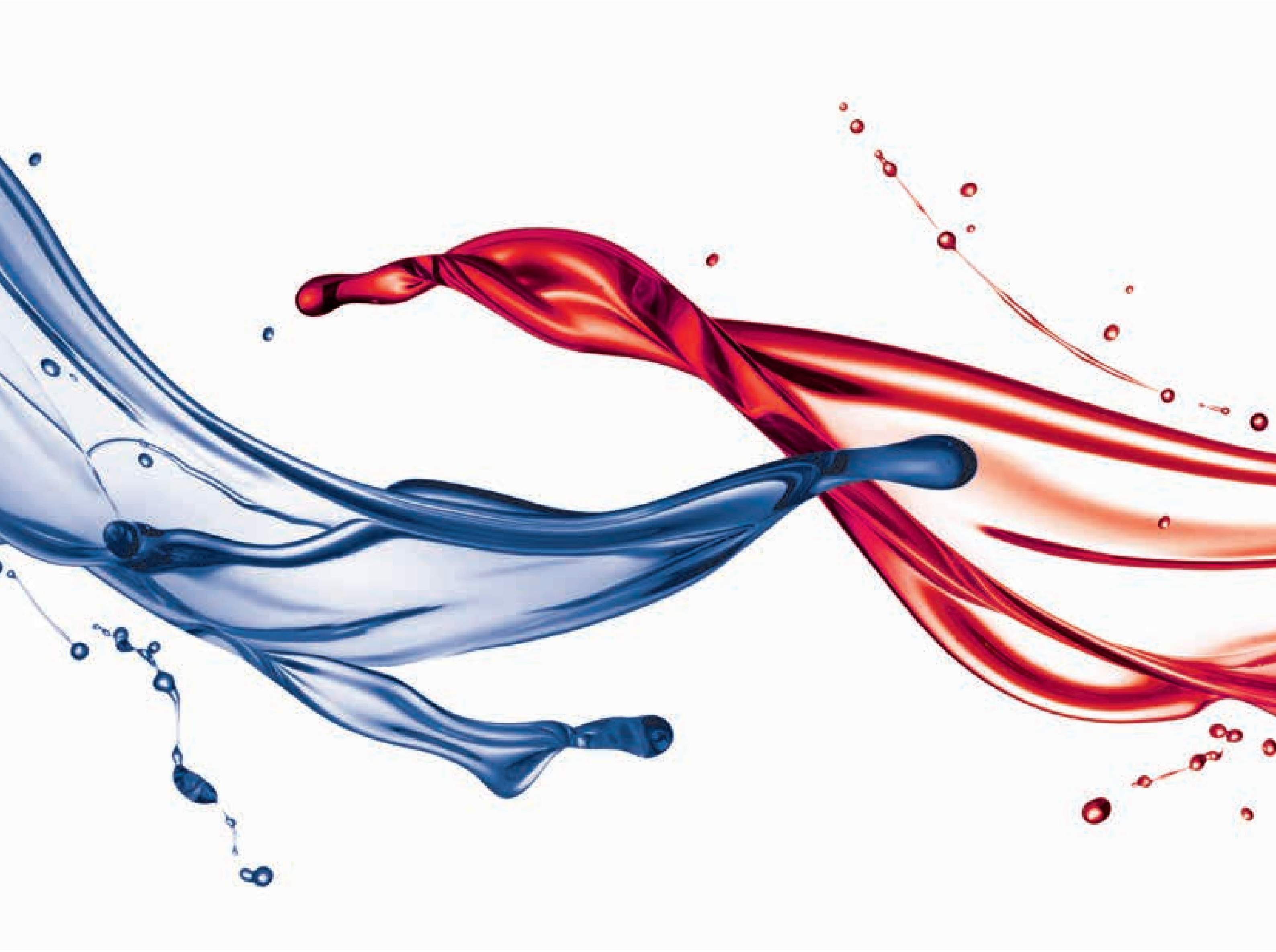
INTERIM REPORT ON THE FIRST THREE MONTHS

2016



STADA
Arzneimittel

STADA KEY FIGURES

Key figures for the Group in € million	3 months 2016 Jan. 1 – Mar. 31	3 months 2015 Jan. 1 – Mar. 31	± %
Group sales	497.1	486.2	+2%
• Generics (core segment)	296.1	289.8	+2%
• Branded Products (core segment)	189.8	185.1	+3%
Group sales adjusted for currency and portfolio effects	*502.4*	*480.9*	*+4%*
• Generics	*301.3*	*288.5*	*+4%*
• Branded Products	*190.7*	*183.3*	*+4%*
Operating profit	56.3	50.4	+12%
Operating profit, adjusted [1)2)]	*68.2*	*68.0*	*0%*
EBITDA (Earnings before interest, taxes, depreciation and amortization)	85.2	79.2	+7%
EBITDA (Earnings before interest, taxes, depreciation and amortization), adjusted [1)2)]	*92.1*	*92.6*	*-1%*
EBIT (Earnings before interest and taxes)	56.3	50.5	+12%
EBIT (Earnings before interest and taxes), adjusted [1)2)]	*68.1*	*68.1*	*0%*
EBT (Earnings before taxes)	43.8	34.1	+28%
EBT (Earnings before taxes), adjusted [1)3)]	*55.8*	*53.1*	*+5%*
Net income	29.6	21.2	+40%
Net income, adjusted [1)3)]	*40.1*	*37.9*	*+6%*
Cash flow from operating activities	47.2	46.8	+1%
Capital expenditure	36.5	21.1	+74%
Depreciation and amortization (net of write-ups)	28.8	28.8	0%
Employees (average number calculated on the basis of full-time employees)[4)]	10,752	10,422	+3%
Employees (as of the balance sheet date calculated on the basis of full-time employees)	10,752	10,422	+3%

Key share figures	3 months 2016 Jan. 1 – Mar. 31	3 months 2015 Jan. 1 – Mar. 31	± %
Market capitalization in € million (as of Mar. 31)	2,175.1	1,892.6	+15%
Closing price (XETRA®) in € (as of Mar. 31)	34.89	31.10	+12%
Average number of shares (without treasury shares, Jan. 1 – Mar. 31)	62,256,075	60,653,807	+3%
Earnings per share in €	0.48	0.35	+37%
Earnings per share in €, adjusted[1)3)]	*0.64*	*0.62*	*+3%*
Diluted earnings per share in €[5)]	-	0.35	-%
Diluted earnings per share in €, adjusted[1)3)5)]	*-*	*0.62*	*-%*

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 the operating profit, EBITDA and EBIT generally relate to one-time special effects.
3) Within the context of this interim report, adjustments in connection with EBT, net income, earnings per share and diluted earnings per share generally relate to one-time special effects and effects from the measurement of derivative financial instruments under financial income and expenses.
4) This average number includes changes in the scope of consolidation on a pro-rata basis.
5) Earnings per share will not be diluted in financial year 2016, because the share options from the STADA warrants in connection with the Conditional Capital Increase 2004/I expired on June 26, 2015.

CONSOLIDATED INTERIM MANAGEMENT REPORT

Overview

In the first quarter of 2016, the STADA Group recorded a development that exceeded the expectations, which – as compared to the corresponding period of the previous year – was attributable to lower one-time special effects in connection with currency translation expenses recorded in the income statement. Furthermore, the extraordinary positive development of the German Generics segment, which primarily resulted from a decrease in revenue reductions, contributed to this.

Reported Group sales increased by 2% to € 497.1 million in the reporting period (1-3/2015: € 486.2 million). When effects on sales based on changes in the Group portfolio and currency effects are deducted, Group sales grew by 4% to € 502.4 million (1-3/2015: € 480.9 million). In view of the one-time special effects, which were lower than the comparable quarter of the previous year, as well as declined negative currency effects, the reported key earnings figures were significantly above the corresponding period of the previous year. Reported EBITDA showed a rise of 7% to € 85.2 million (1-3/2015: € 79.2 million). Reported net income recorded growth of 40% to € 29.6 million (1-3/2015: € 21.2 million). Adjusted EBITDA declined slightly by 1% to € 92.1 million (1-3/2015: € 92.6 million). Adjusted net income increased by 6% to € 40.1 million (1-3/2015: € 37.9 million). Further optimized financial result and a declining tax rate as a consequence of changes to profit allocation mainly contributed to this development.

The STADA Group's financial position remained stable in the first quarter of the current financial year. Net debt was at € 1,210.2 million as of March 31, 2016 (December 31, 2015: € 1,215.7 million). The net debt to adjusted EBITDA ratio in the reporting period was at 3.3 on linear extrapolation of the adjusted EBITDA of the reporting period on a full-year basis (1-3/2015: 3.6).

The Executive Board confirms its outlook for financial year 2016, according to which slight growth in Group sales adjusted for currency and portfolio effects, adjusted EBITDA and adjusted net income is to be expected.

Sales development of the STADA Group

Group sales recorded an increase of 2% in the first three months of 2016 to € 497.1 million (1-3/2015: € 486.2 million).

When effects on sales based on changes in the **Group portfolio** and **currency effects** are deducted, Group sales increased by 4% to € 502.4 million in the reporting period (1-3/2015: € 480.9 million).

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

- In the first quarter of 2016, portfolio changes totaled € 10.9 million and in the corresponding period of the previous year € 5.3 million, which includes the retrospective adjustment. This represents 1.2 percentage points.
- As a result of applying the foreign exchange rates from the first quarter of 2016 compared with the first quarter of 2015 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 € 16.2 million or -3.4 percentage points, because the development of all three of the most important national currencies for STADA was weaker than the Group currency euro. In this context, the development of the Russian ruble was significantly weaker and the Serbian dinar as well as the British pound sterling were weaker. Furthermore, the Ukrainian hryvnia and the Kazakhstani tenge developed significantly worse and the Vietnamese dong as well as the Swiss franc developed worse. The currency relations in other countries relevant for STADA only had a minor 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 respectively.

Earnings development of the STADA Group

In view of the one-time special effects, which were lower than the comparable quarter of the previous year, as well as decreased negative currency effects, the reported key earnings figures were significantly above the corresponding period of the previous year.

Reported operating profit increased by 12% to € 56.3 million (1-3/2015: € 50.4 million) in the first quarter of 2016. **Reported EBITDA** rose by 7% to € 85.2 million (1-3/2015: € 79.2 million). **Reported net income** recorded an increase of 40% to € 29.6 million (1-3/2015: € 21.2 million).

After adjusting the key earnings figures for influences distorting the period comparison resulting from one-time special effects, **adjusted operating profit** in the reporting period was approximately at the level of the corresponding period of the previous year with € 68.2 million (1-3/2015: € 68.0 million). **Adjusted EBITDA** decreased slightly by 1% to € 92.1 million (1-3/2015: € 92.6 million). **Adjusted net income** increased by 6% to € 40.1 million (1-3/2015: € 37.9 million). A further optimized financial result and a declining tax rate as a consequence of changes to profit allocation mainly contributed to this development.

One-time special effects amounted to a net burden on earnings of € 12.1 million before or € 10.5 million after taxes in the first three months of 2016 (1-3/2015: net burden on earnings due to one-time special effects in the amount of € 19.0 million before or € 16.7 million after taxes).

In detail, these were as follows:

- a net burden in the amount of € 6.4 million before or € 5.8 million after taxes in connection with currency translation expenses and currency translation income 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 € 5.0 million before or € 4.1 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 € 0.5 million before or € 0.4 million after taxes from value adjustments netted of write-ups on intangible assets after impairment tests
- a burden in the amount of € 0.2 million before or € 0.2 million after taxes in connection with the measurement of derivative financial instruments and the underlying transactions

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 2016 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 2016 Jan. 1 – Mar. 31	3 months 2015 Jan. 1 – Mar. 31	± %	Margin[1] 3 months 2016 Jan. 1 – Mar. 31	Margin[1] 3 months 2015 Jan. 1 – Mar. 31
Operating profit	56.3	50.4	+12%	11.3%	10.4%
• Operating segment result Generics	49.4	36.6	+35%	16.7%	12.6%
• Operating segment result Branded Products	28.8	33.4	-14%	15.2%	18.0%
EBITDA[2]	85.2	79.2	+7%	17.1%	16.3%
EBIT[3]	56.3	50.5	+12%	11.3%	10.4%
EBT[4]	43.8	34.1	+28%	8.8%	7.0%
Net income	29.6	21.2	+40%	6.0%	4.4%
Earnings per share in €	0.48	0.35	+37%		
Diluted earnings per share in €[5]	-	0.35	-%		

Development of the STADA Group's adjusted[6] key earnings figures

in € million	*3 months 2016 Jan. 1 – Mar. 31*	*3 months 2015 Jan. 1 – Mar. 31*	*± %*	*Margin[1] 3 months 2016 Jan. 1 – Mar. 31*	*Margin[1] 3 months 2015 Jan. 1 – Mar. 31*
Operating profit, adjusted	*68.2*	*68.0*	*0%*	*13.7%*	*14.0%*
• Operating segment result Generics, adjusted	*51.1*	*39.4*	*+30%*	*17.3%*	*13.6%*
• Operating segment result Branded Products, adjusted	*38.5*	*45.5*	*-15%*	*20.3%*	*24.6%*
EBITDA[2], adjusted	*92.1*	*92.6*	*-1%*	*18.5%*	*19.1%*
• EBITDA Generics, adjusted	*63.4*	*51.6*	*+23%*	*21.4%*	*17.8%*
• EBITDA Branded Products, adjusted	*48.2*	*55.9*	*-14%*	*25.4%*	*30.2%*
EBIT[3], adjusted	*68.1*	*68.1*	*0%*	*13.7%*	*14.0%*
EBT[4], adjusted	*55.8*	*53.1*	*+5%*	*11.2%*	*10.9%*
Net income, adjusted	*40.1*	*37.9*	*+6%*	*8.1%*	*7.8%*
Earnings per share in €, adjusted	*0.64*	*0.62*	*+3%*		
Diluted earnings per share in €[5], adjusted	*-*	*0.62*	*-%*		

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) Earnings per share will not be diluted in financial year 2016, because the share options from the STADA warrants in connection with the Conditional Capital Increase 2004/I expired on June 26, 2015.
6) Adjusted for one-time special effects.

Selling expenses increased in the first quarter of 2016 increased by € 6.7 million to € 117.0 million (1-3/2015: € 110.3 million) as compared to the corresponding period of the previous year, in particular due to increased marketing expenses in the German and Italian markets.

Other expenses decreased as compared to the corresponding period of the previous year to € 12.9 million in the first quarter of 2016 (1-3/2015: € 15.6 million). This development was primarily attributable to a decrease in currency exchange losses, particularly in the market region CIS/Eastern Europe.

The decline in **financial expenses** in the first three months of 2016 as compared to the corresponding period of the previous year to € 13.2 million (1-3/2015: € 16.9 million) was due to a decrease in net expenses from the evaluation of derivative financial instruments.

Despite significantly increased earnings before taxes, **income tax** expenses in the first quarter of 2016 increased by only € 0.6 million to € 11.8 million as compared to the corresponding period of the previous year (1-3/2015: € 11.2 million). The reported tax rate improved to 27.0% (1-3/2015: 32.9%), in particular due to a changed profit allocation in the STADA Group.

Development of segments

Sales of the two **core segments**, Generics and Branded Products, recorded an increase of 2% in the first three months of the current financial year. They contributed a total of 97.7% to Group sales (1-3/2015: 97.7%). Adjusted for portfolio effects and currency influences, sales of the two core segments rose by 4% as compared to the corresponding period of the previous year.

Sales of the core segment **Generics** increased by 2% to € 296.1 million in the reporting period (1-3/2015: € 289.8 million). Adjusted for portfolio effects and currency influences, sales of the core segment Generics recorded an increase of 4% as compared to the corresponding period of the previous year. This development was primarily a result of a strong sales growth of the German subsidiary ALIUD PHARMA GmbH and a significant rise in sales in the Belgian, Italian and Vietnamese markets. An opposite effect resulted from sales generated with generics in the Serbian market, which belongs to the market region CIS/Eastern Europe, and in the British market, which belongs to the market region Central Europe. Generics contributed 59.6% to Group sales (1-3/2015: 59.6%).

Sales of the core segment **Branded Products** in the reporting period recorded growth of 3% to € 189.8 million (1-3/2015: € 185.1 million). The reason for this increase was primarily the positive development in the German, Italian and Spanish markets. Sales in euro generated with branded products in the Russian market, which belongs to the market region CIS/Eastern Europe and in the British market, which belongs to the market region Central Europe, showed an opposing development. Adjusted for portfolio effects and currency effects, sales of the core segment Branded Products recorded growth of 4% as compared to the corresponding period of the previous year. Branded products contributed 38.2% to Group sales (1-3/2015: 38.1%).

In the **Commercial Business** segment, which is not part of the core segments, sales in the first three months of the current financial year were approximately at the level of the corresponding period of the previous year at € 11.1 million (1-3/2015: € 11.3 million).

Reported operating segment profit of **Generics** increased by 35% to € 49.4 million in the first quarter of 2016 (1-3/2015: € 36.6 million). This development was attributable, among other things, to significant growth in the operating profit of the German subsidiaries ALIUD PHARMA GmbH and STADApharm GmbH. There was an opposite development in the Serbian market, which was due to decreased reimbursement prices and the announcement that reimbursement prices are to be reduced again. This lead to a reluctance to buy on the part of the Serbian wholesalers. Furthermore, the difficult price and discount competition situation in France continued to have a negative effect on the key earnings figures. **Reported operating profit margin** of **Generics** amounted to 16.7% (1-3/2015: 12.6%).

Adjusted operating segment profit of **Generics** rose by 30% to € 51.1 million in the first three months of 2016 (1-3/2015: € 39.4 million). **Adjusted EBITDA** of **Generics** increased by 23% to € 63.4 million (1-3/2015: € 51.6 million). Both developments were based on the reasons already mentioned in connection with the reported operating profit of Generics. Furthermore, there was a slightly lower increase in reported operating profit than in adjusted operating profit due to lower one-time special effects as compared to the corresponding period of the previous year. **Adjusted operating profit margin** of **Generics** amounted to 17.3% (1-3/2015: 13.6%).

Reported operating segment profit of **Branded Products** in the reporting period declined by 14% to € 28.8 million (1-3/2015: € 33.4 million). This development primarily resulted from high marketing expenses in order to strengthen the market position. **Reported operating profit margin** of **Branded Products** amounted to 15.2% (1-3/2015: 18.0%).

Adjusted operating segment profit of **Branded Products** in the reporting period decreased by 15% to € 38.5 million (1-3/2015: € 45.5 million). **Adjusted EBITDA** of **Branded Products** decreased by 14% to € 48.2 million (1-3/2015: € 55.9 million). Both developments were based on the reasons already mentioned in connection with the reported operating profit of Branded Products. Furthermore, there was a greater decrease in reported operating profit than in adjusted operating profit due to lower one-time special effects as compared to the corresponding period of the previous year. **Adjusted operating profit margin** of **Branded Products** was at 20.3% (1-3/2015: 24.6%).

Reported operating segment profit of **Commercial Business** remained unchanged at € 0.2 million in the first quarter of the current financial year (1-3/2015: € 0.2 million).

Development of the market regions

In the following, the development of STADA's four market regions Central Europe, Germany, CIS/Eastern Europe and Asia/Pacific & MENA in the first three months of 2016 is presented. Furthermore, within the individual market regions, the development of the most important countries according to sales within these market regions is described.

Market region Central Europe

In the **market region Central Europe**, sales recorded growth in the reporting period – with varying developments of the countries included – of 2% to € 240.0 million (1-3/2015: € 235.6 million). This development was particularly based on increases in sales in Italy and Belgium. Sales generated in this market region had a share of 48.3% in Group sales (1-3/2015: 48.5%). Of the sales generated by the market region Central Europe, € 11.1 million was attributable to export sales (1-3/2015: € 9.8 million). Adjusted sales in this market region increased by 1%.

For financial year 2016, 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 below.

Sales generated in **Italy** increased by 12% to € 48.7 million in the reporting period (1-3/2015: € 43.5 million).

Sales recorded in the Italian market with generics increased by 3% to € 38.6 million (1-3/2015: € 37.4 million), primarily due to positive volume effects. The share of generics in local sales was at 79% (1-3/2015: 86%).

Sales achieved in Italy with branded products increased in particular due to acquisitions by 65% to € 10.2 million (1-3/2015: € 6.2 million). Branded products contributed 21% to sales in Italy (1-3/2015: 14%).

In the **United Kingdom**, sales generated in the first three months of 2016 decreased by 10% applying the exchange rates of the previous year. In view of the discussion about a potential exit of the United Kingdom from the European Union, the British pound sterling recorded weaker development as compared to the Group's currency euro. Due to this negative currency effect, sales in euro declined by 14% to € 36.6 million (1-3/2015: € 42.4 million). Overall, this development was on the one hand attributable to a very high comparable basis. On the other hand, it was based on a weak cold season in the British market and accordingly decreased demand in the area of cold medicine.

Sales generated in the British market with branded products recorded a decrease of 8% to € 33.4 million – particularly as a result of the aforementioned weak cold season (1-3/2015: € 36.2 million). Branded products contributed 91% to sales generated in the United Kingdom (1-3/2015: 85%).

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, declined by 49% to € 3.1 million (1-3/2015: € 6.2 million). This development was mainly based on a temporary delivery bottleneck of a supplier. Generics contributed 9% to local sales (1-3/2015: 15%).

In **Spain**, sales in the first three months of 2016 were slightly above the level of the corresponding period of the previous year with € 32.2 million (1-3/2015: € 32.1 million). This development was mainly due to a high comparable basis in the Generics segment in the corresponding period of the previous year, which was based on the numerous product launches at the time.

Sales generated in the Spanish market with generics decreased by 3% to € 26.9 million (1-3/2015: € 27.9 million). Generics contributed 84% to local sales (1-3/2015: 87%).

Sales achieved in Spain with branded products increased by 24% to € 5.3 million (1-3/2015: € 4.3 million). Branded products contributed 16% to local sales (1-3/2015: 13%).

In **Belgium**, sales grew by 11% to € 29.8 million in the first quarter of the current financial year (1-3/2015: € 26.9 million).

Sales generated in the Belgian market with generics recorded an increase of 9% to € 26.9 million (1-3/2015: € 24.7 million). Here, very good sell-out data, i.e. strong demand among consumers, was noticeable. As a consequence, the Belgian STADA subsidiary, which is already the clear market leader in the Belgian generics market, achieved slight growth in market share. The share of generics in local sales was at 90% (1-3/2015: 92%).

Sales achieved in Belgium with branded products recorded an increase of 31% to € 2.9 million (1-3/2015: € 2.2 million). Branded products contributed 10% to sales in Belgium (1-3/2015: 8%).

Sales generated in **France** in the first quarter of the current financial year decreased by 11% to € 19.5 million (1-3/2015: € 21.8 million).

Sales recorded in the French market with generics declined by 2% to € 18.8 million (1-3/2015: € 19.2 million). This development was mainly based on ongoing strong price and discount competition. Generics contributed 97% to local sales (1-3/2015: 88%).

Sales achieved with branded products in France decreased by 75% to € 0.7 million (1-3/2015: € 2.6 million). The significant decline in sales mainly resulted from the sale of the French company Laboratoires d'études et de recherches en oligo éléments thérapie SA, which specializes in branded products, in December 2015. Branded products contributed 3% to sales in France (1-3/2015: 12%).

Market region Germany

In the **market region Germany**, sales in the reporting period increased by 14% to € 145.0 million (1-3/2015: € 127.2 million). Overall, the market region Germany contributed 29.2% to Group sales (1-3/2015: 26.1%). € 9.6 million of the sales generated by this market region was attributable to export sales (1-3/2015: € 11.9 million).

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 17% to € 135.3 million in the first three months of the current financial year (1-3/2015: € 115.3 million).

Despite the continued difficult local framework conditions for generics, which were attributable to the intensive competition in tenders for discount agreements from public health insurance organizations, sales in the German Generics segment, which is almost exclusively generated by the sales companies ALIUD PHARMA GmbH, STADApharm GmbH and cell pharm Gesellschaft für pharmazeutische und diagnostische Präparate mbH, increased by 8% to € 75.6 million in the reporting period (1-3/2015: € 69.8 million). This very positive development was mainly based on a decrease in revenue reduction. Sales generated in Germany with generics had a share of 56% in the overall sales achieved in the German market (1-3/2015: 61%). The market share of generics sold in German pharmacies by volume in the first three months of 2016 was approx. 11.9%[1)] (1-3/2015: approx. 13.4%[1)]). The STADA Group continues to be the clear number 3[1)] in the German generics market.

Sales generated with branded products in the German market increased by 31% to € 59.7 million in the reporting period (1-3/2015: € 45.5 million). This positive development was mainly based on the invoicing of high seasonal orders.

Overall, sales achieved in the German market with branded products had a share of 44% in sales generated in Germany in the first quarter of the current financial year (1-3/2015: 39%).

For financial year 2016, the Executive Board expects sales in the market region Germany to be below the level of the previous year, with operating profitability below Group average.

1) Data from IMS Health based on pharmacy sales to customers
(source: IMS/Pharmascope national).

Market region CIS/Eastern Europe

In the **market region CIS/Eastern Europe**[1)], sales in the first three months of 2016 were slightly above the level of the corresponding period of the previous year, applying the exchange rates of the previous year. As a result of negative currency effects, sales in euro decreased by 15% to € 75.9 million (1-3/2015: € 89.0 million). Sales generated in this market region contributed a share of 15.2% to Group sales (1-3/2015: 18.3%). Of the sales generated by the market region CIS/Eastern Europe, € 2.0 million was attributable to export sales (1-3/2015: € 5.0 million). Adjusted sales in this market region increased by 2%.

For financial year 2016, the Executive Board expects an increase in sales in the market region CIS/Eastern Europe, applying the exchange rates of the previous year. Operating profitability adjusted for negative currency effects is expected to be above Group average.

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

In **Russia**, sales increased slightly in the reporting period by 1% 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 14% to € 38.3 million (1-3/2015: € 44.5 million). This development resulted mainly from an ongoing reluctance to buy among the end consumers, with whom approx. 93% of STADA's sales in Russia are generated. Sales generated in the context of the state program for the reimbursement of selected medicines for individual population groups (DLO program), which accounted for approx. 7% of the Russian sales, were above the level of the corresponding period of the previous year in local currency.

Sales recorded in the Russian market with generics increased by 41% to € 20.2 million (1-3/2015: € 14.3 million). Generics contributed 53% to local sales (1-3/2015: 32%).

Sales generated with branded products recorded a decline of 40% to € 18.0 million (1-3/2015: € 30.2 million). Branded products contributed 47% to sales achieved in the Russian market (1-3/2015: 68%).

The further development of the currency relation of the Russian ruble to the euro will continue to have a strong influence on sales and earnings contributions of the Russian STADA business activities in the future. In addition, the continued 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 2016 decreased by 30%, applying the exchange rates of the previous year. In euro, sales declined by 31% to € 11.7 million due to a negative currency effect of the Serbian dinar (1-3/2015: € 17.0 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 33% to € 9.0 million (1-3/2015: € 13.3 million). This development was, among other things, attributable to the decision on declining reimbursement prices. Reimbursement prices initially were reduced as of January 1, 2015. In addition, it was announced that reimbursement prices were to be reduced again. Since no details about the point in time and the extent of the reduction were given in the first quarter of 2016, a restrained demand was noticeable among the Serbian wholesalers. Generics contributed 77% to sales in Serbia (1-3/2015: 78%).

Reported sales achieved in Serbia with branded products decreased by 29% to € 2.6 million (1-3/2015: € 3.7 million). Branded products contributed 22% to local sales (1-3/2015: 22%).

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

Sales and earnings contributions in Serbia will also continue to be particularly characterized by the currency relationship of the Serbian dinar to the euro as well as by the local liquidity situation of the wholesalers and distribution partners in future.

Market region Asia/Pacific & MENA

In the **market region Asia/Pacific & MENA**, sales in the first three months of the current financial year increased by 6% to € 36.3 million (1-3/2015: € 34.4 million). This development, which was restrained in comparison with the previous quarters, was mainly based on a high comparable basis of the corresponding period of the previous year. Despite higher price pressure, sales in the two largest markets of this market region, Vietnam and China, could be increased through gains in local tender processes. The sales contribution of this market region to Group sales amounted to 7.3% (1-3/2015: 7.1%). Adjusted sales in this market region increased by 8%.

For financial year 2016, 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 € 14.9 million in the reporting period (1-3/2015: € 16.2 million). Due to STADA's business model, in accordance with which STADA is not active in research for new active pharmaceutical ingredients, it is only a matter of development costs. In addition, the Group capitalized development costs for new products in the amount of € 5.9 million in the first quarter of 2016 (1-3/2015: € 3.5 million).

Worldwide, STADA launched a total of 213 individual products in individual national markets in the first three months of the current financial year (1-3/2015: 157 product launches).

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

Overall, the Group makes appropriate investments to ensure that all of its own production facilities and test laboratories are maintained at the level required by legal requirements and technical production considerations. Investments in the expansion and renewal of production facilities and plants as well as test laboratories amounted to € 4.2 million in the reporting period (1-3/2015: € 5.8 million).

Financial position and cash flow

The financial position of the STADA Group remains stable. As of the reporting date March 31, 2016, the **equity-to-assets ratio** was 30.9% (December 31, 2015: 31.0%) and thereby satisfactory in the opinion of the Executive Board.

Net debt amounted to € 1,210.2 million on the reporting date March 31, 2016 (December 31, 2015: € 1,215.7 million). The **net debt to adjusted EBITDA ratio** was at 3.3 in the reporting period on linear extrapolation of the adjusted EBITDA of the first quarter of 2016 on a full-year basis (1-3/2015: 3.6).

The long-term refinancing of the Group as of March 31, 2016 was provided for by a five-year corporate bond that was 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 placed in the first quarter of 2015 in the amount of € 300 million and a term of seven years with an interest rate of 1.75% p.a. Furthermore, as of

March 31, 2016 there were promissory note loans with maturities between the end of 2016 and 2020 with a total nominal value in the amount of € 547.0 million. In order to ensure a balanced financing structure, promissory note loans are staggered in terms of their volume and duration.

Intangible assets decreased by € 26.6 million to € 1,622.4 million as of March 31, 2016 (December 31, 2015: € 1,649.0 million). The decrease primarily resulted from amortization. As of March 31, 2016, intangible assets included € 400.0 million goodwill (December 31, 2015: € 391.6 million).

Financial assets increased as of the balance sheet date of March 31, 2016 by € 2.5 million to € 3.8 million (December 31, 2015: € 1.3 million). This development was primarily attributable to a capital increase of Swiss STADA Aesthetics AG as part of the purchase of two sales companies of CROMA-PHARMA GmbH.

Non-current **other financial assets** declined by € 0.8 million to € 7.9 million as of the balance sheet date of March 31, 2016 (December 31, 2015: € 8.7 million). Current other financial assets decreased to € 65.3 million as of March 31, 2016 (December 31, 2015: € 74.3 million). This development primarily resulted from the declining development of the market values of derivative financial instruments.

The decrease in **trade accounts receivable** by € 21.1 million to € 464.8 million (December 31, 2015: € 485.9 million) was primarily a result of temporary consequences of reporting date effects.

The increase of **income tax receivables** as of March 31, 2016 to € 27.4 million (December 31, 2015: € 21.2 million) was mainly due to high advance income tax payments in the market region CIS/Eastern Europe.

The increase of **current other assets** as of the balance sheet date of March 31, 2016 by € 8.7 million to € 37.7 million (December 31, 2015: € 29.0 million) was primarily based on an increase in prepaid expenses due to contracts which are charged on an annual basis.

Other provisions include results recognized directly in **equity**. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation with no effect on the income of financial statements of companies included in the Group, which are recognized in the statement of changes in equity under the currency translation reserve. In the reporting period, expenses of € 33.4 million recognized directly in equity arose, which were primarily composed of the following effects: Due to the devaluation of the British pound sterling as of December 31, 2015, expenses recognized directly in equity from the currency translation of financial statements of companies reporting in this currency were recorded, which were only partially compensated through income recognized directly in equity from the currency translation of financial statements of companies reporting in the respective currency as a result of the appreciation of the Russian ruble since December 31, 2015.

As of March 31, 2016, the Group's **current and non-current financial liabilities** in the amount of € 360.2 million and € 1,035.3 million (December 31, 2015: € 274.7 million and € 1,084.2 million) particularly include promissory note loans which have a nominal value in the amount of € 547.0 million (December 31, 2015: € 547.0 million), a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million (December 31, 2015: a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million). The increase in financial liabilities resulted from an increased use of short-term credit lines to finance the company's acquisitions of the Argentinian company Laboratorio Vannier S.A., the British company BSMW Limited, as well as for the purchase of the existing products, the pipeline as well as the purchased sales companies in the scope of the cooperation with CROMA-PHARMA GmbH.

Non-current **other financial liabilities** decreased to € 7.0 million as of the balance sheet date (December 31, 2015: € 7.2 million). Current other financial liabilities decreased by € 21.8 million to € 197.0 million, mainly due to decreased accruals for health insurance discounts (December 31, 2015: € 218.8 million).

Trade accounts payable declined as of the balance sheet date of March 31, 2016 by € 23.7 million to € 304.8 million (December 31, 2015: € 328.5 million). This development was primarily based on temporary consequences of 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 € 47.2 million in the first quarter of 2016 (1-3/2015: € 46.8 million). The slight increase by € 0.4 million as compared to the corresponding period of the previous year mainly resulted from a cash-effective decrease in inventories and trade accounts payable. In contrast, a cash-effective increase of other financial liabilities as part of a change in other net assets resulted, in addition to a lower cash-effective decrease in trade accounts receivable, which was almost fully compensated for by the positive effects from the development of inventories as well as trade accounts payable.

Cash flow from investing activities – which reflects the cash outflows for investments reduced by the inflows from disposals – amounted to € -41.2 million in the reporting period (1-3/2015: € -41.3 million). In the first quarter of 2016, cash flow from investing activities was particularly influenced by payments for investments in intangible assets as well as for business combinations. These primarily related to the purchase of the Argentinian Laboratorio Vannier as well as the acquisition of British BSMW Limited.

Free cash flow, i.e. cash flow from operating activities plus cash flow from investing activities, amounted to € 5.9 million in the first three months of 2016 (1-3/2015: € 5.6 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals amounted to € 20.0 million in the reporting period (1-3/2015: € 26.9 million).

Cash flow from financing activities amounted to € 33.1 million in the first quarter of the current financial year (1-3/2015: € -69.1 million). This development was primarily attributable to the lower settlement of financial liabilities in the market region CIS/Eastern Europe compared with the corresponding period of the previous year.

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 € 42.1 million in the first three months of 2016 (1-3/2015: € -58.1 million).

Acquisitions and disposals

The STADA Group generally pursues an active acquisition policy to further accelerate organic growth through external impulses. Overall, 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, the Group focuses on the expansion and internationalization of the core segments, in particular Branded Products, as this area is generally characterized by more attractive margins and less regulatory interventions than the generics area.

Regardless of the active purchasing policy, profitability and the purchase price must strike a good balance with acquisitions. 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.

In order to strengthen the core segment Generics, STADA and the STADA subsidiary BEPHA Beteiligungsgesellschaft für Pharmawerte mbH signed a contract for the purchase of the Argentinian generics producer Laboratorio Vannier in the fourth quarter of 2015.[1] The purchase price will be a maximum of USD 13.0 million (according to the exchange rate at the date of acquisition approx. € 11.9 million). The purchase was completed in the first quarter of 2016. Through the acquisition, STADA also expanded its international sales network in a country, in which the Group had not yet been represented with its own sales company.

In the first quarter of 2016, STADA acquired the British BSMW Limited, based in Stockport. STADA achieved control upon conclusion of the contract on February 5, 2016. The purchase price for the acquisition amounted to GBP 3.0 million and was paid in cash or cash equivalents.

STADA share

The STADA share price decreased by 7% in the first three months of 2016. Whereas the share price closed 2015 at € 37.34, it amounted to € 34.89 at the end of the first quarter of 2016. At the end of the first three months of 2016, the STADA market capitalization amounted to € 2.175 billion. At the end of 2015, this figure had been € 2.328 billion.

As of March 31, 2016, the subscribed share capital of STADA Arzneimittel AG amounted to € 162,090,344.00 (December 31, 2015: € 162,090,344.00) consisting of 62,342,440 registered[2] shares with restricted transferability, each with an arithmetical share in share capital of € 2.60 (December 31, 2015: 62,342,440 registered shares with restricted transferability).

In the first three months of 2016, 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.

Report on expected developments and associated material opportunities and risks

The Executive Board confirms the outlook for financial year 2016 and the opportunities and risk report for the Group published in the Management Report of STADA's Annual Report 2015. 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.

Accordingly, STADA's business model is generally geared towards markets with long-term growth potential in the healthcare and pharmaceutical markets. Inseparably linked to this, however, are also risks and challenges resulting from changed or additional state regulation and intensive competition. In view of this, STADA can also be exposed to far-reaching regulatory interventions, a high level of competition, default risks and significant margin pressure in the individual markets of its four market regions in the future. The latter applies particularly to the increasing volume of business activities in the core segment Generics which are subject to tenders.

In addition, the Group will continue to be faced with non-operational influence factors in the future. As a consequence, relevant Group currency relations – in particular of the Russian ruble, the Ukrainian hryvnia, the Kazakhstani tenge and the British pound sterling to the euro – will affect the Group's development. Furthermore, STADA will continue to be exposed to the effects of the CIS crisis. The Group certainly continues to prepare itself, within the realms of possibility, for 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 effects of the CIS crisis and the resulting

1) See the Company's press release as of December 10, 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.

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, the Ukrainian hryvnia and the Kazakhstani tenge – as well as curbed or further decreasing demand in the Russian pharmaceuticals market cannot be ruled out. With regard to the currently existing sanctions against Russia, however, STADA does not from today's perspective see any significant direct effects on the Group's business activities.

Overall, the future sales and earnings development of the Group will continue to be characterized both by growth-stimulating and challenging framework conditions in the individual markets of the four STADA market regions. In the overall assessment of opposing influence factors, however, the positive prospects are expected to prevail in financial year 2016. In light of this, the Executive Board anticipates slight growth in Group sales adjusted for currency and portfolio effects, adjusted EBITDA and net income in 2016. The Executive Board expects the ratio of net debt excluding further acquisitions to adjusted EBITDA to be at a level of nearly 3.

H. Retzlaff H. Kraft Dr. M. Wiedenfels

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST THREE MONTHS OF 2016 (ABRIDGED)

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement for the period from Jan. 1 to Mar. 31 in € 000s	3 months 2016 Jan. 1 – Mar. 31	3 months 2015 Jan. 1 – Mar. 31
Sales	497,122	486,174
Cost of sales	255,613	252,760
Gross profit	**241,509**	**233,414**
Selling expenses	117,023	110,308
General and administrative expenses	43,694	44,023
Research and development expenses	14,861	16,165
Other income	3,287	3,148
Other expenses	12,883	15,626
Operating profit	**56,335**	**50,440**
Result from investments measured at equity	-8	-35
Investment income	0	55
Financial income	669	485
Financial expenses	13,224	16,865
Financial result	**-12,563**	**-16,360**
Earnings before taxes	**43,772**	**34,080**
Income taxes	11,839	11,221
Earnings after taxes	**31,933**	**22,859**
thereof		
• distributable to shareholders of STADA Arzneimittel AG (net income)	29,606	21,208
• distributable to non-controlling shareholders	2,327	1,651
Earnings per share in € (basic)	0.48	0.35
Earnings per share in € (diluted)[1)]	-	0.35

1) Earnings per share will not be diluted in financial year 2016, because the share options from the STADA warrants in connection with the Conditional Capital Increase 2004/I expired on June 26, 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income in € 000s	3 months 2016 Jan. 1 – Mar. 31	3 months 2015 Jan. 1 – Mar. 31
Earnings after taxes	31,933	22,859
Items to be recycled to the income statement in future:		
Currency translation gains and losses	-35,238	101,196
thereof		
• income taxes	91	-269
Gains and losses on available-for-sale financial assets	-	4
thereof		
• income taxes	-	-1
Gains and losses on hedging instruments (cash flow hedges)	226	385
thereof		
• income taxes	-89	-143
Items not to be recycled to the income statement in future:		
Revaluation of net debt from defined benefit plans	-	-
thereof		
• income taxes	-	-
Other comprehensive income	-35,012	101,585
Consolidated comprehensive income	-3,079	124,444
thereof		
• distributable to shareholders of STADA Arzneimittel AG	-3,397	117,096
• distributable to non-controlling shareholders	318	7,348

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as of Mar. 31 in € 000s Assets	Mar. 31, 2016	Dec. 31, 2015
Non-current assets	**2,004,788**	**2,032,309**
Intangible assets	1,622,370	1,649,020
Property, plant and equipment	320,294	321,617
Financial assets	3,841	1,339
Investments measured at equity	13,161	13,168
Other financial assets	7,869	8,718
Other assets	2,748	4,374
Deferred tax assets	34,505	34,073
Current assets	**1,278,953**	**1,255,106**
Inventories	498,526	501,520
Trade accounts receivable	464,778	485,901
Income tax receivables	27,371	21,182
Other financial assets	65,320	74,279
Other assets	37,684	29,046
Cash and cash equivalents	185,274	143,178
Total assets	**3,283,741**	**3,287,415**

Equity and liabilities	Mar. 31, 2016	Dec. 31, 2015
Equity	**1,014,138**	**1,018,530**
Share capital	162,090	162,090
Capital reserve	514,176	514,171
Retained earnings including net income	665,133	635,344
Other provisions	-397,291	-364,105
Treasury shares	-1,434	-1,458
Equity attributable to shareholders of the parent	**942,674**	**946,042**
Shares relating to non-controlling shareholders	71,464	72,488
Non-current borrowed capital	**1,233,300**	**1,282,577**
Other non-current provisions	29,283	28,869
Financial liabilities	1,035,271	1,084,213
Other financial liabilities	6,982	7,201
Other liabilities	1,941	2,053
Deferred tax liabilities	159,823	160,241
Current borrowed capital	**1,036,303**	**986,308**
Other provisions	24,017	22,532
Financial liabilities	360,229	274,672
Trade accounts payable	304,819	328,487
Income tax liabilities	41,945	39,444
Other financial liabilities	197,038	218,792
Other liabilities	108,255	102,381
Total equity and liabilities	**3,283,741**	**3,287,415**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in € 000s	Mar. 31, 2016	Mar. 31, 2015
Net income	31,932	22,859
Depreciation and amortization net of write-ups of non-current assets	28,834	28,789
Income taxes	11,840	11,221
Interest income and expenses	12,555	14,995
Result from investments measured at equity	8	35
Result from the disposals of non-current assets	-48	160
Additions to/reversals of other non-current provisions	1,091	-487
Currency translation income and expenses	7,241	10,253
Other non-cash expenses and gains	97,724	109,692
Gross cash flow	**191,177**	**197,517**
Changes in inventories	-6,081	-35,425
Changes in trade accounts receivable	19,890	34,393
Changes in trade accounts payable	-19,299	-26,642
Changes in other net assets, unless attributable to investing or financing activities	-117,144	-95,122
Interest and dividends received	1,117	866
Interest paid	-8,590	-12,679
Income tax paid	-13,897	-16,078
Cash flow from operating activities	**47,173**	**46,830**
Payments for investments in		
• intangible assets	-16,689	-29,936
• property, plant and equipment	-10,946	-11,688
• financial assets	-2,530	-
• business combinations according to IFRS 3	-12,627	-
Proceeds from the disposal of		
• intangible assets	1,075	187
• property, plant and equipment	414	162
• financial assets	18	-
• shares in consolidated companies	54	-
Cash flow from investing activities	**-41,231**	**-41,275**
Borrowing of funds	110,189	109,912
Settlement of financial liabilities	-76,373	-181,523
Dividend distribution	-761	-1,323
Capital increase from share options	-	3,777
Changes in treasury shares	29	25
Cash flow from financing activities	**33,084**	**-69,132**
Changes in cash and cash equivalents	**39,026**	**-63,577**
Changes in cash and cash equivalents due to the scope of consolidation	-	238
Changes in cash and cash equivalents due to exchange rates	3,070	5,227
Net change in cash and cash equivalents	**42,096**	**-58,112**
Balance at beginning of the period	**143,178**	**164,209**
Balance at end of the period	**185,274**	**106,097**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Consolidated Statement of Changes in Shareholders' Equity in € 000s 2016	Number of shares	Share capital	Capital reserve	Retained earnings including net income
Balance as of Mar. 31, 2016	62,342,440	162,090	514,176	665,133
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				183
Net income				29,606
Balance as of Jan. 1, 2016	**62,342,440**	**162,090**	**514,171**	**635,344**
Previous year				
Balance as of Mar. 31, 2015	60,856,320	158,226	493,582	583,755
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				1,411
Other income				-240
Net income				21,208
Balance as of Jan. 1, 2015	**60,626,700**	**157,629**	**490,401**	**561,376**

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
-396,604	-	-687	-1,434	942,674	71,464	1,014,138
				-	-1,342	-1,342
				-		-
			24	29		29
				-		-
				-		-
				-		-
-33,412		226		-33,003	-2,009	-35,012
				29,606	2,327	31,933
-363,192	**-**	**-913**	**-1,458**	**946,042**	**72,488**	**1,018,530**
-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
95,736	7	385		95,888	5,697	101,585
				21,208	1,651	22,859
-369,906	**22**	**-1,967**	**-1,504**	**836,051**	**67,288**	**903,339**

NOTES

1. General

1.1. Accounting policies

In accordance with the regulations of Section 51a (6) of the Rules and Regulations for the Frankfurt Stock Exchange in connection with Section 37w 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, 2016 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, 2015 was selected.

All IFRSs published by the International Accounting Standards Board (IASB) and endorsed by the EU which are mandatory for financial years starting as of January 1, 2016 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 2015. 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 2015.

1.2. Changes in accounting policies

In the first three months of 2016, STADA observed and, if relevant, applied the pronouncements and amendments to pronouncements published by the IASB and endorsed by the EU which were first applicable as of January 1, 2016. The changes had no or no significant effect on the presentation of STADA's business, financial, earnings situation or cash flow.

The following IFRS standards, which are not yet applicable, have been published by the IASB. The adoption into European law is still pending:

In July 2014, IASB published the standard IFRS 9 "Financial Instruments". IFRS 9 replaces IAS 39 and includes guidelines for the classification, recognition and valuation of financial instruments. Furthermore, IFRS 9 also includes guidelines on the accounting of hedging transactions. IFRS 9 is to be applied for financial years beginning on or after January 1, 2018. Earlier application is permitted. An examination of the impact of the application of IFRS 9 on the consolidated financial statements has not yet been completed. As a result of the new guidelines for the impairment of financial instruments, in some cases expected future losses may lead to earlier recognition of expenses.

In May 2014, IASB published the new standard IFRS 15 "Revenue from Contracts with Customers". IFRS 15 governs the revenue recognition for contracts with customers in a 5-step model and in particular replaces the existing standards IAS 11 "Construction Contracts" and IAS 18 "Revenue". IFRS 15 is to be applied for financial years beginning on or after January 1, 2018. Earlier application is permitted. An examination of the impact of the application of IFRS 15 on the consolidated financial statements has not yet been completed. Impacts on the measurement dates of revenue in connection with licensing agreements are possible.

In January 2016, the IASB published the new IFRS 16 “Leases” standard, which determines the recording of contractual rights (assets) and obligations (liabilities) associated with leases in the balance sheet for lessees. Lessees are therefore no longer required to classify leases as finance leases or operating leases. IFRS 16 is to be applied for financial years beginning on or after January 1, 2019. Earlier application is permitted. An examination of the impact of the application of IFRS 16 on the consolidated financial statements has not yet been completed. As a result of the accounting of assets and liabilities in the lessee’s balance sheet, as required by IFRS 16, an increase of the balance sheet total is expected at the point of initial application. Instead of leasing expenses, as a result of the changes from IFRS 16, future depreciation and amortization and interest expenses will be recorded in the income statement – with a corresponding positive impact on the EBITDA.

From today’s perspective no or no significant effects on the consolidated financial statements are expected from the future application of the further standards and interpretations not yet applied.

1.3. Scope of consolidation

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

The acquisition of the Argentinian company Laboratorio Vannier S.A. was completed in accordance with corporate law in the first quarter of 2016. The initial consolidation of the company as a subsidiary occurred on January 1, 2016. In addition, the acquisition of the British company BSMW Limited was completed in accordance with corporate law, which was consolidated as a subsidiary for the first time as of February 1, 2016.

In the consolidated interim financial statements of the STADA Group, 85 companies were thereby consolidated as subsidiaries and four companies as associates as of the balance sheet date of March 31, 2016.

1.4. Business combinations

In the first three months of 2016, the following significant business combinations in the sense of IFRS 3 occurred, for which the purchase price allocation is described in more detail below.

In the fourth quarter of 2015, STADA acquired the British Socialites group, based in Chesterfield. STADA achieved control upon conclusion of the contract on December 4, 2015. The purchase price for the acquisition amounted to GBP 21.0 million and will be/was paid in cash or cash equivalents.

In the context of the final purchase price allocation in the first quarter of 2016, goodwill in the amount of € 16.6 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	29.5
Proportionate fair values of the assets and liabilities acquired approx.	12.9
Goodwill	**16.6**

Goodwill thereby primarily resulted from an expansion of presence and sales activities in the market region Central Europe and in the British market in particular.

For the assets acquired and liabilities assumed in the context of the business combination, the following fair values were recognized at the acquisition date:

Fair values in € million	
Intangible assets	13.9
Other non-current assets	0.4
Inventories	2.8
Other current assets	1.5
Assets	**18.6**
Deferred tax liabilities	2.8
Other non-current liabilities	0.0
Trade accounts payable	2.1
Other current liabilities	0.8
Liabilities	**5.7**

Fair values were determined on the basis of observable market prices. To the extent that market prices could not be determined, income or cost-oriented procedures were used for the measurement of assets acquired and liabilities assumed.

Sales generated in the market region Central Europe with the Socialites group amounted to around € 3 million in the first three months of 2016. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.8 million) amounted to around € 0.3 million in the reporting period. If STADA had acquired the Socialites group on January 1, 2015, sales of around € 12 million and operating profit, adjusted for effects from the purchase price allocation (around € 1 million), of around € 2 million would have been achieved on linear extrapolation in 2015.

In order to strengthen the core segment Generics, STADA and the STADA subsidiary BEPHA Beteiligungsgesellschaft für Pharmawerte mbH signed a contract for the purchase of the Argentinian generics producer Laboratorio Vannier in the fourth quarter of 2015. The purchase price amounted to USD 13.0 million (according to the exchange rate at the date of acquisition approx. € 11.9 million) and was/will be paid in cash or cash equivalents. This includes certain conditional purchase price components, which are to be paid upon reaching a fixed earnings figure. This is guaranteed to reach a minimum of USD 1 million, with a maximum of USD 1.5 million. The seller was a private individual. The purchase was completed in the first quarter of 2016.

In the context of the preliminary purchase price allocation in the first quarter of 2016, goodwill in the amount of € 5.7 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	11.9
Proportionate fair values of the assets and liabilities acquired approx.	6.2
Goodwill	**5.7**

Goodwill thereby primarily resulted from the expansion of the international sales network in a country in which the STADA Group had not yet been represented with its own sales company.

For the assets acquired and liabilities assumed in the context of the business combination, the following fair values were recognized at the acquisition date:

Fair values in € million	
Intangible assets	5.6
Other non-current assets	0.2
Inventories and other current assets	2.8
Cash and cash equivalents	1.2
Assets	**9.8**
Deferred tax liabilities	2.0
Other non-current liabilities	0.2
Other current liabilities	1.4
Liabilities	**3.6**

Fair values were determined on the basis of observable market prices. To the extent that market prices could not be determined, income or cost-oriented procedures were used for the measurement of assets acquired and liabilities assumed.

Sales generated in the market region Germany with Laboratorio Vannier amounted to around € 1.5 million in the first three months of 2016. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.1 million) amounted to around € 0.4 million in the reporting period.

In the first quarter of 2016, STADA acquired the British BSMW, based in Stockport. STADA achieved control upon conclusion of the contract on February 5, 2016. The purchase price for the acquisition amounted to GBP 3.0 million and was completely paid in cash or cash equivalents.

In the context of the final purchase price allocation in the first quarter of 2016, goodwill in the amount of € 3.0 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	3.9
Proportionate fair values of the assets and liabilities acquired approx.	0.9
Goodwill	**3.0**

Goodwill thereby primarily resulted from an expansion of presence and sales activities in the market region Central Europe and in the British market in particular.

For the assets acquired and liabilities assumed in the context of the business combination, the following fair values were recognized at the acquisition date:

Fair values in € million	
Property, plant and equipment	0.1
Inventories	0.3
Cash and cash equivalents	0.6
Other current assets	0.2
Assets	**1.2**
Deferred tax liabilities	0.0
Other current liabilities	0.3
Liabilities	**0.3**

Fair values were determined on the basis of observable market prices. To the extent that market prices could not be determined, income or cost-oriented procedures were used for the measurement of assets acquired and liabilities assumed.

Sales generated in the market region Central Europe with BSMW amounted to around € 0.4 million in the first two months of 2016. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.1 million) amounted to around € 0.3 million in the reporting period. If STADA had acquired BSMW on January 1, 2016, sales of around € 0.7 million and operating profit, adjusted for effects from the purchase price allocation (around € 0.2 million), of around € 0.4 million would have been achieved on linear extrapolation in 2016.

2. Notes to the Consolidated Income Statement

2.1. Sales

The increase in sales compared to the corresponding period of the previous year resulted primarily from sales increases in the market region Germany 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 growth amounted to a total of -2.2 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. Selling expenses

Selling expenses increased in the first quarter of 2016 by € 6.7 million to € 117.0 million (1-3/2015: € 110.3 million) as compared to the corresponding period of the previous year, in particular due to increased marketing expenses in the German and Italian markets.

2.3. Other expenses

Other expenses decreased as compared to the corresponding period of the previous year to € 12.9 million in the first quarter of 2016 (1-3/2015: € 15.6 million). This development was primarily attributable to a decrease in currency exchange losses, particularly in the market region CIS/Eastern Europe.

2.4. Financial expenses

The decline in financial expenses in the first three months of 2016 as compared to the corresponding period of the previous year to € 13.2 million (1-3/2015: € 16.9 million) was due to a decrease in net expenses from the evaluation fo derivative financial instruments.

2.5. Income taxes

Despite significantly increased earnings before taxes, income tax expenses in the first quarter of 2016 increased by only € 0.6 million to € 11.8 million as compared to the corresponding period of the previous year (1-3/2015: € 11.2 million). The reported tax rate improved to 27.0% (1-3/2015: 32.9%), in particular due to a changed profit allocation in the STADA Group.

2.6. Diluted earnings per share

Diluted earnings per share are generally calculated with the formula used to calculate the basic earnings per share. They were also adjusted for the effect of share options still outstanding from the previous year on the basis of the average share price of the financial year. This was carried out based on the assumption that all potentially dilutive share options are exercised. Because the share options from the STADA warrants mentioned in the context of the conditional capital increase 2004/I expired on June 26, 2015, earnings per share will not be diluted in financial year 2016.

3. Notes to the Consolidated Balance Sheet

3.1. Intangible assets

Intangible assets decreased by € 26.6 million to € 1,622.4 million as of March 31, 2016 (December 31, 2015: € 1,649.0 million). The decrease primarily resulted from amortization. As of March 31, 2016, intangible assets included € 400.0 million goodwill (December 31, 2015: € 391.6 million).

3.2. Financial assets

Financial assets increased as of the balance sheet date of March 31, 2016 by € 2.5 million to € 3.8 million (December 31, 2015: € 1.3 million). This development was primarily attributable to a capital increase of Swiss STADA Aesthetics AG as part of the purchase of two sales companies of CROMA-PHARMA GmbH.

3.3. Other financial assets

Non-current other financial assets declined by € 0.8 million to € 7.9 million as of the balance sheet date of March 31, 2016 (December 31, 2015: € 8.7 million). Current other financial assets decreased to € 65.3 million as of March 31, 2016 (December 31, 2015: € 74.3 million). This development primarily resulted from the declining development of the market values of derivative financial instruments.

3.4. Trade accounts receivable

The decrease in trade accounts receivable by € 21.1 million to € 464.8 million (December 31, 2015: € 485.9 million) was primarily a result of temporary consequences of reporting date effects.

3.5. Income tax receivables

The increase of income tax receivables as of March 31, 2016 to € 27.4 million (December 31, 2015: € 21.2 million) was mainly due to high advance income tax payments in the market region CIS/Eastern Europe.

3.6. Other assets

The increase of current other assets as of the balance sheet date of March 31, 2016 by € 8.7 million to € 37.7 million (December 31, 2015: € 29.0 million) was primarily based on an increase in prepaid expenses due to contracts which are charged on an annual basis.

3.7. 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 with no effect on the income of financial statements of companies included in the Group, which are recognized in the statement of changes in equity under the currency translation reserve. In the reporting period, expenses of € 33.4 million recognized directly in equity arose, which were primarily composed of the following effects: Due to the devaluation of the British pound sterling as of December 31, 2015, expenses recognized directly in equity from the currency translation of financial statements of companies reporting in this currency were recorded, which were only partially compensated through income recognized directly in equity from the currency translation of financial statements of companies reporting in the respective currency as a result of the appreciation of the Russian ruble since December 31, 2015.

3.8. Financial liabilities

As of March 31, 2016, the Group's current and non-current financial liabilities in the amount of € 360.2 million and € 1,035.3 million (December 31, 2015: € 274.7 million and € 1,084.2 million) particularly include promissory note loans which have a nominal value in the amount of € 547.0 million (December 31, 2015: € 547.0 million), a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million (December 31, 2015: a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million). The increase in financial liabilities resulted from an increased usage of short-term credit lines to finance the company's acquisitions of the Argentinian company Laboratorio Vannier, the British company BSMW, as well as for the purchase of the existing products, the pipeline as well as the purchased sales companies in the scope of the cooperation with CROMA-PHARMA GmbH.

3.9. Other financial liabilities

Non-current other financial liabilities decreased to € 7.0 million as of the balance sheet date (December 31, 2015: € 7.2 million). Current other financial liabilities decreased by € 21.8 million to € 197.0 million, mainly due to decreased accruals for health insurance discounts (December 31, 2015: € 218.8 million).

3.10. Trade accounts payable

Trade accounts payable declined as of the balance sheet date of March 31, 2016 by € 23.7 million to € 304.8 million (December 31, 2015: € 328.5 million). This development was primarily based on temporary consequences of reporting 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 € 47.2 million in the first quarter of 2016 (1-3/2015: € 46.8 million). The slight increase by € 0.4 million as compared to the corresponding period of the previous year mainly resulted from a cash-effective decrease in inventories and trade accounts payable. In contrast, a cash-effective increase of other financial liabilities as part of a change in other net assets resulted, in addition to a lower cash-effective decrease in trade accounts receivable, which was almost fully compensated for by the positive effects from the development of inventories as well as trade accounts payable.

4.2. Cash flow from investing activities

Cash flow from investing activities – which reflects the cash outflows for investments reduced by the inflows from disposals – amounted to € -41.2 million in the reporting period (1-3/2015: € -41.3 million). In the first quarter of 2016, cash flow from investing activities was particularly influenced by payments for investments in intangible assets as well as for business combinations. This primarily related to the purchase of the Argentinian Laboratorio Vannier as well as the acquisition of British BSMW Limited.

4.3. Cash flow from financing activities

Cash flow from financing activities amounted to € 33.1 million in the first quarter of the current financial year (1-3/2015: € -69.1 million). This development was primarily attributable to the lower settlement of financial liabilities in the market region CIS/Eastern Europe compared with the corresponding period of the previous year.

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 € 42.1 million in the first three months of 2016 (1-3/2015: € -58.1 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 2016 Jan. 1 – Mar. 31	3 months 2015 Jan. 1 – Mar. 31
Generics	**External sales**	**296,101**	**289,771**
	Sales with other segments	33	164
	Total sales	296,134	289,935
	Operating profit	49,418	36,627
	Depreciation/amortization	12,528	12,272
	Impairment losses	20	283
	Reversals	3	-
	Other significant non-cash items within operating result	-92,877	-106,889
Branded Products	**External sales**	**189,791**	**185,056**
	Sales with other segments	-	-
	Total sales	189,791	185,056
	Operating profit	28,807	33,382
	Depreciation/amortization	13,880	14,094
	Impairment losses	2	61
	Reversals	0	-
	Other significant non-cash items within operating result	-9,290	-10,327
Commercial Business	**External sales**	**11,120**	**11,347**
	Sales with other segments	6	-
	Total sales	11,126	11,347
	Operating profit	202	231
	Depreciation/amortization	33	31
	Impairment losses	-	-
	Reversals	-	-
	Other significant non-cash items within operating result	-7	-49
Reconciliation Group holdings/other and consolidation	**External sales**	**110**	**-**
	Sales with other segments	-39	-164
	Total sales	71	-164
	Operating profit	-22,092	-19,800
	Depreciation/amortization	1,920	2,048
	Impairment losses	454	-
	Reversals	-	-
	Other significant non-cash items within operating result	-2,206	-1,322
Group	**External sales**	**497,122**	**486,174**
	Sales with other segments	-	-
	Total sales	497,122	486,174
	Operating profit	56,335	50,440
	Depreciation/amortization	28,361	28,445
	Impairment losses	476	344
	Reversals	3	-
	Other significant non-cash items within operating result	-104,380	-118,587

5.3. Reconciliation of segment results to net profit

in € 000s	3 months 2016 Jan. 1 – Mar. 31	3 months 2015 Jan. 1 – Mar. 31
Operating segment profit	78,427	70,240
Reconciliation Group holdings/other and consolidation	-22,092	-19,800
Result from investments measured at equity	-8	-35
Investment income	0	55
Financial income	669	485
Financial expenses	13,224	16,865
Earnings before taxes, Group	**43,772**	**34,080**

6. Additional Information

6.1. Information by market region

Sales by market region in € 000s	3 months 2016 Jan. 1 – Mar. 31	3 months 2015 Jan. 1 – Mar. 31	±%[1]	±% adjusted[2]
Central Europe	**239,962**	**235,574**	**+2%**	***+1%***
• Italy	48,728	43,538	+12%	*+3%*
• United Kingdom	36,581	42,355	-14%	*-18%*
• Spain	32,225	32,136	0%	*0%*
• Belgium	29,811	26,933	+11%	*+11%*
• France	19,496	21,834	-11%	*-3%*
• Switzerland	14,509	14,367	+1%	*+3%*
• The Netherlands	12,091	10,312	+17%	*+18%*
• Ireland	6,430	6,006	+7%	*+7%*
• Austria	5,980	5,787	+3%	*+2%*
• Slovakia	4,537	4,170	+9%	*+7%*
• Other/Rest of Central Europe	18,517	18,293	+1%	*+9%*
• Export sales of the market region Central Europe	11,057	9,843	+12%	*+10%*
Germany	**144,971**	**127,164**	**+14%**	***+13%***
• Germany	135,336	115,295	+17%	*+17%*
• Export sales of the market region Germany	9,635	11,869	-19%	*-31%*
CIS/Eastern Europe	**75,852**	**89,015**	**-15%**	***+2%***
• Russia	38,255	44,494	-14%	*+4%*
• Serbia	11,672	17,005	-31%	*-30%*
• Ukraine	5,861	5,136	+14%	*+36%*
• Kazakhstan	5,034	4,094	+23%	*>100%*
• Bosnia-Herzegovina	4,469	3,862	+16%	*+16%*
• Other/Rest of CIS/Eastern Europe	8,577	9,395	-9%	*-2%*
• Export sales of the market region CIS/Eastern Europe	1,984	5,029	-61%	*-60%*
Asia/Pacific & MENA	**36,337**	**34,421**	**+6%**	***+8%***
• Vietnam	25,171	23,326	+8%	*+10%*
• China	4,475	4,173	+7%	*+7%*
• The Philippines	1,863	1,551	+20%	*+25%*
• Kuwait	940	165	>100%	*>100%*
• Thailand	737	569	+30%	*+39%*
• Other/Rest of Asia/Pacific & MENA	2,932	4,512	-35%	*-34%*
• Export sales of the market region Asia/Pacific & MENA	219	125	+75%	*+80%*

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 following table 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, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
Available-for-sale financial assets (AfS)						
• Securities	-	-	-	-	-	-
Financial assets held for trading (FAHfT)						
• Currency forwards	-	-	-	-	782	3,118
• Interest rate/currency swaps	-	-	-	-	20,237	24,343
Financial liabilities held for trading (FLHfT)						
• Currency forwards	-	-	-	-	6,825	9
• Interest rate/currency swaps	-	-	-	-	3,092	3,329
Derivative financial liabilities with hedging relationship						
• Cash flow hedges	-	-	-	-	958	1,274

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.

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.

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 the first quarter of 2016:

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2016	**27,461**	**-4,611**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	-3,382	-6,264
• in the income statement	-3,382	-6,579
• directly in equity	-	315
Additions	-	-
Realizations	-3,059	-
Reclassification in level 2	-	-
Balance at Mar. 31, 2016	**21,019**	**-10,875**
Income recognized in the income statement	**-3,382**	**-6,579**
Other income/other expenses	-4,159	-2,759
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-41	-2,766
Financial result	777	-3,820
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-331	-3,823

Financial assets and liabilities allocated to hierarchy level 3 and recognized at fair value developed as follows in the first quarter of 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

The following disclosures are made for financial assets and financial liabilities whose fair value differs from the carrying amount as of March 31, 2016:

in € 000s	Carrying amount Mar. 31, 2016	Fair value Mar. 31, 2016	Carrying amount Dec. 31, 2015	Fair value Dec. 31, 2015
Amounts due to banks	203,475	201,349	167,290	165,045
Promissory note loans	546,064	574,524	545,921	577,812
Bonds	645,961	669,460	645,673	659,125
Financial liabilities	**1,395,500**	**1,445,333**	**1,358,884**	**1,401,982**

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 2016 as compared to the presentation in the Annual Report 2015.

For all other financial assets and liabilities not displayed in the chart above, the carrying amounts – approximately or based on valuation methods taking the listed prices on active markets or observable input parameters in the market as a basis – 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 2015, there were no significant changes in the first three months of 2016.

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

in € 000s	Mar. 31, 2016	Dec. 31, 2015
Operating lease liabilities	73,866	81,288
Other financial obligations	30,345	33,634
Total	**104,211**	**114,922**

As of March 31, 2016, other financial obligations primarily included 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, has continued to recognize this guarantee as a financial guarantee in accordance with IAS 39 with a fair value in the amount of € 0.3 million in the reporting year (previous year: € 0.3 million). Utilization of this guarantee granted is currently not expected.

Furthermore, additional guarantees assumed by the STADA Group are included in other financial liabilities, among other things.

9. Related party transactions

In the scope of the ordinary course of business, STADA Arzneimittel AG and/or its consolidated companies have entered into related party transactions. In accordance with IAS 24, “related parties” refers to directly or indirectly controlled subsidiaries that are not consolidated due to lack of material significance, associates and joint ventures as well as persons in key positions and their close relatives. In principle, all trades are settled with related companies and natural persons at market-rate conditions.

No significant changes occurred with regard to related parties in the first quarter of 2016 compared with the situation as described in the Annual Report 2015.

10. Significant events after the balance-sheet date

No significant events have occurred since the reporting date that could have a significant effect on the STADA Group's business, financial and earnings situation.

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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 in their nature.

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