with an approximately 12% share.

In 2011, the Company's best-selling brands in Slovenia were Prenessa® (perindopril) and Renewel® (perindopril-indapamid), Atoris® (atorvastatin), Ultop® (omeprazole) and Enap® (enalapril and all fixed-dose combinations with diuretics).

The majority of the Group's production facilities are located in Slovenia, especially in Novo mesto, and also Ljutomer and Šentjernej.

Central Europe

This region is the Group's leading region by sales value, contributing 27%, or EUR 288.2 million, to overall sales in 2011. The single largest market of the region is Poland, which is one of the Company's key markets. The Group sold EUR 109.0 million worth of products in Poland in 2011, which is 16% less than in 2010. The main brands in terms of revenues included Atoris® (atorvastatin), Lorista® (losartan), Nalpaza® (pantoprazole), Valsacor® (valsartan), Zalasta® (olanzapine) and Prenessa® (perindopril).

The second largest Group's market in this region is the Czech Republic, which generated sales revenues of EUR 64.3 million in 2011, constituting an 18% increase in comparison to 2010. The main brands in terms of revenues included Atoris® (atorvastatin), Lorista® (losartan), Lexaurin® (bromazepam), Prenessa® (perindopril), including its fixed-dose combinations with a diuretic, Asentra® (sertraline), Lanzul® (lansoprazole) and Amprilan® (ramipril).

The third largest Group's market in this region is Hungary, which generated sales revenues of EUR 63.7 million in 2011, constituting a 12% increase in comparison to 2010. The main brands in terms of revenues included Atoris® (atorvastatin), Prenessa® (perindopril), Nalpaza® (pantoprazole), Lavestra® (losartan), including its fixed-dose combinations with a diuretic, Tenox® (amlodipine) and Emozul® (esomeprazole).

The Group has one production facility in Central Europe, located in Poland.

The main growth drivers in the markets in Central Europe are good brand recognition of Krka, local presence (in Poland) and a strong pipeline with a vertically integrated model which enable Krka to react promptly to market needs and consequently have exclusivity on the market from time to time.

East Europe

This is the second largest region in terms of sales and where the Group generated EUR 285.2 million, an 8% increase over 2010, and representing 26% of its overall sales in 2011.

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 Group's largest single market, the Group sold EUR 195.3 million worth of products in 2011, which is a 2% increase compared to the previous year. In terms of revenues, the top brands are Enap® (enalapril), Lorista® (losartan), including their combinations with

diuretics, Herbion® (herbal products against cough), Atoris® (atorvastatin), Zyllt® (clopidogrel), Orsoten® (orlistat), Vasilip® (simvastatin), Pikovit® (vitamins and minerals for children), Nolicin® (norfloksacin) and Perineva® (perindopril)

The second largest Group's market in this region is Ukraine which generated sales revenues of EUR 50.1 million in 2011, constituting a 29% increase in comparison to 2010. In terms of revenues, the top brands are Enap® (enalapril), including its fixed-dose combinations with a diuretic, Herbion® (herbal products against cough), Atoris® (atorvastatin), Naklofen® (diclofenac) and Coryol® (carvedilol).

The additional important markets in this region that recorded double-digit sales growth were Kazakhstan (up 31%), Moldavia (up 20%) and Mongolia (up over 50%), and some other markets (up 20%).

The main drivers of the sales of generics in East Europe region are low government reimbursements for pharmaceutical products and low consumer purchasing power in most of the markets in the East European region, good brand recognition of Krka and local presence in the Russian Federation.

The Group has one production facility in East Europe located in the Russian Federation. In February 2011 the Company's began in the Russian Federation building of a new distribution centre and a new solid dosage plant, which allows the flexible, modular construction of production facilities step by step. The plant's capacity will be 1.8 billion tablets and capsules per year. The investment is worth EUR 135 million. Production in the new production facility is planned to start at the end of 2013.

West Europe and Overseas Markets

This region is third in terms of sales and where the Group made sales worth EUR 254.2 million, which account for 24% of overall Group sales in 2011.

Having contributed over EUR 73 million to the region's sales, Germany is the most important market in this region. Sales in Germany were up 41% YoY. The other important markets in this region where the Group recorded double-digit sales growth in 2011 were France (up 18%), the UK and Ireland (up 44%), Italy (up over 50%) and Spain.

The main growth drivers in markets in West Europe and Overseas Markets region are the strong pipeline and the vertically integrated model which enable Krka to react swiftly to market needs and consequently have exclusivity on the market from time to time.

The Group's main products in terms of revenue in 2011 in the West Europe and Overseas Markets region were products with esomeprazole, clopidogrel, perindopril, gliklazide, ropinirol galantamin, olanzapine, lansoprazole, Pantoprazole and venlafaxine.

The Group has one production facility in West Europe and Overseas Markets, located in Germany.

South-East Europe

In 2011 the Group sold EUR 146.1 million worth of products in this region, which equals 14% of overall Group sales.

The region's largest market is Romania, which generated EUR 48.6 million of sales (up 22%). In terms of revenues, the most recognized brands are Bilobil® (ginko biloba), Enap® (enalapril), Prenessa® (perindopril, including fixed-dose combinations with a diuretic), Atoris® (atorvastatin), Ciprinol® (ciprofloxacin), Tolura® (telmisartan) and Opryme® (pramipexole). The second largest is Croatia, where the Group made sales worth EUR 36.0 million. The most important brands were Zyllt® (clopidogrel), Atoris® (atorvastatin), Enap® (enalapril), Helex® (alprazolam) and Lanzul® (lansoprazol).

The main drivers of the markets in South-East Europe region are Krka's local presence (in Croatia), good brand recognition, the large target population and government focus to reduce healthcare costs.

The Group has one production facility in South-East Europe, located in Croatia.

Research and development

R&D with the aim of providing new products and technologies is one of the strategic foundations of a generic pharmaceutical company. Securing a competitive position for Krka together with sustainable development of the product portfolio is therefore one of the main points of strategic agenda.

Business model

The main drivers for future portfolio development are expansion of the pipeline in order to reduce risk, a focus on products which are difficult to develop and manufacture, securing IP freedom so as to operate via early

development, and an aggressive regulatory approach. The underlying business model is to be based on vertical integration wherever reasonable. Vertical integration comprises R&D activities in all the segments of the process: R&D API and R&D finished dosage forms as well as R&D analytics and pharmacokinetics provide a solid base for all the data required by the regulatory submissions. Regulatory strategies are diversified and customised to requirements of regional requirements providing flexibility for launches.

Portfolio

As a first step Krka has expanded its portfolio of new products under development to more than 130 products. They belong to various product groups. In the cardiovascular and gastrointestinal as well as the central nervous system segments the main goal is to complement existing products. The anticancer segment and individual complementary products to existing key therapeutic groups are going to be added to the portfolio under development.

The competitive position of Krka's portfolio is going to be enhanced by introduction of new products which are difficult to develop and manufacture (i.e. bi-layered tablets, fixed combinations, modified/sustained release products). The significance of analytical and pharmacokinetic/preclinical studies is increasing, especially due to scientific and technical barriers to entry becoming increasingly complex.

The R&D of specialty veterinary products requires complicated design of studies proving efficacy thereof and also above the average investment. The product range in the pipeline covers both pets and commercial animals.

In the non-prescription pharmaceuticals segment product development will follow the life-cycle management of key brands in the reasonably diversified portfolio of products.

Personnel and premises

Altogether approximately 550 staff are dedicated to R&D and support activities. R&D is centralised at the headquarters in Novo Mesto, where three R&D centers have been constructed, equipped and commissioned during the last 15 years. Two pilot plants, for APIs and finished dosage forms respectively, which have been certified by the EU regulatory authorities enable manufacturing of samples for clinical testing.

Key activities

In four key areas of activities products, technologies and methodologies are developed. The main focus is on new products, meaning that technologies and know how which are developed according to individual products or groups thereof. In the field of R&D chemistry all of the relevant activities are covered: chemical synthesis, purification and isolation technologies are all being developed. Special attention is paid to intellectual property and technological characteristics of active substances. The latter is supported by different technical and analytical tools for customised particle design. In the field of R&D of finished dosage forms, all the phases of development are being carried out for preformulation studies to lab and pilot scale formulation and technologies. Again, sophisticated analytical tools are utilised to provide solid ground for further stability and bioequivalence studies. R&D analytics develop methodologies and methods to support product and process development. It generates data and documentation to support regulatory filings and product life cycle. Pharmacokinetics / preclinical development carries out studies, predominantly bioequivalence in order to compile the documentation as stipulated in regulatory guidelines. An important element is testing to support the safety of new products.

Regulatory submissions are carried out on the basis of registration dossiers compiled according to the requirements of international markets. Those are supported by suitable information technology tools for submissions and life cycle activities such as variations and pharmacovigilance.

In 2011, the Group acquired first marketing authorizations 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 total, the Group acquired marketing authorization for 855 products in 1814 pharmaceutical forms and strengths in all countries.

Risk Management

The Group regularly monitors its exposure to various forms of risk and takes measures to manage those risks.

The risk management at the Group level is based on the risk register, a complete list of risks and corrective measures, and on the business continuity management system, which was set up in 2011 and which includes scenarios of unexpected circumstances and extraordinary events along with solutions for keeping the Group's key processes operational and uninterrupted.

Effectively managing different forms of risk requires a range of approaches. Operational risk, which includes R&D, sales and marketing, intellectual property protection, quality assurance, environmental protection, investment projects, human resources and legal matters risks, is therefore managed by organisational units whose work is linked to specific forms of risk listed above; while financial risk, which includes foreign exchange risk, interest rate risk, credit risk, liquidity risk, risk of damage to property, risk of claims for damages and civil lawsuits, and risk of financial losses due to business interruption, is managed centrally. Additionally, the Group monitors and manages risks which threaten the continuity of its business, which include risks related to the availability of critical resources to provide for the production and sale of key products, product supply, technical services, information technology, employees and the protection of property.

Applying the principles of functional leadership, where the business function in the controlling company manages the business function in the subsidiary companies, ensures comprehensive management of risk throughout the entire Group. The management boards and supervisory boards of the subsidiaries also monitor risk management.

THE COMPANY'S SHAREHOLDERS

Since the Company is a publicly-listed company the Shares of which are traded on the official market of the LJSE, the Company does not have detailed information regarding the shareholding structure existing as of the date hereof. Below please find information regarding the Company's shareholding structure based on the shareholders book of the Company kept by the KDD.

In accordance with the above, the major shareholders, i.e. the persons directly holding at least five percent of the total number of votes at the General Meeting, as at 20 March 2012 are:

- Slovenian Restitution Fund (*Slovenska odškodninska družba, d.d.*) with 5,312,070 shares which constitute 14.99% of the total shares issued and represent 15.93 % of the total votes in the Company; and
- State Asset Manager (*Kapitalska družba, d.d.*) with 3,493,030 shares which constitute 9.86% of the total shares issued and represent 10.48% of the total votes in the Company

In addition, as of 20 March 2012, the Company holds 2,080,134 treasury shares which constitute 5.87% of the total shares issued. The treasury shares do not entitle the Company to vote at the General Meeting.

INFORMATION ON THE INTENDED ADMISSION AND INTRODUCTION TO TRADING ON THE WSE

As of the date hereof, 35,426,120 ordinary registered no par value book-entry Shares of the Company are listed on the official market of the LJSE.

Based on this Information Memorandum, the Company intends to apply for the admission and introduction of all the Shares in the share capital of the Company, i.e. 35,426,120 Shares, to trading on the main market of the WSE.

The admission to trading and the listing of the Shares on the WSE requires, amongst other things: (i) the registration of the Shares in the depository operated by the NDS; and (ii) the WSE's management board resolving to admit and introduce the Shares to trading and listing on the WSE. It is the Company's intention that, in the absence of any unforeseen circumstances, the Shares will be admitted to trading on the WSE in the first half of 2012 and trading in the Shares on the WSE will commence within no later than approximately one week after the date of the admission of the Shares to trading on the WSE.

For the purposes of the WSE Listing, the Company intends to apply to the NDS for the registration of the Shares as soon as possible.

Trading in the Shares on the WSE may be suspended or cancelled in certain circumstances, referred to in "*Key Risk Factors Related to the Company and the Shares – Risks Relating to Shares and Listing of the Shares on the WSE – Trading in the Shares on the WSE may be suspended*" and "*Key Risk Factors Related to the Company and the Shares – Risks relating to Shares and listing of the Shares on the WSE – The Shares may be excluded from trading on the WSE*".

ADDITIONAL INFORMATION

Additional information on the Company's share capital

As of the date hereof, the Company's share capital amounts to EUR 59,126,194.28 and is divided into ordinary registered no par value Shares.

Below is a short description of the changes in the Company's share capital since the date of the transformation of the Company into a joint stock company.

Based on, *inter alia*, the Transformation of the Ownership of Enterprises Act (*Zakon o lastninskem preoblikovanju*) and a resolution dated 13 September 1996 of the Assembly of Workers Council, KRKA, p.o., Novo mesto (a Slovenian company with socially owned capital and organized as a company with full liability – *podjetje z družbenim kapitalom, ki je bilo organizirano kot podjetje s popolno odgovornostjo*), was on 19 December 1996 (court register entry No. Srg 376/96 dated 19 December 1996) transformed into Krka, tovarna zdravil, d.d., Novo mesto (a Slovenian joint stock company), with a share capital amounting to SIT 14,170,448,000.00, divided into 3,542,612 ordinary shares with a nominal value of SIT 4,000.00 per share.

Based on the resolutions of the Company's 12th annual general meeting from 5 July 2007:

- the Company's share capital was converted from SIT to EUR and amounted to EUR 59,126,194.28;
- no par value shares were introduced instead of shares with a nominal value;
- a share split was also approved in the ratio of 10 shares for one. Consequently the number of shares issued was changed into current amount of 35,426,120, while the amount of share capital remained at EUR 59,126,194.28.

The above-mentioned changes regarding the Company's share capital were registered in the Slovenian Trade Register (*sodni register podjetij*) on 6 July 2007 and became effective on 26 July 2007 (court register entry No. Srg 504/2007 dated 26 July 2007). The number of shares was effectively increased in the central register of securities in Slovenia operated by the KDD on 3 September 2007.

There have been no increases or decreases in the Company's share capital since the date of the transformation of the Company into a joint stock company.

Selected Polish and Slovenian tax considerations

This information is of a general nature and does not constitute an exhaustive analysis of the tax results related to the acquisition, holding or disposal of the shares under the relevant tax laws. Therefore, investors should, in individual cases, consult their own tax, financial or legal advisers.

Selected Slovenian tax considerations

The following summary is of a general nature and describes the material Slovenian income tax consequences of the acquisition, ownership and disposal of shares. It does not purport to be a comprehensive description of all tax consequences of the acquisition, ownership and disposal of shares. This summary is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder of Shares. Potential investors should consult their own tax advisors concerning the Slovenian and other national tax consequences of acquiring, owning and disposing of Shares.

This summary is based on the following legal acts (all published in the Official Gazette of the Republic of Slovenia, No. 117/2006 with subsequent amendments):

- the Slovenian Value Added Tax Act,
- the Slovenian Corporate Income Tax Act,
- the Slovenian Personal Income Tax Act
- the Slovenian Tax Procedure Act.

Pursuant to section 4.e of Art. 44 of the Slovenian Value Added Tax Act, the following financial services are exempted from VAT: "transactions, including brokerage services (excluding management, safekeeping, investment consulting and services in connection with takeovers), in shares, interests in companies or associations, bonds and other securities, excluding documents evidencing title to goods and the rights and interests."

Taxation of Income Deriving from Shares

Corporate Holders of Shares

In general, income derived from Shares (dividends and capital gains) increases the tax basis of corporate holders of Shares that are liable for the payment of corporate income tax in accordance with the Slovenian Corporate Income Tax Act. Pursuant to Art. 8 of the Slovenian Corporate Income Tax Act, these sources of income are generated in Slovenia and, therefore, represent taxable income of both resident and non-resident holders of Shares.

Taxation of Dividends

Dividends and income similar to dividends (with the exception of certain hidden reserves) are exempt from the tax base of a corporate holder of shares, if the payer of dividends is:

- liable for corporate income tax in accordance with the Slovenian Corporate Income Tax Act; or
- for taxation purposes, a resident of an EU Member State in accordance with the law of that Member State and is in accordance with a double taxation treaty concluded with a non-EU Member State not considered to reside outside of the EU, and is, in addition, liable for one of the taxes for which a common system of taxation is applicable to parent companies and affiliates from different EU Member States and are determined by the Slovenian Minister of Finance, where a company which is exempt from corporate income tax or has an option of choosing the taxation are not considered to be liable for payment of corporate income tax, or
- liable for the payment of corporate income or profit tax comparable to Slovenian corporate income tax and is not resident of a state (or the permanent establishment is not located in a state) where the general or average nominal tax rate for the taxation of profit is lower than 12.5% and such state is listed on the list published by the Slovenian Ministry of Finance and the Slovenian Tax Administration, whereby this rule shall not apply to a payer who is resident of another EU member state in accordance with the previous paragraph.

The above rules are applicable to non-resident recipients of dividends if their interest in the capital or in the management of the company paying the dividends is in connection with the business activities performed through an establishment in Slovenia or through it.

The above-described exemption from the tax base of a corporate holder of the Shares is applicable under the condition that in the current or past taxation period's revenues have been included in the corporate holder's tax base on the basis of such income.

In accordance with Art. 70 of the Slovenian Corporate Income Tax Act, the payer must, at dividend payment, withhold and pay withholding tax at the rate of 15%, unless the recipient is:

- the Republic of Slovenia or a self-governing local community in Slovenia;
- the Bank of Slovenia;
- a resident who notifies the payer about their tax number; or
- a non-resident liable for the payment of corporate income tax deriving from their activities in or through a permanent establishment in the Republic of Slovenia who notifies the payer about their tax number, if the dividends are payable to such permanent establishment.

In accordance with Art. 70 of the Slovenian Corporate Income Tax Act, the payer must not, at dividend payment, withhold and pay withholding tax at the rate of 15% if the dividends are payable to:

- a resident of an EU or an EEA Member State who is liable to pay income taxes in a foreign state (except for income paid to the permanent establishment of a non-resident in Slovenia) if such entity cannot claim the withholding tax in the state of its residence (as, for example, in the case of the exemption of dividends from the tax base) and the transaction is not considered to represent tax avoidance; or
- foreign pension funds, investment funds and insurance companies providing pension plans, residents of the EU or EEA Members States (except for income paid to the permanent establishment of a non-resident in Slovenia) if the given entity cannot claim the withholding tax in the state of their residence (if, for example, such funds or insurance companies enjoy an exemption from tax payment or are subject to a 0% tax rate).

Exemptions determined in the previous two points do not refer to payments made to the states with which the exchange of information is not assured (a list of such states is published by the Slovenian Minister of Finance).

Pursuant to Art. 71 of the Slovenian Corporate Income Tax Act, the payer may not collect withholding tax if the entity authorized to receive a given payment is subject to the common system of taxation applied to parent companies and affiliate companies from different EU Member States, provided that:

- the entity authorized to receive the payment holds at least 10% of the value or number of shares or interests in the share capital, nominal capital, or voting rights of the company paying the dividend; and
- such minimum participation in the value or the number of shares or in the interests in the share capital, nominal capital or voting rights has been in effect for at least 24 months; and
- the entity authorized to receive the payment is a) a legal entity formed as one of the entities for which a common taxation system is used and which is applicable to parent companies and affiliates from different EU Member States, and is determined by the Slovenian Minister of Finance, b) for taxation purposes, a resident of an EU Member State in accordance with the law of that Member State and is in accordance with a double taxation treaty concluded with a non-EU member state not considered to reside outside of the EU, and c) is liable for one of the taxes subject to the common system of taxation applicable to parent companies and affiliates from different EU Member States or, with respect to companies exempt from income tax or enjoying the option of choosing taxation, is determined by the Slovenian Minister of Finance to be an entity subject to corporate income tax.

Taxation of Capital Gains

When establishing the tax base of a resident or a non-resident performing business activities through a permanent establishment in Slovenia, 50% of the capital gains achieved by transfer of shares is exempt from the tax base if the person liable for corporate income tax has had at least 8% of share capital or voting rights for at least six months and has during the entire such period employed at least one person on a full-time basis.

This rule is not applicable to profits deriving from investments in entities having their registered office or the place of the actual management of their activities in non-EU member states where the general or average nominal tax rate for taxation of income is lower than 12.5%; such jurisdictions are named in a list published by the Slovenian Ministry of Finance and the Slovenian Tax Administration.

Upon ceasing their activity before the end of a ten-year period from their incorporation (except if the activities are ceased in accordance with chapter VII of the Slovenian Corporate Income Tax Act referring to the taxation at the transfer of property, exchange of shares or interests, mergers and demergers), the taxpayer must increase the tax base by such portion of capital gains which has not been taxed in the last five tax periods.

Analogously, the rule that 50% of loss is not recognised in the tax base if such loss is incurred as a result of any share transfer is applied if the conditions listed above are met.

Individual Holders of Shares

Taxation of Dividends

Upon payment of dividends to individuals who are Slovenian residents, the payer must, in accordance with Art. 132 of the Slovenian Personal Income Tax Act, collect and pay fixed withholding tax at the rate of 20%.

Upon payment of dividends to non-Slovenian residents, the payer must, in accordance with Art. 132 of the Slovenian Personal Income Tax Act, collect and pay withholding tax at the rate of 20%. Subject to the consent of the Tax Administration of the Republic of Slovenia, the payer may, pursuant to a double taxation treaty, collect lower tax.

Taxation of Capital Gains

Capital gains are established on the basis of the difference between the market value upon disposal and the acquisition value of the Shares. The tax rate amounts to 20% and is reduced every five years of ownership of the Shares:

Tax Rate based on number of years which the Shares have been owned

Up to five years	20%
From five to ten years	15%
From ten to fifteen years	10%

From fifteen years onwards 5%

Capital gains are not aggregated with other income, but are reported on separate tax returns that are the basis for the determination of tax by the Slovenian Tax Administration. Individuals who are Slovenian residents are required to file a tax return on or prior to 28 February of the current year for the previous year. Individuals who are not residents of Slovenia are required to file a tax return within 15 days after disposing of the Shares, unless they file a return for all transactions related to securities or other interests in any capital executed in the previous year. In such case, non-residents may file their tax returns by 28 February of the current year for the previous year.

Collection of tax on dividends paid through the NDS

In case of direct payments of dividends to known shareholders (non-residents of Slovenia), a 15% withholding tax is deducted by the payer of the tax in the case of legal entities, and a 20% withholding tax, or at any preferential tax rate under applicable double tax treaty, is deducted in the case of natural persons. In the case of shareholders holding Shares through the NDS, according to the Slovenian tax regulations and the explanations of Slovenian Tax Authority (DURS), the higher amount of withholding tax must be applied, i.e. 20%, as the NDS is not currently deemed to be an “authorized foreign intermediary” in Slovenia. Because the NDS is not considered to be an “authorized foreign intermediary”, the passing on of the beneficial owners’ (i.e. the shareholders holding Shares through the NDS) personal data is not possible in order to prove their right to apply the 15% tax rate (non-residents of Slovenia which are legal entities) or to any other preferential tax rate under applicable double tax treaty.

Therefore, dividends paid out to the NDS on behalf of the shareholders holding Shares through the NDS are therefore taxed at a higher applicable tax rate (currently at 20%). NLB shall act as the payer of withholding tax for dividends that shall be paid to the NDS (on behalf of all the shareholders holding Shares through the NDS). The withholding tax rate is currently 20%, and such amount shall be paid by NLB, while the 80% of the received dividends shall be transferred to the NDS, which will then distribute the dividends to the Company’s shareholders registered therewith.

The entitled shareholders holding Shares through the NDS may apply for a tax refund of the overpaid tax (which, as a rule, would amount to 5%). The refund procedure may be initiated either by an entitled shareholder directly or acting through the NDS (and the NLB, acting as the operator of the account of the NDS kept with the KDD). In the latter case, the NDS intermediates in the tax reclaim procedure. Such procedure must be commenced no later than five years following the date on which the tax was paid.

Gift and inheritance taxes

Slovenian resident individuals who inherit, or who receive as a gift, immovable property, movable property, or property right and rights in rem in Slovenia are subject to inheritance tax or gift tax. Securities and cash are considered as movable property. Tax is not levied if the value of the acquired movable properties does not exceed EUR 5,000.

The rate of inheritance tax and gift tax depends on the taxable value of the acquired property and on the beneficiary’s relationship to the deceased or donor. Beneficiaries are divided into the following categories:

- Class I: spouses, children and their spouses, and stepchildren;
- Class II: parents and siblings, and their descendents;
- Class III: grandparents;
- Class IV: all others.

Class I beneficiaries are not subject to inheritance tax or gift tax. The rates for Class II beneficiaries range from 5 % to 14 %, for Class III beneficiaries from 8 % to 17 %, and for Class IV beneficiaries from 12 % to 39 %.

Transfer tax on the sale of shares

There is no transfer tax or stamp duty or similar tax currently applicable to transfers of shares under Slovenian law. However, a brokerage house and/or the KDD may charge a fee with respect to any share transfer.

Selected Polish tax considerations

Taxes on income and capital gains – Polish resident shareholders

The summary set out in this section solely deals with the prospective shareholders who are resident or deemed to be resident in the Republic of Poland. The below comments do not apply to the taxation in Poland of non-resident shareholders.

Capital gains derived from the disposal of shares – Polish individuals

In accordance with Article 3, section 1 of the Polish Personal Income Tax Act, individuals, provided that they reside within the territory of the Republic of Poland (“**Polish Individuals**”), are liable to pay tax on all of their income (revenue) regardless of the location of the source of revenues (unlimited tax obligation). A Polish Individual is any individual who: (i) has the centre of their personal or economic interests (centre of life interests) within the territory of Poland; or (ii) resides within the territory of Poland for more than 183 days in any tax year.

In case of disposal by a Polish Individual of property located in another country, the tax treaty between Poland and that country applies. According to Article 13, section 4 of the Slovenia – Poland tax treaty (the “**Tax Treaty**”), gains from the disposal of shares, except for shares related to the operation of a permanent establishment, are taxed exclusively in the country in which the person disposing of the property is resident. Thus, income from the disposal of the Shares earned by Polish Individuals is taxed in Poland according to the Tax Treaty.

Pursuant to Article 30b, section 1 of the Polish Personal Income Tax Act, income on the transfer of the ownership of securities (including the Shares) in exchange for consideration is taxed at a flat rate of 19%. Taxable income is computed as the difference between the proceeds from the disposal of securities and the tax deductible costs, including the expenditure relating to the acquisition of these securities. Such income is subject to taxation as income due, even if not actually yet received. It is not aggregated with the other income of the individual and is taxed separately.

Entities intermediating in the sale of securities by an individual (e.g. brokerage houses) are required to deliver to that person and the appropriate tax office, information on the amount of income earned by that person. There is no requirement to pay tax advances during the tax year.

An individual who derives gains (or incurs losses) on the sale of Shares is required to calculate and pay the tax due, as well as submit to the competent tax office, by 30 April of the calendar year immediately following the year in which such gains are obtained (or losses incurred), a separate tax return identifying the amount of the gains or losses.

The above regulations do not apply if a sale of Shares for a consideration is a consequence of performance of any business activities, as in such case the revenues from the sale of securities should be qualified as originating from the performance of such activities and should be settled according to general terms.

Dividend income derived from shares – Polish Individuals

In light of Polish tax law, income from a share in the profits of legal persons is classified either as dividend or as income actually generated from such share, including, inter alia, income from the liquidation of a company or income from share redemption.

Taxation of the dividend income obtained by a Polish Individual from a company resident in Slovenia is regulated by the provisions of the Tax Treaty. Pursuant to Article 10 of the Tax Treaty, dividends paid by a company resident in Slovenia to an individual resident in Poland may be taxed in Poland. These dividends may also be taxed in the Slovenia, but the tax levied may not exceed 15% of the dividend.

Pursuant to Article 30a, section 1 point 4 of the Polish Personal Income Tax Act, dividend income and other income from a share in the profits of legal persons is not aggregated with income from any other sources, and is subject to taxation at a flat rate of 19% of the income earned. However, according to Article 24 section 1b of the Tax Treaty, Poland must grant a credit for the tax levied on dividends in Slovenia. Nevertheless, such credit cannot be greater than the portion of the tax, calculated prior to the grant of the credit, which applies to income generated in Slovenia.

Income derived from the disposal of shares – Polish corporate entities

In accordance with Article 3, section 1 of the Polish Corporate Income Tax Act, taxpayers having their seat or a board within the territory of the Republic of Poland (“**Polish Corporate Entities**”) are liable to pay tax on all of their income, irrespective of the location of the source of revenues (unlimited tax liability).

According to Article 13, section 4 of the Tax Treaty, gains from the disposal of shares are taxed exclusively in the country in which the person disposing of property is resident. Thus, income from the disposal of the Shares, except for Shares related to the operation of a permanent establishment, earned by Polish Corporate Entities is taxed in Poland.

Gains on the disposal of securities (including the Shares) by Polish Corporate Entities are subject to taxation under the general rules stipulated in the Polish Corporate Income Tax Act. Taxable income is the difference between the proceeds from the disposal of securities and the tax-deductible costs, including the expenditure relating to the acquisition of these securities. The income thus computed is aggregated with the other income of the legal person. The income of a legal person is taxed at a rate of 19%.

Dividends derived from shares – Polish corporate entities

As a rule, dividend income and other income from a share in the profits of non-resident companies is accumulated with the income (revenues) earned from other sources and is subject to taxation at a standard rate of 19%. However, pursuant to Article 10 of the Tax Treaty, dividends paid by a company resident in Slovenia to a company resident in Poland may be taxed in Poland. Such income may also be taxed in Slovenia, but the tax levied may not exceed:

- 5% of the gross amount of the dividends if the beneficial owner is a company (in the case of Poland, other than a partnership), which holds directly at least 25% of the capital of the company paying the dividends,
- 15% of the gross amount of the dividends in all other cases.

However, according to Article 24 section 1b of the Tax Treaty, Poland must grant a credit for the tax levied on dividends in Slovenia. Nevertheless, such credit cannot be greater than the portion of the tax, calculated prior to the grant of the credit, which applies to income generated in Slovenia.

Pursuant to Article 20, section 3 of the Polish Corporate Income Tax Act, income (revenues) from dividends and other revenues from qualifying shares in profits of corporate entities derived by Polish Corporate Entities is tax exempt in Poland if:

- (i) the dividend and other revenues from shares in the profits of corporate entities are paid by a company that pays income tax on all of its income in an EU or EEC member state, regardless of where the income has been generated;
- (ii) the entity receiving income (revenues) from dividends and other revenues from shares in profits of the corporate entities referred to in point (i) is a company which is subject to income tax and has its registered seat or management within the territory of the Republic of Poland;
- (iii) the company referred to in point (ii) holds at least a 10% direct shareholding in the share capital of the company referred to in point (i), provided a two-year period of uninterrupted holding can be demonstrated; and
- (iv) the entity described in point (ii) above is not exempt from income tax on its entire income, regardless of the location of its source.

Moreover, based on Article 20 section 15 of the Polish Corporate Income Tax Act, the above exemption applies: (a) if the shares (referred to in section (iii) above) are held on the basis of an ownership title; (b) with respect to income generated from shares held on the basis of the following titles (A) an ownership title (B) any title other than the ownership title, provided that such income (revenue) would qualify for the exemption if the holding of such shares was not transferred.

In the case of failure to satisfy the condition of holding shares in the required amount uninterruptedly for two years, including after the payment of dividend, the taxpayer will be required to make a correction to the annual tax returns for the tax years in which such exemption was enjoyed and as a consequence to pay outstanding taxes, if any.

Rules of applying the Tax on Civil Law Transactions (transfer tax)

Pursuant to Article 1, section 1, item 1, letter a), in conjunction with Article 1, section 4 of the Polish Act on Tax on Civil Law Transactions, transfer tax applies to agreements for the sale or exchange of property rights. Such transactions are subject to taxation, if, *inter alia*, they apply to property rights exercised abroad, if the transferee has its place of residence or seat in the territory of the Republic of Poland and such civil law transaction was executed within the territory of the Republic of Poland.

As a general rule, the sale of shares (other interests) in companies is treated as a sale of property rights and is therefore subject to transfer tax at the rate of 1%. The tax liability arises once the transaction is executed and it is the transferor, in the case of a purchase agreement, that is liable for paying the tax. The tax base is the market value of the property or property right. The market value of civil law transactions is determined on the basis of average prices prevailing in trading in property of the same kind and type, subject to their location, condition as well as the wear and tear thereof or, in the case of trading in property rights of the same type, applicable on the date of execution of the given transaction, without any deductions on account of debts or encumbrances. Taxpayers are required, without any additional requests made by the tax authorities, to file a tax return concerning transfer tax and to calculate and pay such tax within 14 days from the date such tax liability arises, unless the tax is collected by a remitter who, in the case of civil law transactions executed in the form of notarial deeds, is a notary.

Simultaneously, under Article 9, item 9 of the Polish Act on Tax on Civil Law Transactions, the sale of property rights that are brokerage financial instruments: (i) to investment companies and foreign investment companies; or (ii) through their intermediation; or (iii) in organized trading; or (iv) outside of organized trading by investment companies and foreign investment companies if such financial instruments had been acquired by such firms as a part of organized trading (within the meaning of the Polish Act on Trading in Financial Instruments) is exempt from tax on civil law transactions.

Gift and inheritance taxes

Pursuant to Article 2 of the Polish Act on Tax of Gifts and Inheritance, the Polish tax on inheritance, gifts and donations is paid by natural persons who received title to, *inter alia*, property rights exercised outside the territory of Poland by right of succession, as legacy, further legacy, testamentary instruction, gift or donor's instruction if, at the moment of the acquisition of these property rights, the acquirers were Polish citizens or had a permanent place of residence within the territory of the Republic of Poland.

It is the acquirer of the title to a property or property rights who is subject to tax liability. The taxable base is the value of the property and property rights received after deducting the debts and charges (net value), assessed based on the condition of the property and property rights on the day of their receipt and based on the market prices applicable as at the day when the tax liability arose. The tax amount is computed according to the tax group to which the recipient was assigned. A relevant tax group is assigned according to the recipient's personal relationship to the person from whom the property or property rights were received or inherited. Inheritances and gifts are taxed at a progressive rate from 3% to 20% of the taxable base depending on the tax group to which the recipient was assigned. There are certain amounts exempt from tax in each group. Taxpayers are required, except for cases in which the tax is charged by the tax remitter, to file, within one month from the date the tax liability arises, with the competent head of the tax office a tax return in the appropriate form specifying the receipt of the property or property rights. The tax return should be accompanied by documents justifying the amount of the taxable base. The tax is paid within 14 days from the receipt of the decision issued by the head of the tax office assessing the amount of the tax liability.

Under Article 4a, section 1 of the Act on Tax of Gifts and Inheritance, the receipt of title to property rights (including securities) by the spouse, descendant, ascendant, stepson, siblings, stepfather and stepmother are tax exempt provided that they notify the receipt of title to property or property rights to the competent head of the tax office within six months from the date when the tax liability arose, and in the case of their receipt by right of succession within six months from the date when the court decision on accession to the estate becomes final and binding. In the case of the failure to meet the said conditions, the receipt of title to the property or property rights is subject to taxation on the terms defined for acquirers assigned to the first tax group.

Reporting obligations in Poland

Disclosure obligations under Polish law and regulations which are specified below start once the securities of the Company have been admitted to trading on the WSE.

The disclosure obligations of the Company under Polish law will be especially related to: inside and periodic information; general meetings; the acquisition of major shareholdings; and other disclosure requirements explicitly required by law (share buy-backs, etc).

The scope of the inside and periodic information to be disclosed by the Company (including the contents of the annual reports, semi-annual reports and quarterly reports and the requirement for audit and review), as well as the timing of such disclosure and legal grounds for delaying the publication of inside information, are governed by the laws of Slovenia. This information should be disclosed simultaneously to the PFSA and the WSE (through the electronic system for WSE-listed issuers, i.e. ESPI) and to the public through a Polish press agency, as well as posted on the Company's website.

For other obligations connected with the reporting requirements see “*Summary of Rights and Obligations Attached to the Shares – Certain applicable Polish laws and regulations*”

Reporting obligations in Slovenia

Slovenian public listed companies are required to disclose regulated information following the admission of securities to trading on a regulated market.

Under Slovenian regulations, regulated information to be disclosed by the Company as an issuer of securities listed on the regulated market can be divided in the following categories:

- reporting requirements with respect to inside information;
- periodic reporting requirements (annual report, semi-annual report, interim management statements and quarterly reports, etc);
- disclosures relating to General Meetings;
- reporting requirements with respect to the acquisition of major shareholdings;
- other disclosure requirements explicitly required by law (share buy-backs, etc).

Inside information

The Company must, as soon as possible, publish inside information that is directly related to itself or any financial instrument it has issued and make sure that such inside information remains available on its public websites for an appropriate period of time.

Periodic reports

A company must publish an annual report no later than four months after the end of each business year and must ensure that such is publicly available for at least five years after its publication. Together with the publication of the annual report, the company must also publish the auditor’s report, signed by the auditor responsible for the auditing of the company’s annual report.

A company must publish a semi-annual report for the first six months of its business year as soon as possible but no more than two months after the end of this period. The company must ensure that its semi-annual report is publicly available for at least five years after the publication thereof. If the semi-annual report has been audited, the company must also publish the auditor’s report together with the publication of the semi-annual report. If the semi-annual report has not been audited or reviewed by auditors, a statement to that effect must be made in the semi-annual report.

A public company must publish interim management statements for the periods from the expiration of the first six and the second six months of the business year until the moment of publication of the interim management statements. Interim management statements must be published within the period starting upon the expiry of the ten-week period after the end of an individual six-month period and ending six weeks before the end of the next six-month period. This obligation does not apply to a public company that on the basis of and in line with other provisions of applicable laws or rules of a regulated market or at its own initiative publishes quarterly reports.

Publications related to general meetings

The convocation of a general meeting is published in the daily newspaper Delo, on the company’s website and through Slovenia electronic system for dissemination of the regulated information, SEOnet.

A public company must within two days of the general meeting publish the results of the voting thereat on its website. The results of voting at the general meeting of a company must specify at least the following information:

- the number of shares for which votes were duly cast;
- the stake of these shares in the subscribed capital;
- the total number of votes duly cast; and
- the number of votes cast in favour and against, and the number of abstentions.

Reporting of changes in major shareholdings:

Notification of changes in a major shareholding (relevant thresholds of major holdings represent 5, 10, 15, 20, 25, 33, 50 or 75 % of total voting rights in respective public company) has to be made within four trading days

from the day the shareholder or other reporting entity learned of the acquisition or disposal of the shares or of the possibility of exercising voting rights deriving therefrom. A public company is required to publish the information contained in the notice of the change in major holdings within three trading days following the receipt of such notification from the shareholder.

Other reporting obligations

The company must publish the information on the change in the amount of own shares: if its own shares are acquired or disposed of directly or through a person acting on its own behalf and for the account of the company; and if, as a result of such acquisition or disposal, the holding of voting rights carried by own shares of the company reaches or exceeds five or ten percent of total shares in the company with voting rights or falls below one of such thresholds.

Corporate governance

LJSE

Some principal corporate governance rules are governed by the mandatory provision of the ZGD-1.

Additional principles of corporate governance are further regulated as “best practices” by the “Corporate Governance Code” of the Ljubljana Stock Exchange (“**LJSE Code**”), which defines governance and management principles of companies listed on the Slovenian regulated market.

The Corporate Governance Statement has become a requisite element of the business report in companies’ annual statements and is based on the ‘comply or explain’ principle. This principle allows the Company to deviate from the LJSE Code’s recommendations and develop its own business practices as the LJSE Code’s provisions are not binding on it. However, the Company must disclose which provisions of the LJSE Code it does not comply with and explain why it does not comply there with. Listed companies must disclose their corporate governance practice, either in a separate document or under the business report section in the annual report.

The Company publishes the Statement of Compliance with the LJSE Code in the annual report and on its web page.

WSE

The Company, after the WSE Listing, will be obliged to observe the principles of the corporate governance of WSE-listed companies. The rules regarding the corporate governance of WSE-listed companies are set out in the Code of Best Practice for WSE Listed Companies (the “**WSE Best Practices**”).

The WSE Best Practices is a set of recommendations and rules of procedure for the governing bodies of WSE-listed companies and their shareholders. The WSE Rules and the resolutions of the WSE management board and its council set forth the manner in which WSE-listed companies disclose information on their compliance with corporate governance rules and the scope of information to be provided. The observance of the WSE Best Practices is based on the ‘comply-or-explain’ mechanism. If a certain rule is not complied with by a WSE-listed company on a permanent basis or has been breached incidentally, such WSE-listed company is required to disclose this fact, the reasons for the non-observance and information on how the company intends to remove the possible effects of the non-observance of a specific rule or reduce the risk of such non-observance in the future. This obligation arises immediately after a WSE-listed company establishes a reasonable belief that a certain rule will not be observed and in any case immediately after the occurrence of an event constituting a violation of a certain rule.

Should a specific corporate governance rule adopted by the WSE not be applied on a permanent basis or be breached incidentally, the Company will be required to publish a current report with information on the rule which was not applied at all or was not applied on an occasion, under what circumstances and for what reasons and how the Company intends to remove the effects, if any, of not having applied a given rule on an occasion or what steps it intends to take to mitigate the risk of the corporate governance rule not being applied in the future. Such current report shall be published immediately after the Company becomes aware of such non-compliance with any principle set forth in the corporate governance rules. Such report needs to be delivered to the WSE via the Electronic Information Base (EBI) operated by the WSE.

Each year, a separate report on the compliance with the WSE corporate governance code (the contents of the report is regulated by the WSE Rules and the WSE’s resolutions) needs to be attached to the annual report of the Company or via the Electronic Information Base (EBI) operated by the WSE .

After the WSE Listing, the Company intends to take the actions necessary to observe the principles of the WSE Best Practices to the extent possible.

The Company corporate documents available to investors

The copies of the following corporate documents may be inspected electronically at <http://www.krka.biz/en/> :

- the Articles of Association;
- the Corporate Governance Policy;
- the Supervisory Board Rules of Procedure;
- LJSE Corporate Governance Code Compliance Statement.

INFORMATION ON THIS MEMORANDUM

This Information Memorandum has been prepared in Novo mesto, Slovenia as of April 2, 2012 and the information contained in this Memorandum, unless otherwise clearly stated herein, is true and accurate as of this date. If after that date and before the date when Shares are admitted to trading on the WSE any events occur resulting in amendments by requiring to be incorporated to the Information Memorandum, the Company will give notice of such amendments by publishing relevant information on the website on which the Information Memorandum has been published, that is at <http://www.krka.biz/en/>.

The validity period of this Information Memorandum elapses on the day on which the Shares are admitted to trading on the WSE; however in any case no later than within two months from the date of releasing this Memorandum to the public.

THE COMPANY'S PROSPECTUSES AND FINANCIAL INFORMATION AVAILABLE TO INVESTORS

Copies of the following documents may be inspected electronically at <http://www.krka.biz/en/> :

- the consolidated financial statements of the Group and unconsolidated financial statements of the Company as of and for the years ending 31 December 2001 to 2011;
- the interim financial statements as of and for the quarters ended 31 March, 30 June and 30 September 2001 to 2011.

The Company's most recent prospectus is available at the registered seat of the Company, i.e. at Šmarješka cesta 6, 8501 Novo mesto, Slovenia.

ABBREVIATIONS AND DEFINITIONS

API	Active pharmaceutical ingredient, active substance in a pharmaceutical product.
Articles of Association	The articles of association of the Company
Business Day	A day on which banks in Slovenia and Poland are open for business.
Central Europe	Poland, Hungary, Czech Republic, Slovakia, Lithuania, Latvia and Estonia.
Company, Krka	Krka, tovarna zdravil, d. d., Novo mesto, a joint stock company under the laws of Slovenia with its registered office in Novo mesto, Šmarješka cesta 6, entered in the register of the District Court of Novo mesto under No. 1/00097/00 (the parent company of the Group and the issuer of the Shares).
Concentration Control Regulation	Council Regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation).
Consolidated Annual Financial Statements	The Audited consolidated financial statements of the Group for the years ended 31 December 2011 and 2010, information from which is included in the Memorandum.
Core Markets	South-East Europe, West Europe and Overseas Markets, Central Europe, Slovenia and East Europe.
Directive 2003/71/EC	Directive 2003/71/EC of the European Parliament and of the Council of the European Union of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.
East Europe	Especially Russia, Ukraine, Uzbekistan, Kazakhstan, Mongolia, Georgia, Turkmenistan, Tajikistan, Kyrgyzstan, Belarus, Moldova, Azerbaijan and Armenia.
EC	The European Community.
EEA	The European Economic Area.
EU	The European Union.
EU-15	The following 15 Member States of the European Union: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.
EURO, EUR	The lawful currency of the Euro zone.
EU-GMP	Good Manufacturing Practices adopted by the EU, a quality control system covering the manufacture and testing of pharmaceutical forms or drugs and active pharmaceutical ingredients, diagnostics, foods, pharmaceutical products and medical devices.
GDP	Gross Domestic Product.
General Meeting	The general meeting of the shareholders of the Company.
Group	Capital group involving Krka as the controlling entity with its Subsidiaries subject to consolidation.
Group Company	A company belonging to the Group.
IFRS	International Financial Reporting Standards as adopted by the EU.
Information Memorandum, Memorandum	This information memorandum.
KDD	The Central Securities and Clearing Corporation in Slovenia (in Slovenian: <i>Centralna klirinško depotna družba d.d.</i>).
LJSE, Ljubljana Stock Exchange	The Ljubljana Stock Exchange operated by Ljubljanska borza, d.d., Ljubljana.
LJSE Code	“Corporate Governance Code” of the Ljubljana Stock Exchange

Management Board	The management board of the Company.
Member State	A Member State of the European Economic Area.
Memorandum Ordinance	Polish Ordinance of the Polish Minister of Finance of 6 July 2007 on Detailed Conditions that Should Be Satisfied by an Information Memorandum referred to in Article 39 Section 1 and Article 42 Section 1 of the Polish Act on Public Offering
NDS	The National Depository of Securities in Poland (in Polish: <i>Krajowy Depozyt Papierów Wartościowych S.A.</i> , with its registered office in Warsaw).
NLB	Nova Ljubljanska Banka d.d. , Ljubljana, Slovenia.
OZ	The Slovenian Obligations Code (Official Gazette of RS No. 83/01, 32/04, 28/06, Decision of the Constitutional Court U-I-300/04-25, 29/07, Decision of the Constitutional Court U-I-267/06- 41, 40/07)
PFSA, or Polish Financial Supervision Authority	The Polish Financial Supervision Authority (in Polish: <i>Komisja Nadzoru Finansowego</i>).
PLN	The zloty, the lawful currency of Poland.
Polish Act on Public Offering	The Polish Act on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies dated 29 July 2005 (unified text Journal of Laws of 2009, No. 185, item 1439, as amended).
Polish Act on Supervision over the Capital Market	The Polish Act on Supervision over the Capital Market dated 29 July 2005 (Journal of Laws of 2005, No. 183, item 1537, as amended).
Polish Act on Supervision over the Financial Market	The Polish Act on Supervision over the Financial Market dated 21 July 2006 (Journal of Laws of 2006, No. 157, item 1119).
Polish Act on Tax on Civil Law Transactions	The Polish Act on Tax on Civil Law Transactions dated 9 September 2000 (consolidated text: Journal of Laws of 2007, No. 68, item 450, as amended).
Polish Act on Tax of Gifts and Inheritance	The Polish Act on Tax of Gifts and Inheritance dated 28 July 1983 (consolidated text: Journal of Laws of 2004, No. 142, item 1514, as amended).
Polish Act on Trading in Financial Instruments	The Polish Polish Act on Trading in Financial Instruments dated 29 July 2005 (Unified text Journal of Laws of No. 211, item 1384, as amended).
Polish Corporate Income Tax Act	The Polish Corporate Income Tax Act dated 15 February 1992 (consolidated text: Journal of Laws of 2000, No. 54, item 654, as amended).
Polish Personal Income Tax Act	The Polish Personal Income Tax Act dated 26 July 1991 (consolidated text: Journal of Laws of 2000 No. 14, item 176, as amended).
Polish Tax Ordinance	The Polish Act dated 29 August 1997, the Tax Ordinance (Journal of Laws of 2005, No. 8, item 60, as amended).
R&D	Research and development activities.
Regulation 809/2004	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements.
Regulation S	Regulation S promulgated under the U.S. Securities Act.
Shares	35,426,120 ordinary no-par value registered shares issued in the share capital of the Company as of the date of this Memorandum.
Slovenian Corporate Income Tax Act	Slovenian Corporate Income Tax Act (Official Gazette of RS No. 117/06, 90/07, 56/08, 76/08, 92/08, 5/09, 96/09, 43/10, 59/11).

Slovenian Personal Income Tax Act	Slovenian Personal Income Tax Act (Official Gazette of RS No. 117/06, 33/07, Decision of the Constitutional court U-I-198/05-12, 45/2007, Decision of the Constitutional court U-I-260/04-28, 90/07, 10/08, 78/2008, 92/08, 125/08, 20/09, 10/10, 13/10, 28/10, 43/10, 51/10, 106/10, 9/11, 13/2011, 9/12, Decision of the Constitutional court U-I-18/11-10).
Slovenian Tax Procedure Act	Slovenian Tax Procedure Act (Official Gazette of RS No. 117/06, 24/08, 125/08, 20/2009, 47/09, decision of Constitutional Court U-I-54/06-32 (48/09), 110/09, 43/10, 97/10, 13/11).
Slovenian Value Added Tax Act	Slovenian Value Added Tax Act (Zakon o davku na dodano vrednost (ZDDV-1), Official Gazette of RS No. 117/2006, 33/2009, 85/2009, 10/2010-UPB2, 85/2010, 13/2011-UPB3, 18/2011, and 78/2011)
SMA, Securities Market Agency	The Slovenian competent supervision authority for the financial market in Slovenia (in Slovenian: <i>Agencija za trg vrednostnih papirjev</i>).
South-East Europe	Especially Croatia, Romania, Serbia, Macedonia, Bosnia and Herzegovina, the republic of Srpska, Bulgaria, Montenegro, Albania and Kosovo.
Supervisory Board	The supervisory board of the Company.
Subsidiaries	Subsidiaries of Krka whose financial statements are consolidated in the Consolidated Annual Financial Statements.
Terme Krka	Terme Krka d. o. o., Novo mesto
U.S.	The United States of America.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
USD	The U.S. Dollar, the lawful currency of the United States.
West Europe and Overseas Markets	Especially the EU-15, Switzerland, Lichtenstein, Norway and overseas markets.
WSE, Warsaw Stock Exchange	The Warsaw Stock Exchange (in Polish: <i>Gielda Papierów Wartościowych w Warszawie S.A.</i>).
WSE Best Practices	“Best Practices of WSE Listed Companies” as of 19 May 2010 being a collection of rules and recommendations concerning corporate governance applicable on the WSE.
WSE Listing	Admission and introduction of all the Shares to listing on the main market of the WSE based on this Information Memorandum.
WSE Rules	The Warsaw Stock Exchange Rules of 4 January 2006, as amended.
YoY	Year on year.
ZBan-1	The Slovenian Banking Act (Official Gazette of RS No. 131/06, 109/08, 19/09, 98/09, 79/10 and 99/10) and the implementing regulations issued on the basis of this act
ZGD-1	The Slovenian Companies Act (Official Gazette of RS No. 42/06, 60/06, 10/08, 48/08, 42/09 and 65/10) and the implementing regulations issued on the basis of this act
ZNVP	The Slovenian Book Entry Securities Act (Official Gazette of RS No. 23/99 and 114/06) and the implementing regulations issued on the basis of this act
ZPre-1	The Slovenian Takeovers Act (Official Gazette of RS No. 79/06, 1/08 and 68/08) and the implementing regulations issued on the basis of this act
ZTFI	The Slovenian Market in Financial Instruments Act (Official Gazette of RS No. 67/07, 69/08, 40/09, 88/10 and 108/10) and the implementing regulations issued on the basis of this act