INTERIM REPORT ON THE FIRST THREE MONTHS 2015

120 YEARS

STADA

ALL THE BEST

STADA KEY FIGURES

Key figures for the Group in € million	3 months 2015 Jan. 1 – Mar. 31	3 months 2014 Jan. 1 – Mar. 31	± %
Group sales	486.2	507.4	-4%
• Generics (core segment)	289.8	299.5	-3%
• Branded Products (core segment)	185.1	196.8	-6%
Operating profit	50.4	63.1	-20%
Operating profit, adjusted [1) 2)]	*68.0*	*87.6*	*-22%*
EBITDA (Earnings before interest, taxes, depreciation and amortization)	79.2	97.7	-19%
EBITDA (Earnings before interest, taxes, depreciation and amortization), adjusted [1) 2)]	*92.6*	*114.7*	*-19%*
EBIT (Earnings before interest and taxes)	50.5	63.5	-21%
EBIT (Earnings before interest and taxes), adjusted [1) 2)]	*68.1*	*88.0*	*-23%*
EBT (Earnings before taxes)	34.1	50.8	-33%
EBT (Earnings before taxes), adjusted [1) 2)]	*53.1*	*73.3*	*-28%*
Net income	21.2	35.0	-39%
Net income, adjusted [1) 2)]	*37.9*	*52.6*	*-28%*
Cash flow from operating activities	46.8	35.8	+31%
Capital expenditure	21.1	153.8	-86%
Depreciation and amortization (net of write-ups)	28.8	34.3	-16%
Employees (average number calculated on the basis of full-time employees)	10,422	10,021	+4%
Employees (as of the balance sheet date calculated on the basis of full-time employees)	10,422	10,076	+3%

Key share figures	3 months 2015 Jan. 1 – Mar. 31	3 months 2014 Jan. 1 – Mar. 31	± %
Market capitalization in € million (as of Mar. 31)	1,892.6	1,877.9	+1%
Closing price (XETRA®) in € (as of Mar. 31)	31.10	31.07	0%
Average number of shares (without treasury shares, Jan. 1 – Mar. 31)	60,653,807	60,350,948	+1%
Earnings per share in €	0.35	0.58	-40%
Earnings per share in €, adjusted [1) 2)]	*0.62*	*0.87*	*-29%*
Diluted earnings per share in €	0.35	0.57	-39%
Diluted earnings per share in €, adjusted [1) 2)]	*0.62*	*0.86*	*-28%*

1) The deduction of such effects which have an impact on the presentation of STADA's earnings situation and the derived key figures aims at improving the comparability of key figures with previous years. To achieve this, STADA uses adjusted key figures, which, as so called pro forma figures, are not governed by the accounting requirements in accordance with IFRS. As other companies may not calculate the pro forma figures presented by STADA in the same way, STADA's pro forma figures are only comparable with similarly designated disclosures by other companies to a limited extent.
2) Within the context of this interim report, adjustments in connection with operating profit, EBITDA, EBIT, EBT, net income, earnings per share and diluted earnings per share generally relate to one-time special effects.

CONSOLIDATED INTERIM MANAGEMENT REPORT

Overview

In the first quarter of 2015, the STADA Group was confronted with challenging framework conditions particularly in the market region CIS/ Eastern Europe. Furthermore, the Group had to report one-time special effects in connection with currency translation expenses recorded in the income statement resulting from the weakness of the Russian ruble and the strong devaluation of the Ukrainian hryvnia in the total amount of € 11.1 million before or € 9.1 million after taxes.

In view of these challenges, Group sales in the reporting period decreased by 4% to € 486.2 million (1-3/2014: € 507.4 million). Reported EBITDA declined by 19% to € 79.2 million (1-3/2014: € 97.7 million). Reported net income decreased by 39% to € 21.2 million (1-3/2014: € 35.0 million). Adjusted EBITDA declined by 19% to € 92.6 million (1-3/2014: € 114.7 million). Adjusted net income recorded a decrease of 28% to € 37.9 million (1-3/2014: € 52.6 million).

The STADA Group's financial position remained stable in the reporting period. Net debt was at € 1,332.4 million as of March 31, 2015 (December 31, 2014: € 1,327.5 million). The net debt to adjusted EBITDA ratio in the first quarter 2015 was at 3.6 on linear extrapolation of the adjusted EBITDA of the reporting period on a full-year basis (1-3/2014: 3.1). In the first quarter of 2015, STADA was able to place an additional bond at favorable conditions for the refinancing of a corporate bond which reached maturity in April 2015.

Despite the difficult business development, as expected, in the first quarter of 2015, the Executive Board confirms its outlook for financial year 2015, according to which slight growth in Group sales adjusted for currency and portfolio effects as well as a substantial decrease in adjusted EBITDA and adjusted net income is to be expected.

Sales development of the STADA Group

Group sales recorded a decrease of 4% to € 486.2 million in the first quarter of the current financial year (1-3/2014: € 507.4 million).

When effects on sales based on changes in the Group portfolio and currency effects are deducted, Group sales decreased by 4% to € 488.8 million in the reporting period.

In detail, these effects on sales, which can be attributed to changes in the Group portfolio and currency effects, were as follows:

- Portfolio changes had a total share of € 9.3 million or 1.8 percentage points of the sales increase in the first three months of 2015.
- As a result of applying the foreign exchange rates from the first quarter of 2015 compared with the first quarter of 2014 for the translation of local sales contributions into the Group currency euro, STADA recorded a negative currency effect for Group sales in the amount of € 11.9 million or -2.3 percentage points, because the development of two of the three most important national currencies for STADA was weaker as compared to the Group currency euro. In this context, the development of the Russian ruble was significantly weaker and the Serbian dinar was weaker. However, the Group's third most important national currency, the pound sterling, had a positive currency effect in the reporting period. Furthermore, the Ukrainian hryvnia recorded a significantly weaker development. The currency relationships in other countries relevant for STADA only had a small influence on the translation of sales and earnings in local currencies into the Group currency euro.

To the extent that adjusted sales figures are reported in the following, this refers to sales adjusted for these portfolio effects and currency fluctuations in each case.

Earnings development of the STADA Group

Both reported key earnings figures and adjusted key earnings figures decreased considerably in the first three months of 2015. This development was primarily due to negative currency effects from the considerable weakness of the Russian ruble and the strong devaluation of the Ukrainian hryvnia as well as an exceptionally strong comparative quarter in Ukraine, which was characterized by pull-forward effects. In addition, the fourth quarter of 2014 in Russia was marked by a high level of orders from wholesalers and pharmacies in anticipation of expected price increases, which had a curbing effect on sales in the first quarter of 2015.

Reported operating profit decreased by 20% to € 50.4 million in the first quarter of 2015 (1-3/2014: € 63.1 million). **Reported EBITDA** recorded a decline of 19% to € 79.2 million (1-3/2014: € 97.7 million). **Reported net income** decreased by 39% to € 21.2 million (1-3/2014: € 35.0 million).

After adjusting the key earnings figures for influences distorting the period comparison resulting from one-time special effects, **adjusted operating profit** decreased by 22% in the reporting period to € 68.0 million (1-3/2014: € 87.6 million). **Adjusted EBITDA** decreased by 19% to € 92.6 million (1-3/2014: € 114.7 million). **Adjusted net income** declined by 28% to € 37.9 million (1-3/2014: € 52.6 million).

One-time special effects amounted to a net burden on earnings of € 19.0 million before or € 16.7 million after taxes in the first quarter of 2015 (1-3/2014: net burden on earnings due to one-time special effects in the amount of € 22.5 million before or € 17.6 million after taxes).

In detail, these were as follows:

- a burden in the amount of € 11.1 million before or € 9.1 million after taxes in connection with currency translation expenses recorded in the income statement resulting from the fluctuation of the Russian ruble as well as further significant currencies of the market region CIS/Eastern Europe
- a burden in the amount of € 3.8 million before or € 3.5 million after taxes resulting from additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking a base level of financial year 2013
- a burden in the amount of € 2.6 million before or € 2.6 million after taxes in connection with the measurement of derivative financial instruments and the underlying transactions
- a burden in the amount of € 1.5 million before or € 1.5 million after taxes in connection with the disposal of the German logistics activities

In the charts below, further essential key earnings figures of the STADA Group as well as the resulting margins are presented both as reported figures as well as adjusted for aforementioned one-time special effects for the first three months of 2015 with the corresponding period of the previous year to allow for comparison.

Development of the STADA Group's reported key earnings figures

in € million	3 months 2015 Jan. 1 – Mar. 31	3 months 2014 Jan. 1 – Mar. 31	± %	Margin[1] 3 months 2015 Jan. 1 – Mar. 31	Margin[1] 3 months 2014 Jan. 1 – Mar. 31
Operating profit	50.4	63.1	-20%	10.4%	12.4%
• Operating segment result Generics	36.6	38.0	-4%	12.6%	12.7%
• Operating segment result Branded Products	33.4	42.6	-22%	18.0%	21.6%
EBITDA[2]	79.2	97.7	-19%	16.3%	19.3%
EBIT[3]	50.5	63.5	-21%	10.4%	12.5%
EBT[4]	34.1	50.8	-33%	7.0%	10.0%
Net income	21.2	35.0	-39%	4.4%	6.9%
Earnings per share in €	0.35	0.58	-40%		
Diluted earnings per share in €	0.35	0.57	-39%		

Development of the STADA Group's adjusted[5] key earnings figures

in € million	*3 months 2015 Jan. 1 – Mar. 31*	*3 months 2014 Jan. 1 – Mar. 31*	*± %*	*Margin[1] 3 months 2015 Jan. 1 – Mar. 31*	*Margin[1] 3 months 2014 Jan. 1 – Mar. 31*
Operating profit, adjusted	*68.0*	*87.6*	*-22%*	*14.0%*	*17.3%*
• Operating segment result Generics, adjusted	*39.4*	*43.5*	*-9%*	*13.6%*	*14.5%*
• Operating segment result Branded Products, adjusted	*45.5*	*61.2*	*-26%*	*24.6%*	*31.1%*
EBITDA[2], adjusted	*92.6*	*114.7*	*-19%*	*19.1%*	*22.6%*
• EBITDA Generics, adjusted	*51.6*	*55.3*	*-7%*	*17.8%*	*18.5%*
• EBITDA Branded Products, adjusted	*55.9*	*73.3*	*-24%*	*30.2%*	*37.2%*
EBIT[3], adjusted	*68.1*	*88.0*	*-23%*	*14.0%*	*17.3%*
EBT[4], adjusted	*53.1*	*73.3*	*-28%*	*10.9%*	*14.5%*
Net income, adjusted	*37.9*	*52.6*	*-28%*	*7.8%*	*10.4%*
Earnings per share in €, adjusted	*0.62*	*0.87*	*-29%*		
Diluted earnings per share in €, adjusted	*0.62*	*0.86*	*-28%*		

1) Related to relevant Group sales.
2) Earnings before interest, taxes, depreciation and amortization.
3) Earnings before interest and taxes.
4) Earnings before taxes.
5) Adjusted for one-time special effects.

Other expenses decreased as compared to the corresponding period of the previous year to € 15.6 million in the first quarter of 2015 (1-3/2014: € 25.5 million). This development was especially attributable to a decrease in net currency translation expenses.

The decrease of **financial income** in the first three months of 2015 to € 0.5 million as compared to the corresponding period of the previous year (1-3/2014: € 4.2 million) was due to income from the measurement of derivative financial instruments in the previous year in the net amount of € 2.0 million. In the reporting period, there were net expenses in the amount of € 1.4 million which were reported under financial expenses.

Income tax expenses decreased to € 11.2 million in the first quarter of 2015 as compared to the corresponding period of the previous year (1-3/2014: € 15.0 million). The tax rate thereby increased to 32.9% (1-3/2014: 29.5%), particularly due to non-capitalized deferred taxes on loss carryforwards in Ukraine.

Development of segments

Sales of the two **core segments**, Generics and Branded Products, decreased in the first three months of the current financial year by 4%. They contributed a total of 97.7% to Group sales (1-3/2014: 97.8%). Adjusted for portfolio effects and currency influences, sales of the two core segments decreased by 4% as compared to the corresponding period in the previous year.

Sales of the core segment **Generics** decreased by 3% to € 289.8 million in the reporting period (1-3/2014: € 299.5 million). This reduction was primarily attributable to the development in the market region CIS/Eastern Europe, particularly in the markets of Russia and Serbia. Generics contributed 59.6% to Group sales (1-3/2014: 59.0%). Adjusted, Generics sales in the Group decreased by 2%.

Sales of the core segment **Branded Products** in the reporting period recorded a decrease of 6% to € 185.1 million (1-3/2014: € 196.8 million). This decrease was primarily a result of the development of the Russian market. Branded Products thereby contributed 38.1% to Group sales (1-3/2014: 38.8%). Adjusted sales of Branded Products decreased by 5% in the Group.

In the **Commercial Business** segment which is not part of the core segments, sales increased slightly to € 11.3 million in the first three months of 2015 (1-3/2014: € 11.1 million).

In the first quarter of 2015, **reported operating segment profit** of **Generics** decreased by 4% to € 36.6 million (1-3/2014: € 38.0 million). This development was, among other things, attributable to a regulatory change in Belgium, which led to price reductions for certain generics. In addition, the share of the low-margin DLO sales in the total sales of the Generics segment increased in Russia. **Reported operating profit margin** of **Generics** amounted to 12.6% (1-3/2014: 12.7%).

Reported operating segment profit of **Branded Products** recorded a decrease of 22% to € 33.4 million (1-3/2014: € 42.6 million) in the reporting period. This development primarily resulted from a reluctance to buy among the end consumers in the market region CIS/Eastern Europe. Furthermore, increasing cost of sales due to the weak ruble resulting from raw materials purchased in foreign currency were noticeable in this market region. In opposition, operating profit of the Branded Products segment improved in the three market regions Central Europe, Germany and Asia/Pacific & MENA. **Reported operating profit margin** of **Branded Products** was at 18.0% (1-3/2014: 21.6%).

Adjusted operating segment profit of **Generics** decreased by 9% to € 39.4 million in the first three months of 2015 (1-3/2014: € 43.5 million). **Adjusted EBITDA** of **Generics** declined by 7% to € 51.6 million (1-3/2014: € 55.3 million). Both developments were based on the reasons already mentioned in connection with the reported operating profit of Generics. Furthermore, there was a higher decrease in adjusted operating profit than in reported operating profit due to lower one-time special effects as compared to the corresponding period of the previous year. The **adjusted operating profit margin** of **Generics** amounted to 13.6% (1-3/2014: 14.5%).

Adjusted operating segment profit of **Branded Products** recorded a decrease of 26% to € 45.5 million in the reporting period (1-3/2014: € 61.2 million). **Adjusted EBITDA** of **Branded Products** declined by 24% to € 55.9 million (1-3/2014: € 73.3 million). Both developments were based on the reasons already mentioned in connection with the reported operating profit of Branded Products. Furthermore, there was a higher decrease in adjusted operating profit than in reported operating profit due to lower one-time special effects as compared to the corresponding period of the previous year. The **adjusted operating profit margin** of **Branded Products** amounted to 24.6% (1-3/2014: 31.1%).

Reported operating segment profit of **Commercial Business** decreased to € 0.2 million in the first quarter of the current financial year (1-3/2014: € 0.5 million).

Development of the market regions

The following depicts the business development of the four market regions Central Europe, Germany, CIS/Eastern Europe and Asia/Pacific & MENA in the first three months of 2015. The development of the most important countries according to sales within the respective market region is also explained under the individual market regions.

Market region Central Europe

In the **market region Central Europe**, sales increased in the reporting period – with varying development of the countries included – by 3% to € 235.6 million (1-3/2014: € 229.4 million). While the United Kingdom and Spain recorded growth in sales, sales decreased in Italy and Belgium. Sales generated in this market region contributed 48.5% to Group sales (1-3/2014: 45.2%). Of the sales generated by market region Central Europe, € 9.8 million was attributable to export sales (1-3/2014: € 9.4 million). Adjusted sales in this market region decreased by 3%.

For financial year 2015, the Executive Board expects growth in sales with operating profitability at Group average in the market region Central Europe.

The development of business in the five largest markets according to sales within this market region is described in detail below.

Sales generated in **Italy** in the first quarter of 2015 declined by 5% to € 43.5 million (1-3/2014: € 45.7 million).

Sales generated in the Italian market with generics decreased by 2% to € 37.4 million (1-3/2014: € 38.0 million). Generics contributed 86% to local sales (1-3/2014: 83%).

Sales generated in Italy with branded products recorded a decline of 19% to € 6.2 million (1-3/2014: € 7.6 million). The share of branded products in the sales in Italy was at 14% (1-3/2014: 17%).

Sales generated in the **United Kingdom** in the reporting period increased by 27% applying the exchange rates of the previous year. In euro, sales rose by 39% to € 42.4 million due to a positive currency effect of the pound sterling (1-3/2014: € 30.5 million). The acquisition of the British company Internis Pharmaceuticals Ltd. in the fourth quarter of 2014, which has been consolidated in the STADA Group since December 19, 2014, also contributed to this development. Adjusted, sales increased by 10% to € 33.4 million.

Sales achieved in the United Kingdom with branded products recorded growth of 41% to € 36.2 million (1-3/2014: € 25.6 million). Branded products thereby contributed 85% to sales achieved in the United Kingdom (1-3/2014: 84%).

Sales of generics generated in the United Kingdom, where STADA continues to be a niche provider of selected generics with only a few active pharmaceutical ingredients, recorded growth of 27% to € 6.2 million (1-3/2014: € 4.9 million) regardless of strong competition. Generics contributed 15% to local sales (1-3/2014: 16%).

In **Spain**, sales recorded a rise – despite continued high price competition – of 12% to € 32.1 million in the first three months of 2015 (1-3/2014: € 28.7 million). This development was attributable to the continued strong volume growth mainly from successful product launches both in the Generics and the Branded Products segment.

Sales generated in the Spanish market with generics recorded an increase of 12% to € 27.9 million (1-3/2014: € 25.0 million). Generics contributed 87% to local sales (1-3/2014: 87%).

Sales achieved in Spain with branded products increased by 14% to € 4.3 million (1-3/2014: € 3.7 million). Branded products contributed 13% to local sales (1-3/2014: 13%).

In **Belgium**, sales decreased by 28% to € 26.9 million in the first three months of the current financial year (1-3/2014: € 37.2 million).

Sales generated with generics in the Belgian market declined by 30% to € 24.7 million (1-3/2014: € 35.3 million). Apart from a regulatory change, according to which price reductions for a large part of the local Generics portfolio in Belgium were introduced as of March 1, 2015, this development is particularly attributable to the changed working capital management of a key distribution partner. Generics contributed 92% to local sales (1-3/2014: 95%).

Sales achieved in Belgium with branded products recorded an increase of 16% to € 2.2 million (1-3/2014: € 1.9 million). Branded products contributed 8% to sales in Belgium (1-3/2014: 5%).

Sales generated in **France** in the first quarter of the current financial year remained at the same level of the corresponding period of the previous year with € 21.8 million (1-3/2014: € 21.9 million).

Sales recorded in the French market with generics increased by 11% to € 19.2 million (1-3/2014: € 17.3 million). This development occurred regardless of strong price competition that resulted from a regulatory change as of September 1, 2014, according to which the maximum permitted discount amount was substantially increased. Overall, the French generics market has shown a general sales decrease for some time, which appears to continue in the coming months. Generics contributed 88% to local sales (1-3/2014: 79%).

Sales reported in France with branded products decreased by 42% to € 2.6 million (1-3/2014: € 4.6 million) mainly due to the portfolio optimization carried out at the end of 2014. Branded products contributed 12% to sales in France (1-3/2014: 21%).

Market region Germany

In the **market region Germany**, sales in the reporting period increased slightly by 1% to € 127.2 million (1-3/2014: € 125.6 million). This development occured despite the fact that export activities to the MENA region are no longer disclosed in the market region Germany due to the grouping together[1)] of activities from the MENA region and from the former market region Asia & Pacific as of January 1, 2015. Overall, the market region Germany contributed 26.1% to Group sales (1-3/2014: 24.8%). Of the sales generated by this market region, € 11.9 million was attributable to export sales (1-3/2014: € 15.1 million). Adjusted sales in this market region were also slightly above the level of the corresponding period of the previous year with 1%.

Sales generated in **Germany**, i.e. sales excluding export sales of the market region Germany and excluding sales of other market regions in Germany, recorded an increase of 4% to € 115.3 million in the first three months of the current financial year (1-3/2014: € 110.4 million).

Despite the continued difficult local framework conditions for generics, which are attributable to the intensive competition in tenders for discount agreements from public health insurance organizations, sales in the German Generics segments increased by 5% to € 69.8 million in the reporting period (1-3/2014: € 66.6 million). Sales generated in Germany with generics had a share of 61% in the overall sales achieved in the German market (1-3/2014: 60%). The market share of generics sold in German pharmacies by volume in the first three months of 2015 was approximately at the level of corresponding period of the previous year with approx. 13.6%[2)] (1-3/2014: approx. 13.8%[2)]). The STADA Group continues to be the clear number 3[2)] in the German generics market.

Sales of generics in Germany are almost exclusively generated with the sales companies ALIUD PHARMA GmbH, STADApharm GmbH and cell pharm Gesellschaft für pharmazeutische und diagnostische Präparate mbH. Sales achieved by ALIUD PHARMA in the first quarter of 2015 increased by 10% to € 42.2 million (1-3/2014: € 38.5 million). Sales generated by cell pharm, a special supplier for the indication areas oncology and nephrology, decreased by 26% to € 6.5 million (1-3/2014: € 8.9 million).

Sales generated with branded products in the German market – primarily with the two sales companies STADA GmbH and STADAvita GmbH – increased in the reporting period by 4% to € 45.5 million as compared to the corresponding period of the previous year (1-3/2014: € 43.8 million).

Overall, sales achieved in the German market with branded products had a share of 39% in sales generated in Germany in the first quarter of 2015 (1-3/2014: 40%).

In financial year 2014, STADA had already signed a letter of intent to hand over the German logistics activities to the global leading logistics company DHL.[3)] The respective contract was signed in the first quarter of 2015.[4)]

For financial year 2015, the Executive Board expects sales in the market region Germany to be below the level of the previous year with operating profitability under Group average.

1) Since January 1, 2015, the former market region Asia & Pacific has been grouped together with the activities of the MENA region and reported in the market region Asia/Pacific & MENA.
2) Data from IMS Health based on pharmacy sales to customers (source: IMS/Pharmascope national).
3) See the Company's press release of October 10, 2014.
4) See the Company's press release of March 23, 2015.

Market region CIS/Eastern Europe

In the **market region CIS/Eastern Europe**[1)], sales in the first three months of the current financial year declined by 13% applying the exchange rates of the previous year. As a result of negative currency effects, sales in euro decreased by 32% to € 89.0 million (1-3/2014: € 130.0 million). Sales generated in this market region had a share of 18.3% in Group sales (1-3/2014: 25.6%). Of the sales generated by the market region CIS/Eastern Europe, € 5.0 million was attributable to export sales (1-3/2014: € 2.0 million). Sales adjusted for portfolio and currency effects in this market region decreased by 15%.

For financial year 2015, the Executive Board expects growth in sales in the market region CIS/Eastern Europe also taking consideration of the acquisition of the Russian branded product portfolio Aqualor® and the consolidation of the resulting sales as from March 1, 2014 applying the exchange rates of the previous year. Operating profitability adjusted for negative currency effects is expected to be above Group average.

The development of business in the two largest markets according to sales within this market region is described below.

In **Russia**, sales decreased by 21% in the reporting period applying the exchange rates of the previous year. As a result of a clearly negative currency effect of the Russian ruble, sales decreased in euro by 43% to € 44.5 million (1-3/2014: € 78.2 million). The decline in sales was primarily attributable to three factors. In addition to a substantially weaker exchange rate as compared to the corresponding period of the previous year, the end consumers through whom approx. 88% of STADA's sales in Russia is generated, continued to be significantly reluctant to buy. Furthermore, a decrease in demand from wholesalers particularly contributed to this development. In the context of the state program for the reimbursement of selected medicines for individual population groups (DLO Program), approx. 8% of Russian sales were recorded in the reporting period. The share of these low-margin sales in the total sales of the Generics segment increased in the reporting year. In addition, approx. 4% of sales were generated directly or indirectly with other state clients, primarily via tenders.

Sales generated with generics in the Russian market declined by 54% to € 14.3 million (1-3/2014: € 31.0 million). Generics contributed 32% to local sales (1-3/2014: 40%).

Sales recorded in Russia with branded products declined by 36% to € 30.2 million (1-3/2014: € 47.2 million). Branded products contributed 68% to sales achieved in Russia (1-3/2014: 60%).

The sales and earnings contributions of Russian STADA business activities will continue to be primarily affected by the development of the currency relation of the Russian ruble to the euro in the future as well. In addition, the increasingly bleak prospects for the Russian economy and the corresponding strong devaluation of the Russian ruble present an increased risk in terms of consumer sentiment and consumer spending.

In **Serbia**, sales in the first quarter of 2015 decreased by 18% applying the exchange rates of the previous year. In euro, sales recorded a decline of 21% to € 17.0 million due to a negative currency effect of the Serbian dinar (1-3/2014: € 21.6 million). The sales mix of the Serbian market continues to show a general shift from generics to branded products.

Sales generated in the Serbian market with generics declined by 26% to € 13.3 million (1-3/2014: € 18.0 million). This development is primarily attributable to another reduction of reimbursement prices as of January 1, 2015. Generics contributed 78% to sales in Serbia (1-3/2014: 83%).

1) So-called CEE countries (Central and Eastern Europe) including Russia.

Sales achieved in Serbia with branded products increased by 2% to € 3.7 million (1-3/2014: € 3.6 million). Branded products contributed 22% to local sales (1-3/2014: 17%).

In the first quarter of 2014, the insolvency administrator of Velefarm Holding and Velefarm VFB took legal action in Belgrade's commercial court against Hemofarm A.D., a subsidiary of STADA Arzneimittel AG, and Velefarm Prolek, a company of the Velefarm group. STADA and Hemofarm still believe the lawsuit to be unfounded.[1)]

Overall, STADA assumes that its own operating business in the Serbian market continues to be stable and that it offers further growth opportunities. However, sales and earnings contributions in Serbia will continue to be significantly characterized by the currency relationship of the Serbian dinar to the euro in the future as well as by the local liquidity situation of the wholesalers and distribution partners.

Market region Asia/Pacific & MENA

As of financial year 2015, the former market region Asia & Pacific will be expanded by substantial parts of the business activities in the Middle East and North Africa (MENA region) due to a change in management responsibility. In doing so, the activities in this region, which used to be allocated to market region Germany, should be largely centralized. Thus, the market region will be referred to as market region Asia/Pacific & MENA from 2015.

In the **market region Asia/Pacific & MENA**, sales in the first three months of the current financial year increased by 53% to € 34.4 million (1-3/2014: € 22.4 million). This development is primarily attributable to growth in Vietnam, where sales rose regardless of increased price pressure in the Vietnamese tender business. Furthermore, the increase is a result of the previously mentioned grouping together of the former market region Asia & Pacific and the activities of the MENA region. In light of this, disclosures for the subsidiaries STADA MENA DWC-LLC, based in Dubai and consolidated since January 1, 2015, and STADA Egypt Ltd., based in Cairo and consolidated since January 1, 2015, are also included under this region. The sales contribution of this market region to Group sales was at 7.1% (1-3/2014: 4.4%). Adjusted sales in this market region increased by 27%.

For financial year 2015, the Executive Board expects a sales increase in the market region Asia/Pacific & MENA with operating profitability above Group average.

Development, production and procurement

Research and development costs amounted to € 16.2 million in the reporting period (1-3/2014: € 13.9 million). These costs relate only to development costs as STADA, due to its business model, does not carry out any research into new active pharmaceutical ingredients. Furthermore, the Group capitalized development costs for new products in the amount of € 3.5 million in the first quarter of 2015 (1-3/2014: € 4.9 million).

Worldwide, STADA launched a total of 157 individual products in the individual national markets in the first three months of the current financial year (1-3/2014: 148 product launches).

In consideration of the well-filled product pipeline, the Executive Board expects to be able to continuously introduce new products to the individual national markets of the respective market regions in future as well. The focus here remains on generics in the EU countries.

1) See the Company's ad hoc release of February 14, 2014.

As a general rule, STADA makes appropriate investments to ensure that all Group-owned production facilities and test laboratories are maintained at the level required by legal stipulations and technical production considerations. Investments in the expansion and renewal of production facilities and plants as well as test laboratories, amounted to € 5.8 million in the reporting period (1-3/2014: € 3.4 million).

In the first quarter of 2015, STADA announced that the Company had signed an letter of intent for the founding of a contractual joint venture – so far for the development of oncological products – with the Indian pharmaceutical company Hetero Labs, the largest privately owned pharmaceutical company in India.[1] The current schedule calls for the final joint venture contracts to be signed in the course of 2015.

Financial position and cash flow

The financial position of the STADA Group remains stable. As of the reporting date March 31, 2015, the **equity-to-assets ratio** was 30.1% (December 31, 2014: 27.1%) and thereby satisfactory in the opinion of the Executive Board.

Net debt was at € 1,332.4 million as of March 31, 2015 (December 31, 2014: € 1,327.5 million). The **net debt to adjusted EBITDA ratio** was at 3.6 in the reporting period on linear extrapolation of the adjusted EBITDA of the first quarter of 2015 on a full-year basis (1-3/2014: 3.1).

The refinancing of the Group as of March 31, 2015 was provided for by a corporate bond with a term of five years that was placed in 2010 in the amount of € 350 million with an interest rate of 4.00% p.a., which reached maturity in April of the current financial year. For the purpose of the long-term refinancing, as of the reporting date March 31, 2015, there were a five-year corporate bond placed in the second quarter of 2013 in the amount of € 350 million with an interest rate of 2.25% p.a. as well as a bond[2] placed in the first quarter of 2015 in the amount of € 300 million with a term of seven years and an interest rate of 1.75% p.a., which was issued on April 8, 2015. Furthermore, as of March 31, 2015 there were promissory notes with maturities in the area of 2015 to 2019 with a nominal value in the total amount of € 502.0 million. In order to have a balanced financing structure, promissory notes are staggered regarding both their volume and terms.

Intangible assets increased by € 73.2 million to € 1,704.7 million at the balance sheet date of March 31, 2015 (December 31, 2014: € 1,631.5 million). This growth primarily resulted from currency effects in the context of converting financial statements of foreign subsidiaries with a reporting currency other than the Group currency euro. As of March 31, 2015, intangible assets included € 394.3 million goodwill (December 31, 2014: € 372.3 million).

Financial assets declined as of the balance sheet date of March 31, 2015 by € 1.2 million to € 0.8 million (December 31, 2014: € 2.0 million). This development was primarily attributable to the inclusion of STADA MENA DWC and STADA Egypt in the scope of consolidation of STADA Arzneimittel AG.

The increase in **income tax receivables** as of the balance sheet date of March 31, 2015 to € 36.2 million (December 31, 2014: € 30.7 million) was mainly due to high advance income tax payments in the market region CIS/Eastern Europe.

Current other financial assets decreased to € 79.4 million as of March 31, 2015 (December 31, 2014: € 86.9 million). This development primarily resulted from the repayment of a loan of the associate BIOCEUTICALS Arzneimittel AG.

The increase of **current other assets** by € 14.1 million to € 52.0 million as of the balance sheet date of March 31, 2015 (December 31, 2014: € 37.9 million) was, among other things, based on increased sales tax receivables, particularly in the market region CIS/Eastern Europe.

1) See the Company's press release of March 26, 2015.
2) See the Company's press release of April 1, 2015.

Other provisions include results recognized directly in **equity**. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation recognized in other comprehensive income of financial statements of companies included in the Group, which are recognized in the statement of changes in shareholders' equity under provisions for currency translation. In the reporting period, income of € 95.7 million recognized directly in equity arose, which is primarily composed of the following effects: Due to the appreciation of the currencies Russian ruble, pound sterling and Swiss franc since December 31, 2014, income recognized directly in equity from the currency translation of financial statements of companies reporting in the respective currency was recorded.

As of March 31, 2015, the Group's **current and non-current financial liabilities** in the amount of € 478.8 million and € 959.8 million (December 31, 2014: € 448.7 million and € 1,043.0 million) include, in particular, promissory notes which have a nominal value in the amount of € 502.0 million (December 31, 2014: € 552.5 million) and two bonds with a nominal value in the amount of € 350.0 million each (December 31, 2014: two bonds of € 350.0 million each). The decrease in financial liabilities primarily resulted from the repayment of a loan in the market region CIS/Eastern Europe.

Non-current other financial liabilities increased to € 9.6 million as of the balance sheet date (December 31, 2014: € 5.3 million). This is mainly due to a measurement effect of derivative financial instruments.

Trade accounts payable declined as of the balance sheet date of March 31, 2015 by € 16.2 million to € 324.6 million (December 31, 2014: € 340.8 million). This development was primarily based on temporary results of balance sheet date effects.

Current other financial liabilities increased by € 12.3 million to € 269.7 million (December 31, 2014: € 257.4 million) due to reporting date effects.

Cash flow from operating activities – which consists of changes in items not covered by investment activities, financing activities or by changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation – amounted to € 46.8 million in the first quarter of 2015 (1-3/2014: € 35.8 million). The increase of € 11.0 million was attributable to a lower cash-effective decrease in trade payables as compared to the previous year. In opposition, there was a higher cash-effective increase in inventories that was compensated by the development of other net assets. This development was particularly characterized by a lower cash-effective increase in tax receivables.

Cash flow from investing activities – which reflects the cash outflows for investments with inflows from disposals deducted – amounted to € -41.3 million in the period under review (1-3/2014: € -133.2 million). In the previous year, cash flow from investing activities was particularly influenced by payments for investments in intangible assets, which primarily related to the acquisition of the Russian branded product portfolio Aqualor®.

Free cash flow in the reporting period amounted to € 5.6 million (1-3/2014: € -97.4 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals amounted to € 26.9 million in the reporting period (1-3/2014: € 18.9 million).

Cash flow from financing activities amounted to € -69.1 million in the first quarter of 2015 (1-3/2014: € 136.7 million). This development was primarily a result of the repayment of a loan in the market region CIS/Eastern Europe, which was not fully refinanced through new loans.

Net cash flow for the current period is the balance of cash inflows and outflows from operating cash flow, cash flow from investing and financing activities as well as from changes in cash and cash equivalents due to Group composition and exchange rates and amounted to € -58.1 million in the first three months of 2015 (1-3/2014: € 32.6 million).

Acquisitions and disposals

STADA generally pursues an active acquisition policy to further accelerate the Group's organic growth with external growth impulses. In this context, the Group concentrates, on the one hand, on the regional expansion of business activities with a focus on high-growth emerging markets. On the other hand, a top focus is the expansion and internationalization of the core segments, in particular branded products as they are generally characterized by better margins and less regulatory interventions than generics.

Regardless of this active purchasing policy, profitability and the purchase price must strike a good balance in the view of the Executive Board. For larger acquisitions or cooperations with capital investments, appropriate capital measures continue to be imaginable if the burden on the equity-to-assets ratio from such acquisitions or cooperations is too high.

Already in the fourth quarter of 2014, the Russian STADA subsidiary AO Nizhpharm signed the purchase agreement for the two branded products AndroDoz® and NeroDoz®, which are positioned in the area of men's health. The purchase price was RUB 526.5 million (approx. € 7.9 million applying the official exchange rate of the Russian central bank as of December 25, 2014). The seller is OOO PharmEnergy, a Russian pharmaceutical company based in Moscow. Net sales generated with these two products in Russia amounted to approx. € 3.0 million in 2014. Product sales have been consolidated in the STADA Group since 2012, as Nizhpharm had sold the products via in-licensing before. The purchase was completed in the first quarter of 2015.[1)]

STADA share

In the first three months of 2015, the STADA share price had very positive development and achieved an increase of 23%. Whereas the share price closed 2014 at € 25.25, it amounted to € 31.10 at the end of the first quarter of 2015. STADA's market capitalization amounted to € 1.893 billion at the end of the first three months of 2015. At the end of 2014, this figure was € 1.531 billion.

As of March 31, 2015, the subscribed share capital of STADA Arzneimittel AG amounted to € 158,226,432.00 (December 31, 2014: € 157,629,420.00) consisting of 60,856,320 registered[2)] shares with restricted transferability, each with an arithmetical share in share capital of € 2.60 (December 31, 2014: 60,626,700 registered shares). Changes in the first quarter of 2015 resulted from the exercising of 11,481 warrants 2000/2015[3)]. As of March 31, 2015, 76,695 warrants 2000/2015 for the subscription of 1,533,900 STADA registered shares were thus still outstanding.

In the first three months of 2015, the Group published all of the received voting rights notices according to Section 26 of the German Securities Trading Act (WpHG). These two received voting rights notices, as well as any received later, can be viewed on the website at www.stada.de or www.stada.com.

1) See the Company's press release of February 4, 2015.
2) Under the Company's Articles of Incorporation, STADA's registered shares with restricted transferability can only be entered into the share register with the consent of the Company and, pursuant to the statutes, grant one vote each in the Annual General Meeting. Shareholders are only those who are registered as such in the share registry and only such persons are authorized to participate in the Annual General Meeting and to exercise voting rights. No shareholder and no shareholder group shall have any special rights.
3) The legally binding option terms and conditions are published on the Company website under www.stada.de and www.stada.com.

Report on expected developments and associated material opportunities and risks

The Executive Board confirms the outlook for financial year 2015 and the opportunities and risk report published for the Group in the Management Report of STADA's Annual Report 2014. Together with the supplements and updates listed in this interim report, it gives, in the view of the Executive Board, an up-to-date overall picture of the opportunities and risks for the STADA Group.

STADA's business model is generally geared towards markets with long-term growth potential in the health care and pharmaceutical markets. Inseparably linked to this, however, are risks and challenges resulting in particular from changed or additional state regulation and intensive competition. In view of this, in the Executive Board's assessment, far-reaching regulatory interventions, a high level of competition, default risks and significant margin pressure can continue to occur in individual markets of the respective market regions in the future. The latter applies primarily to the increasing volume of business activities characterized by tenders in the Generics core segment.

In addition, the Group will continue to be confronted by non-operational influence factors in future. As a consequence, relevant Group currency relations, in particular of the Russian ruble, the Serbian dinar and the British pound sterling to the euro, will affect the Group's future development in financial year 2015. Furthermore, STADA will still have to deal with residual effects of the global financial and economic crisis as well as the effects of the CIS crisis. Against this backdrop, the Group certainly continues to prepare itself, within the realm of possibility, for specific potential risks in this regard, such as a significantly increased default risk of business partners, subsidies to crisis-prone competitors that distort competition or strong volatility in interest rate levels and currency relations that are relevant for the Group. However, in view of the residual effects of the global financial and economic crisis as well as the effects of the CIS crisis, resulting burdens such as one-time special effects from impairment losses on intangible assets and property, plant and equipment, payment defaults, non-operational burdens on earnings from currency influences, in particular from the devaluation of the Russian ruble and the Ukrainian hryvnia, as well as a curbed or further decreasing demand in the Russian pharmaceuticals market cannot be ruled out. With regard to the existing sanctions against Russia, STADA, however, does not currently see any significant direct effects on the Group's business activities.

Overall, the future sales and earnings development of the Group will continue in future to be characterized by both growth-stimulating and challenging framework conditions in the individual markets of STADA's respective market regions. In the current financial year, the Group has been confronted with very difficult framework conditions, especially as a result of the CIS crisis. In light of this, for financial year 2015, the Executive Board expects to be able to achieve slight growth in Group sales adjusted for currency and portfolio effects. Due to the recent developments of the Russian ruble and increased risks in connection with consumer mood and the general market situation, however, it anticipates a decreased earnings contribution from Russia. Taking these developments into account and based on currency relations at the time the preliminary outlook[1)] was published, the Executive Board expects a substantial decrease in adjusted EBITDA and adjusted net income. The Executive Board expects the ratio of net debt, excluding further acquisitions, to adjusted EBITDA to be at a level of nearly 3 in 2015.

H. Retzlaff H. Kraft Dr. M. Wiedenfels

1) See the Company's ad hoc release of February 19, 2015.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST THREE MONTHS OF 2015 (ABRIDGED)

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement for the period from Jan. 1 to Mar. 31 in € 000s	3 months 2015 Jan. 1 – Mar. 31	3 months 2014 Jan. 1 – Mar. 31
Sales	486,174	507,423
Cost of sales	252,760	257,984
Gross profit	**233,414**	**249,439**
Selling expenses	110,308	109,255
General and administrative expenses	44,023	41,813
Research and development expenses	16,165	13,851
Other income	3,148	4,050
Other expenses	15,626	25,478
Operating profit	**50,440**	**63,092**
Result from investments measured at equity	-35	277
Investment income	55	105
Financial income	485	4,194
Financial expenses	16,865	16,844
Financial result	**-16,360**	**-12,268**
Earnings before taxes	**34,080**	**50,824**
Income taxes	11,221	15,010
Earnings after taxes	**22,859**	**35,814**
thereof		
• distributable to shareholders of STADA Arzneimittel AG (net income)	21,208	34,983
• distributable to non-controlling shareholders	1,651	831
Earnings per share in € (basic)	0.35	0.58
Earnings per share in € (diluted)	0.35	0.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income in € 000s	3 months 2015 Jan. 1 – Mar. 31	3 months 2014 Jan. 1 – Mar. 31
Earnings after taxes	**22,859**	**35,814**
Items to be recycled to the income statement in future:		
Currency translation gains and losses	**101,196**	**-24,786**
thereof		
• income taxes	-269	236
Gains and losses on available-for-sale financial assets	**4**	**-2**
thereof		
• income taxes	-1	0
Gains and losses on hedging instruments (cash flow hedges)	**385**	**306**
thereof		
• income taxes	-143	-113
Items not to be recycled to the income statement in future:		
Revaluation of net debt from defined benefit plans	**-**	**-2,418**
thereof		
• income taxes	-	896
Other comprehensive income	**101,585**	**-26,900**
Consolidated comprehensive income	**124,444**	**8,914**
thereof		
• distributable to shareholders of STADA Arzneimittel AG	117,096	8,064
• distributable to non-controlling shareholders	7,348	850

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as of Mar. 31 in € 000s Assets	Mar. 31, 2015	Dec. 31, 2014
Non-current assets	**2,095,175**	**2,013,819**
Intangible assets	1,704,700	1,631,516
Property, plant and equipment	318,419	305,430
Financial assets	828	2,036
Investments measured at equity	12,037	10,569
Other financial assets	10,894	11,729
Other assets	3,792	3,130
Deferred tax assets	44,505	49,409
Current assets	**1,314,543**	**1,321,639**
Inventories	541,680	498,785
Trade accounts receivable	498,856	502,794
Income tax receivables	36,231	30,711
Other financial assets	79,359	86,943
Other assets	51,987	37,866
Non-current assets and disposal groups held for sale	333	331
Cash and cash equivalents	106,097	164,209
Total assets	**3,409,718**	**3,335,458**

Equity and liabilities	Mar. 31, 2015	Dec. 31, 2014
Equity	**1,028,026**	**903,339**
Share capital	158,226	157,629
Capital reserve	493,582	490,401
Retained earnings including net income	583,755	561,376
Other provisions	-275,723	-371,851
Treasury shares	-1,480	-1,504
Equity attributable to shareholders of the parent	**958,360**	**836,051**
Shares relating to non-controlling shareholders	69,666	67,288
Non-current borrowed capital	**1,175,411**	**1,246,693**
Other non-current provisions	30,433	30,097
Financial liabilities	959,790	1,042,998
Other financial liabilities	9,570	5,259
Other liabilities	1,616	1,640
Deferred tax liabilities	174,002	166,699
Current borrowed capital	**1,206,281**	**1,185,426**
Other provisions	18,163	17,442
Financial liabilities	478,784	448,703
Trade accounts payable	324,630	340,847
Income tax liabilities	29,580	33,726
Other financial liabilities	269,726	257,403
Other liabilities	85,398	87,305
Total equity and liabilities	**3,409,718**	**3,335,458**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in € 000s	Mar. 31, 2015	Mar. 31, 2014
Net income	22,859	35,814
Depreciation and amortization net of write-ups of non-current assets	28,789	34,254
Income taxes	11,221	15,010
Interest income and expenses	14,995	14,689
Result from investments measured at equity	35	-277
Result from the disposals of non-current assets	160	94
Additions to/reversals of other non-current provisions	-487	317
Currency translation income and expenses	10,253	16,276
Other non-cash expenses and gains	109,692	110,935
Gross cash flow	**197,517**	**227,112**
Changes in inventories	-35,425	-4,617
Changes in trade accounts receivable	34,393	37,374
Changes in trade accounts payable	-26,642	-54,324
Changes in other net assets, unless attributable to investing or financing activities	-95,122	-147,048
Interest and dividends received	866	1,433
Interest paid	-12,679	-7,653
Income tax paid	-16,078	-16,445
Cash flow from operating activities	**46,830**	**35,832**
Payments for investments in		
• intangible assets	-29,936	-124,681
• property, plant and equipment	-11,688	-9,006
• financial assets	-	-
• shares in consolidated companies	-	-
• business combinations according to IFRS 3	-	-
Proceeds from the disposal of		
• intangible assets	187	78
• property, plant and equipment	162	369
• financial assets	-	-
• shares in consolidated companies	-	-
Cash flow from investing activities	**-41,275**	**-133,240**
Borrowing of funds	109,912	462,036
Settlement of financial liabilities	-181,523	-322,754
Dividend distribution	-1,323	-2,232
Capital increase from share options	3,777	-
Changes in non-controlling interests	-	-348
Changes in treasury shares	25	19
Cash flow from financing activities	**-69,132**	**136,721**
Changes in cash and cash equivalents	**-63,577**	**39,313**
Changes in cash and cash equivalents due to Group composition	238	1,860
Changes in cash and cash equivalents due to exchange rates	5,227	-8,622
Net change in cash and cash equivalents	**-58,112**	**32,551**
Balance at beginning of the period	**164,209**	**126,163**
Balance at end of the period	**106,097**	**158,714**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Consolidated Statement of Changes in Shareholders' Equity in € 000s

2015	Number of shares	Share capital	Capital reserve
Balance as of Mar. 31, 2015	60,856,320	158,226	493,582
Dividend distribution			
Capital increase from share options	229,620	597	3,180
Changes in treasury shares			1
Changes in retained earnings			
Changes in non-controlling interests			
Changes in the scope of consolidation			
Other income			
Net income			
Balance as of Jan. 1, 2015	**60,626,700**	**157,629**	**490,401**
Previous year			
Balance as of Mar. 31, 2014	60,442,500	157,151	487,848
Dividend distribution			
Capital increase from share options			
Changes in treasury shares			5
Changes in retained earnings			
Changes in non-controlling interests			
Changes in the scope of consolidation			
Other income			
Net income			
Balance as of Jan. 1, 2014	**60,442,500**	**157,151**	**487,843**

Retained earnings including net income	Provisions for currency translation	Provisions available for sale	Provisions for cash flow hedges	Treasury shares	Equity attributable to shareholders of the parent	Shares relating to non-controlling shareholders	Group equity
583,755	-274,170	29	-1,582	-1,480	958,360	69,666	1,028,026
					-	-4,970	-4,970
					3,777		3,777
				24	25		25
					-		-
					-		-
1,411					1,411		1,411
-240	95,736	7	385		95,888	5,697	101,585
21,208					21,208	1,651	22,859
561,376	**-369,906**	**22**	**-1,967**	**-1,504**	**836,051**	**67,288**	**903,339**
584,852	-262,854	31	-3,180	-1,528	962,320	54,432	1,016,752
					-	-2,232	-2,232
					-		-
				14	19		19
					-		-
					-	333	333
-381					-381		-381
-2,413	-24,808	-4	306		-26,919	19	-26,900
34,983					34,983	831	35,814
552,663	**-238,046**	**35**	**-3,486**	**-1,542**	**954,618**	**55,481**	**1,010,099**

NOTES

1. General

1.1. Accounting policies

In accordance with the regulations of section 37x (3) of the German Securities Trading Act (WpHG), this interim report of STADA includes consolidated interim financial statements and a consolidated interim management report. The consolidated interim financial statements have been prepared under consideration of the International Financial Reporting Standards (IFRS) for interim reporting as applicable in the European Union (EU).

The consolidated interim management report was prepared in consideration of the applicable WpHG regulations. The consolidated interim financial statements as of March 31, 2015 were prepared under consideration of the regulations outlined in International Accounting Standard (IAS) 34. In accordance with the provisions of IAS 34, an abridged scope of reporting as compared to the consolidated financial statements as of December 31, 2014 was selected.

All IFRS' published by the International Accounting Standards Board (IASB) and endorsed by the EU which are mandatory for financial years starting as of January 1, 2015 have been observed by STADA.

In these consolidated interim financial statements – with the exception of the changed accounting policies listed in Note 1.2. –, the same accounting policies and methods of computation are applied as in the consolidated financial statements for financial year 2014. With regard to the principles and methods used in the context of Group Accounting we generally refer to the Notes to the consolidated financial statements of the Annual Report 2014.

1.2. Changes in accounting policies

In the first three months of 2015, STADA observed and, if relevant, applied the following pronouncements and amendments to pronouncements published by the IASB and endorsed by the EU which were first applicable as of January 1, 2015, which had no or no significant effect on the presentation of STADA's business, financial, earnings situation or cash flow:

- **IAS 19 "Employee Benefits":** The amendment introduces an option for the accounting of defined benefit plans, where employees make mandatory contributions. Accordingly, it is now permitted to recognize employee contributions linked to service which are independent of the number of years of service in the period in which the related service is rendered rather than attributing them in accordance with the "projected unit credit method".

- **Amendments in the course of the "Annual Improvements to IFRSs 2010–2012 Cycle":**
  IFRS 2 "Share-based Payment": The amendment includes a clarification regarding the definition of "vesting conditions" through the definition of "performance conditions" and "service conditions". Since there is no share-based payment at STADA, revised versions of the standard or amendments are not relevant.
  IFRS 3 "Business Combinations": The amendment includes a clarification that contingent consideration should only be classified as a liability or as equity if the contingent consideration in the course of a business combination meets the definition of a financial instrument. The standard was further amended so that all non-equity contingent consideration shall subsequently be measured at fair value, with all resulting effects recognized in profit or loss.

IFRS 8 “Operating Segments”: If business segments are aggregated to reportable segments, the judgments made by management for the identification of the reportable segments shall be disclosed. Furthermore there was a clarification that a reconciliation of segment assets to the amounts recognized in the balance sheet shall only be carried out if this information is regularly reported to the chief operating decision maker.
IFRS 13 “Fair Value Measurement”: This amendment includes a clarification that short-term receivables and payables shall not be discounted if they are immaterial.
IAS 16 “Property, Plant and Equipment”/IAS 38 “Intangible Assets”: The amendment clarifies how to determine accumulated amortization/depreciation as of the measurement date if the revaluation model is applied. In the context of the revaluation, there may be changes to historical costs of acquisition and production as well as to amortized carrying amounts on the basis of available market data. As a result, the cumulative changes do not change proportionally, but the change of the amortization/depreciation results from the difference of the revalued depreciation/amortization. A non-proportional change to the amortization/depreciation also arises if value adjustments were made in previous periods. The amendment to this standard applies to revaluations carried out in financial years at or after the date of initial application, as well as to such that were carried out in the immediately preceding period.
IAS 24 “Related Party Disclosures”: The standard is amended to include an expanded definition. Accordingly, the standard also applies to entities that provide key management personnel services to the reporting entity themselves or through a group company. Separate disclosures are required for the services rendered. Compensation by the management entity to those employees that are in charge of management responsibilities at the reporting entity, however, shall not be disclosed.

- **Amendments in the course of the “Annual Improvements to IFRSs 2011–2013 Cycle”:**
  IFRS 1 “First-time Adoption of International Financial Reporting Standards”: The amendment clarifies the meaning of the “effective date”. If there are two published versions at the transition date (a currently effective one and one that will only be mandatory in the future but is already available for voluntary early application), a first-adopter of IFRS has the choice between these versions. As STADA already prepares the consolidated financial statements according to IFRS, revised versions of the standard or amendments to it are not relevant.
  IFRS 3 “Business Combinations”: The amendment includes a clarification that the existing exception applies to all joint arrangements, but only in the financial statements of the joint arrangement.
  IFRS 13 “Fair Value Measurement”: When controlling a group of financial assets and liabilities on the basis of its net market risk or its net credit risk, the standard allows to determine the fair value of this group using the measurement of its net risk position by market participants. The amendment clarifies that the exception applies to all contracts in the scope of IAS 39 or IFRS 9, even if they do not meet the definition of a financial asset or a financial liability.
  IAS 40 “Investment Property”: The amendment includes a clarification that the standard is to be regarded separately from the scope of IFRS 3, so they are not mutually exclusive. Thus, the acquisition of an investment property shall be examined to determine whether it is an individual asset, a group of assets or a business operation as defined in IFRS 3. Furthermore, a review is required to determine whether it is an investment property as defined in IAS 40 or an owner-occupied property.

1.3. Scope of consolidation

The consolidated financial statements of STADA have been prepared for STADA Arzneimittel AG as parent company.

As of January 1, 2015, the subsidiary located in the United Arab Emirates, STADA MENA DWC-LLC, Dubai, as well as the Egyptian subsidiary STADA Egypt Ltd., Cairo, were included in STADA's scope of consolidation.

In the first quarter of 2015 there were also changes in the scope of consolidation due to the merger of the consolidated subsidiary Hemofarm Sabac d.o.o, Sabac, Serbia, with Hemofarm A.D., Vrsac, Serbia, also a consolidated subsidiary.

In the consolidated interim financial statements of the STADA Group, 77 companies were thereby consolidated as subsidiaries and three companies as associates as of the balance sheet date on March 31, 2015.

2. Notes to the Consolidated Income Statement

2.1. Sales

The decrease in sales compared to the corresponding period of the previous year resulted primarily from sales decreases in the market region CIS/Eastern Europe and the markets of Italy and Belgium, which belong to the market region Central Europe. The influences of exchange rate effects and portfolio changes on the sales decrease amounted to a total of -0.5 percentage points in the reporting period. Details on how sales are broken down according to segments and regions can be found in segment reporting (see Note 5.) and in additional information (see Note 6.).

2.2. Other expenses

Other expenses decreased as compared to the corresponding period of the previous year to € 15.6 million in the first quarter of 2015 (1-3/2014: € 25.5 million). This development was especially attributable to a decrease in net currency translation expenses.

2.3. Financial income

The decrease in financial income in the first three months of 2015 to € 0.5 million as compared to the corresponding period of the previous year (1-3/2014: € 4.2 million) was due to net earnings from the measurement of derivative financial instruments in the amount of € 2.0 million in the previous year. In the reporting year, there was a net expense in the amount of € 1.4 million, which is reported under financial expenses.

2.4. Income taxes

Income tax expense decreased in the first quarter of 2015 as compared to the corresponding period of the previous year to € 11.2 million (1-3/2014: € 15.0 million). Thereby, the tax rate increased to 32.9% (1-3/2014: 29.5%), particularly due to non-capitalized tax loss carryforwards in Ukraine.

3. Notes to the Consolidated Balance Sheet

3.1. Intangible assets

Intangible assets increased by € 73.2 million to € 1,704.7 million at the balance sheet date of March 31, 2015 (December 31, 2014: € 1,631.5 million). This addition primarily resulted from currency effects in the context of converting financial statements of foreign subsidiaries with a reporting currency other than the Group currency euro. As of March 31, 2015, intangible assets included € 394.3 million goodwill (December 31, 2014: € 372.3 million).

3.2. Financial assets

Financial assets declined as of the balance sheet date of March 31, 2015 by € 1.2 million to € 0.8 million (December 31, 2014: € 2.0 million). This development was primarily attributable to the inclusion of STADA MENA DWC and STADA Egypt in the scope of consolidation of STADA Arzneimittel AG.

3.3. Other financial assets

Non-current other financial assets declined by € 0.8 million to € 10.9 million as of the balance sheet date of March 31, 2015 (December 31, 2014: € 11.7 million). Current other financial assets decreased to € 79.4 million as of March 31, 2015 (December 31, 2014: € 86.9 million). This development primarily resulted from the repayment of a loan of the associate BIOCEUTICALS Arzneimittel AG.

3.4. Income tax receivables

The increase of income tax receivables as of the balance sheet date of March 31, 2015 to € 36.2 million (December 31, 2014: € 30.7 million) was mainly due to high advance income tax payments in the market region CIS/Eastern Europe.

3.5. Other assets

The increase of current other assets by € 14.1 million to € 52.0 million as of the balance sheet date of March 31, 2015 (December 31, 2014: € 37.9 million) was, among other things, based on increased sales tax receivables, particularly in the market region CIS/Eastern Europe.

3.6. Other provisions

Other provisions include results recognized directly in equity. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation recognized in other comprehensive income of financial statements of companies included in the Group, which are recognized in the statement of changes in shareholders' equity under provisions for currency translation. In the reporting period, income of € 95.7 million recognized directly in equity arose, which is primarily composed of the following effects: Due to the appreciation of the currencies Russian ruble, pound sterling and Swiss franc since December 31, 2014, income recognized directly in equity from the currency translation of financial statements of companies reporting in the respective currency was recorded.

3.7. Financial liabilities

As of March 31, 2015, the Group's current and non-current financial liabilities in the amount of € 478.8 million and € 959.8 million (December 31, 2014: € 448.7 million and € 1,043.0 million) include, in particular, promissory notes which have a nominal value in the amount of € 502.0 million (December 31, 2014: € 552.5 million) and two bonds with a nominal value in the amount of € 350.0 million each (December 31, 2014: two bonds of € 350.0 million each). The decrease in financial liabilities primarily resulted from the repayment of a loan in the market region CIS/Eastern Europe.

3.8. Other financial liabilities

Non-current other financial liabilities increased to € 9.6 million as of the balance sheet date (December 31, 2014: € 5.3 million). This is mainly due to a measurement effect of derivative financial instruments. Current other financial liabilities increased by € 12.3 million to € 269.7 million due to reporting date effects (December 31, 2014: € 257.4 million).

3.9. Trade accounts payable

Trade accounts payable declined as of the balance sheet date of March 31, 2015 by € 16.2 million to € 324.6 million (December 31, 2014: € 340.8 million). This development was primarily based on temporary results of balance sheet date effects.

4. Notes to the Consolidated Cash Flow Statement

4.1. Cash flow from operating activities

Cash flow from operating activities – which consists of changes in items not covered by investment activities, financing activities or by changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation – amounted to € 46.8 million in the first quarter of 2015 (1-3/2014: € 35.8 million). The increase by € 11.0 million was attributable to a lower cash-effective decrease in trade payables as compared to the previous year. In opposition, there was a higher cash-effective increase in inventories which was compensated by the development of other net assets. This development was particularly characterized by a lower cash-effective increase in tax receivables.

4.2. Cash flow from investing activities

Cash flow from investing activities – which reflects the cash outflows for investments with inflows from disposals deducted – amounted to € -41.3 million in the period under review (1-3/2014: € -133.2 million). In the previous year, cash flow from investing activities was particularly influenced by high payments for investments in intangible assets, which primarily related to the acquisition of the Russian branded product portfolio Aqualor®.

4.3. Cash flow from financing activities

Cash flow from financing activities amounted to € -69.1 million in the first quarter of 2015 (1-3/2014: € 136.7 million). This development was primarily a result of the repayment of a loan in the market region CIS/Eastern Europe, which was not fully refinanced through new loans.

4.4. Net cash flow for the period

Net cash flow for the period is the balance of cash inflows and outflows from operating cash flow, cash flow from investing and financing activities as well as from changes in cash and cash equivalents due to exchange rates and/or Group composition and amounted to € -58.1 million in the first three months of 2015 (1-3/2014: € 32.6 million).

5. Segment information

5.1. General information

The measurement approaches for segment reporting are in accordance with the financial reporting methods used in the IFRS consolidated financial statements. Services between the segments are charged based on market prices.

Reported segment result corresponds to the operating profit of the income statement of the STADA Group in accordance with IFRS. Reporting of individual non-current assets according to segment as well as segment liabilities is waived, as this information is not used for Group monitoring.

5.2. Information by operating segment

in € 000s		3 months 2015 Jan. 1 – Mar. 31	3 months 2014 Jan. 1 – Mar. 31
Generics	**External sales**	**289,771**	**299,526**
	Sales with other segments	164	198
	Total sales	289,935	299,724
	Operating profit	36,627	38,026
	Depreciation/amortization	12,272	12,460
	Impairment losses	283	-
	Reversals	-	-
	Other significant non-cash items within operating result	-106,889	-116,469
Branded Products	**External sales**	**185,056**	**196,793**
	Sales with other segments	-	-
	Total sales	185,056	196,793
	Operating profit	33,382	42,577
	Depreciation/amortization	14,094	14,560
	Impairment losses	61	4,000
	Reversals	-	-
	Other significant non-cash items within operating result	-10,327	-12,753
Commercial Business	**External sales**	**11,347**	**11,099**
	Sales with other segments	-	-
	Total sales	11,347	11,099
	Operating profit	231	530
	Depreciation/amortization	31	21
	Impairment losses	-	-
	Reversals	-	-
	Other significant non-cash items within operating result	-49	-32
Reconciliation Group holdings/other and consolidation	**External sales**	**-**	**5**
	Sales with other segments	-164	-198
	Total sales	-164	-193
	Operating profit	-19,800	-18,041
	Depreciation/amortization	2,048	2,706
	Impairment losses	-	507
	Reversals	-	-
	Other significant non-cash items within operating result	-1,322	-1,028
Group	**External sales**	**486,174**	**507,423**
	Sales with other segments	-	-
	Total sales	486,174	507,423
	Operating profit	50,440	63,092
	Depreciation/amortization	28,445	29,747
	Impairment losses	344	4,507
	Reversals	-	-
	Other significant non-cash items within operating result	-118,587	-130,282

5.3. Reconciliation of segment results to net profit

in € 000s	3 months 2015 Jan. 1 – Mar. 31	3 months 2014 Jan. 1 – Mar. 31
Operating segment profit	70,240	81,133
Reconciliation Group holdings/other and consolidation	-19,800	-18,041
Result from investments measured at equity	-35	277
Investment income	55	105
Financial income	485	4,194
Financial expenses	16,865	16,844
Earnings before taxes, Group	**34,080**	**50,824**

6. Additional information

6.1. Information by market region

Sales by market regions in € 000s	3 months 2015 Jan. 1 – Mar. 31	3 months 2014 Jan. 1 – Mar. 31	±%[1]	±% *adjusted*[2]
Central Europe	**235,574**	**229,435**	**+3%**	***-3%***
• Italy	43,538	45,653	-5%	*-7%*
• United Kingdom	42,355	30,453	+39%	*+10%*
• Spain	32,136	28,716	+12%	*+12%*
• Belgium	26,933	37,166	-28%	*-28%*
• France	21,834	21,887	0%	*-1%*
• Switzerland	14,367	13,287	+8%	*-5%*
• The Netherlands	10,312	8,820	+17%	*+17%*
• Ireland	6,006	5,446	+10%	*+10%*
• Austria	5,787	5,212	+11%	*+11%*
• Denmark	5,299	5,988	-11%	*-12%*
• Other/Rest of Central Europe	17,164	17,432	-2%	*-2%*
• Export sales of the market region Central Europe	9,843	9,375	+5%	*-5%*
Germany	**127,164**	**125,569**	**+1%**	***+1%***
• Germany	115,295	110,440	+4%	*+4%*
• Export sales of the market region Germany	11,869	15,129	-22%	*-22%*
CIS/Eastern Europe	**89,015**	**129,986**	**-32%**	***-15%***
• Russia	44,494	78,232	-43%	*-24%*
• Serbia	17,005	21,630	-21%	*-19%*
• Ukraine	5,136	11,405	-55%	*-21%*
• Kazakhstan	4,094	4,359	-6%	*-20%*
• Bosnia-Herzegovina	3,862	2,803	+38%	*+34%*
• Other/Rest of CIS/Eastern Europe	9,395	9,512	-1%	*+19%*
• Export sales of the market region CIS/Eastern Europe	5,029	2,045	>100%	*>100%*
Asia/Pacific & MENA	**34,421**	**22,433**	**+53%**	***+27%***
• Vietnam	23,326	16,144	+44%	*+21%*
• China	4,173	3,699	+13%	*-5%*
• Saudi Arabia	2,522	-	-	*-*
• The Philippines	1,551	1,008	+54%	*+25%*
• Other/Rest of Asia/Pacific & MENA	2,729	1,553	+76%	*+22%*
• Export sales of the market region Asia/Pacific & MENA	120	29	>100%	*>100%*

1) Calculated on thousand euro basis.
2) Adjustments due to changes in the Group portfolio and currency effects.

7. Disclosures about fair value measurements and financial instruments

The subsequent chart shows how the valuation rates of assets and liabilities measured at fair value were determined:

Fair values by levels of hierarchy in € 000s on a recurring basis	Level 1 Quoted prices in active markets		Level 2 Valuation methods with input parameters observable in the market		Level 3 Valuation methods with input parameters not observable in the market	
	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014
Available-for-sale financial assets (AfS)						
• Securities	38	29	-	-	-	-
Financial assets held for trading (FAHfT)						
• Currency forwards	-	-	-	-	83	749
• Interest rate/currency swaps	-	-	-	-	25,295	32,501
Financial liabilities held for trading (FLHfT)						
• Currency forwards	-	-	-	-	5,530	5
• Interest rate/currency swaps	-	-	-	-	4,821	453
Derivative financial liabilities with hedging relationship						
• Cash flow hedges	-	-	-	-	2,138	2,666

In the context of the preparation of the financial statements, STADA reviews the allocation to the respective hierarchy levels according to information available on the determination of the fair values. If the need for reclassification is determined, the reclassification is carried out as of the beginning of the reporting period.

The fair values are analyzed in the context of the preparation of the financial statements. For this purpose, market comparisons and change analyses are carried out.

Available-for-sale financial assets (AfS) relate to shares for which market prices are available for measurement. Derivative financial assets (FAHfT) and derivative financial liabilities (FLHfT) include positive or negative market values of derivative financial instruments (interest rate/currency swaps and foreign exchange swaps) not part of a hedging relationship. The fair values were determined using appropriate valuation models by external third parties. This includes the application of discounted cash flow methods, which are largely based on input parameters observable in the market. The cash flows which are already fixed or calculated by means of the current yield curve are discounted to the measurement date with the discount factors determined by means of the yield curve valid on the balance sheet date. The same applies for the calculation of the fair values of the derivative financial liabilities with a hedging relationship, which reflect the negative market values of the interest rate swaps used as hedging instruments.

The subsequent chart shows how the valuation rates of assets measured at fair value on a non-recurring basis were determined:

Fair values by levels of hierarchy in € 000s on a non-recurring basis	Level 1 Quoted prices in active markets		Level 2 Valuation methods with input parameters observable in the market		Level 3 Valuation methods with input parameters not observable in the market	
	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014
Non-current assets and disposal groups held for sale	-	-	333	331	-	-

The assets held for sale comprise real estate held by a STADA subsidiary in Serbia. The non-recurring basis for the determination of fair value is based on an appraisal prepared by an independent expert and was largely determined based on input parameters observable in the market.

As STADA utilizes pricing information from external third parties without further correction in the determination of the fair value, and therefore does not produce any quantitative, non-observable input factors, the option of IFRS 13 to waive the disclosure of quantitative information on such input factors is taken.

Financial assets and liabilities allocated to hierarchy level 3 and recognized at fair value developed as follows in financial year 2015:

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2015	**33,250**	**-3,124**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	-6,873	-9,125
• in the income statement	-6,873	-9,653
• directly in equity	-	528
Additions	-	-
Realizations	-1,000	-240
Reclassification in level 2	-	-
Balance at Mar. 31, 2015	25,377	-12,489
Income recognized in the income statement	**-6,873**	**-9,653**
Other income/other expenses	-6,258	-8,883
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-8,010	-9,129
Financial result	-615	-770
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-615	-770

Financial assets and liabilities allocated to hierarchy level 3 and recognized at fair value developed as follows in financial year 2014:

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2014	**10,520**	**-5,619**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	4,857	2,364
• in the income statement	4,857	1,945
• directly in equity	-	419
Additions	-	-
Realizations	247	-1,362
Reclassification in level 2	-	-
Balance at Mar. 31, 2014	**15,624**	**-4,617**
Income recognized in the income statement	**4,857**	**1,945**
Other income/other expenses	3,284	1,479
thereof		
• attributable to assets/liabilities held as of the balance sheet date	3,274	-288
Financial result	1,573	466
thereof		
• attributable to assets/liabilities held as of the balance sheet date	1,573	466

The following disclosures are made for financial assets and financial liabilities whose fair value differs from the carrying amount as of March 31, 2015:

in € 000s	Carrying amount Mar. 31, 2015	Fair value Mar. 31, 2015	Carrying amount Dec. 31, 2014	Fair value Dec. 31, 2014
Amounts due to banks	240,530	243,872	243,596	245,914
Promissory notes	500,489	538,333	550,834	592,749
Bonds	697,555	712,600	697,271	715,750
Financial liabilities	**1,438,574**	**1,494,805**	**1,491,701**	**1,554,413**

Financial liabilities shown in the chart are allocated to the valuation category “Financial liabilities measured at amortized cost” in accordance with IAS 39. There have been no changes regarding the division of financial assets and financial liabilities into valuation categories in accordance with IAS 39 in the first three months of 2015 as compared to the presentation in the Annual Report 2014.

For all other financial assets and liabilities not displayed in the chart above, the carrying amounts – approximately or based on valuation methods taking as basis the listed prices on active markets or observable input parameters in the market – correspond to the respective fair values of the individual assets and liabilities.

8. Contingent liabilities and other financial obligations

Contingent liabilities describe possible obligations with respect to third parties which result from past events and which may lead to a future outflow of resources depending on specific events. As of the balance sheet date, these contingent liabilities were considered improbable and are therefore not recognized.

As compared to the contingent liabilities described in the Annual Report 2014, there were no significant changes in the first three months of 2015.

In addition to the contingent liabilities, there were other future financial obligations, which can be broken down as follows:

in € 000s	Mar. 31, 2015	Dec. 31, 2014
Operating lease liabilities	66,432	72,892
Other financial obligations	31,490	31,536
Total	**97,922**	**104,428**

Other financial obligations primarily included as of March 31, 2015 a guarantee amounting to € 25.0 million toward Hospira Inc., Lake Forest, Illinois, USA, in connection with a supply agreement between Hospira and the shares in the associated company BIOCEUTICALS Arzneimittel AG which are recognized according to the equity method. STADA, as guarantor, recognized this guarantee as of March 31, 2015 as a financial guarantee in accordance with IAS 39 with its fair value in the amount of € 0.3 million (December 31, 2014: € 0.3 million).

Liabilities from operating leases related particularly to IT equipment and vehicles. In addition, there are liabilities from long-term rental agreements for office buildings.

9. Related party transactions

STADA continues to provide the associated company BIOCEUTICALS Arzneimittel AG with a credit line facility with an interest rate that is partly usual for risk capital and which was not utilized as of March 31, 2015 (December 31, 2014: utilization in the amount of € 3.3 million).

Furthermore, no significant changes occurred with regard to related parties compared with the situation as described in the Annual Report 2014.

10. Significant events after the balance-sheet date

In the first quarter of 2015, STADA placed a corporate bond in the amount of € 300 million, which was issued on April 8, 2015.[1)] The bond with a term of seven years and a fixed interest rate of 1.75% p.a. serves to refinance the corporate bond with a volume of € 350 million from 2010 which reached maturity and was repaid on April 21, 2015.

1) See the Company's press release of April 1, 2015.

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Forward-looking statements: This Interim Report of STADA Arzneimittel AG (hereinafter referred to as "STADA") contains certain statements regarding future events that are based on current expectations, estimates and forecasts of STADA's company management and on other information which is currently available. They imply various known and unknown risks and uncertainties, which may result in actual earnings, the business, financial and earnings situation, growth or performance to be materially different from the estimates expressed or implied in the forward-looking statements. Statements with respect to the future are characterized by the use of words such as "expect", "intend", "plan", "anticipate", "believe", "estimate" and similar terms. STADA is of the opinion that the expectations reflected in forward-looking statements are appropriate; however, it cannot guarantee that these expectations will actually materialize. Risk factors include in particular: The influence of regulation of the pharmaceutical industry; the difficulty in making predictions concerning approvals by the regulatory authorities and other supervisory agencies; the regulatory environment and changes in the health-care policy and in the health care system of various countries; acceptance of and demand for new drugs and new therapies; the results of clinical studies; the influence of competitive products and prices; the availability and costs of the active ingredients used in the production of pharmaceutical products; uncertainty concerning market acceptance when innovative products are introduced, presently being sold or under development; the effect of changes in the customer structure; dependence on strategic alliances; exchange rate and interest rate fluctuations, operating results, as well as other factors detailed in the annual reports and in other Company statements. STADA not assume any obligation to update these forward-looking statements.

Rounding: The key performance indicators presented in this interim report are generally stated in euro millions, while in the interim financial statements presented at the end of this report the same figures are generally stated more precisely in euro thousands. Thus, some rounding differences may occur, although they are not material by their nature.

This interim report is published in German (original version) and English (non-binding translation) and is subject to German law.

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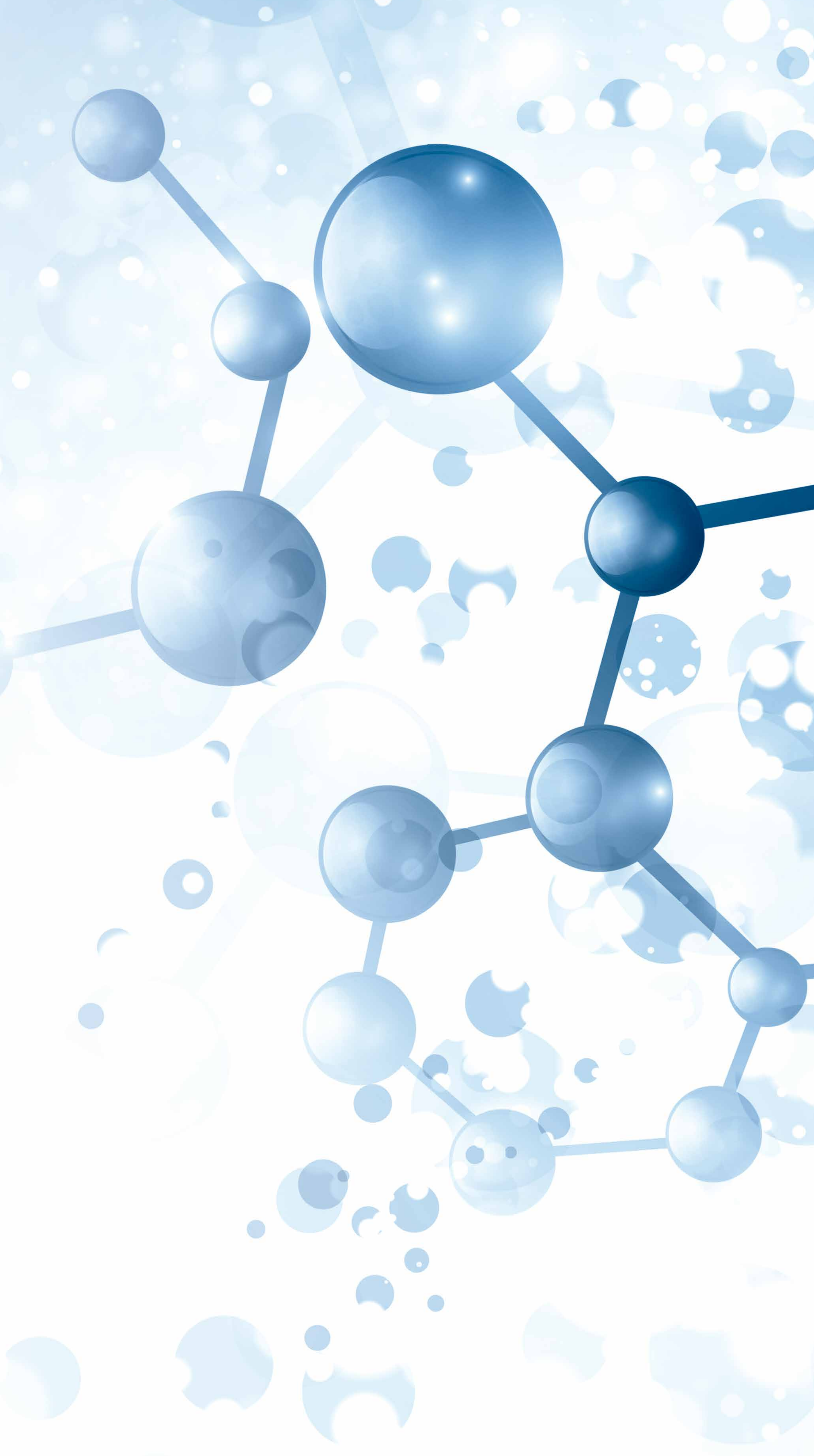
1) Employee representatives.



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