

## **THE EXPLANATION OF PROPOSED RESOLUTIONS FOR ADOPTION AT THE GENERAL MEETING OF KRKA, d. d., NOVO MESTO ON 7 July 2011**

The Management and Supervisory Boards of Krka, d. d., Novo mesto discussed the materials for the 16<sup>th</sup> General Meeting at several meetings until 11 May 2011 and prepared a draft agenda and resolution proposals:

### **To item 1)**

According to the Rules of procedure for General Meetings, the Chair of the General Meeting is appointed for each session separately. The company IXTLAN FORUM, d. o. o., Ljubljana is proposed as a vote enumerator on the basis of its good references. This company successfully performed the voting and vote enumerating procedures at the company's General Meetings in the past.

### **To item 2)**

The Supervisory Board verified the Annual Report of Krka, d. d., Novo mesto and the Krka Group for 2010, had no comments or reservations in this regard, and the Annual Report was unanimously approved. By this approval, the Annual Report of Krka, d. d., Novo mesto and the Krka Group for 2010 was adopted. The Supervisory Board also discussed the Auditor's Report and the work of the Certified Auditor. They had no comments concerning Auditor's work and the audit performed.

The Management Board prepared a proposal for the allocation of the accumulated profit in the amount of EUR 168,944,967.18. The Supervisory Board agreed with the proposal. Therefore, the Management and Supervisory Boards together propose to the General Meeting to adopt the resolution on the allocation of the accumulated profit. In addition, they also propose that the General Meeting discharges the Management Board of Krka, d. d., Novo mesto and the Supervisory Board of Krka, d. d., Novo mesto of their liability. The proposal of this resolution is based on successful results of business operations and the implementation of a changed dividend policy.

### **To item 3)**

In compliance with the guidelines of the Companies Act and the recommendations of the Capital Assets Management Agency of the Republic of Slovenia, the Supervisory Board proposed the gross amounts for attendance fees, reimbursements of costs, and remuneration of SB and SB committee members.

**To item 4)**

The resolution of 14th General Meeting gave the authorization to the Management Board for the acquisition of own shares and the Management Board started implementing this resolution. Due to the situation on the market, the Management Board believes that the options for the disposal of own shares should be expanded. In addition to the authorization for the disposal own shares given by the 14th General Meeting resolution, the Management Board proposes that it also be authorized to use own shares for secondary listing of shares on stock exchanges outside the Republic of Slovenia.

The Management Board proposes that upon the disposal of own shares the pre-emptive right of the existing shareholders be excluded. The reasons for the exclusion of pre-emptive rights are the same as for the adoption of the resolution at 14th General Meeting. The Supervisory Board approved the proposal.

**To item 5)**

The business operations of Krka, d. d., Novo mesto for the year 2011 have to be reviewed by the appointed auditor, who must prepare a report on this review and/or the audit of financial statements and the business report. The Supervisory Board proposes that KPMG Slovenija, podjetje za revidiranje, d. o. o., Ljubljana is appointed as the certified auditor for 2011.

Novo mesto, 11 May 2011

Jože Colarič  
President of the Management Board  
and Chief Executive

Jože Lenič M.Sc.  
President of the Supervisory Board