Interim Report

on the First Six Months of 2009

STADA
Arzneimittel

STADA KEY FIGURES

Key figures for the Group in € million	1/1-6/30/2009	1/1-6/30/2008[1]	± %
Group sales	755.2	822.8	-8%
• Generics (core segment)	537.8	561.7	-4%
• Branded Products (core segment)	187.6	186.4	1%
• Commercial Business	24.6	27.1	-9%
• Group holdings/other	5.2	47.6	-89%
Operating profit	85.4	109.5	-22%
Operating profit, adjusted[2]	*88.7*	*115.4*	*-23%*
EBITDA (Earnings before interest, taxes, depreciation and amortization)	124.0	147.1	-16%
EBITDA (Earnings before interest, taxes, depreciation and amortization), adjusted[2]	*125.8*	*149.8*	*-16%*
EBIT (Earnings before interest and taxes)	86.6	108.9	-21%
EBIT (Earnings before interest and taxes), adjusted[2]	*89.0*	*113.8*	*-22%*
EBT (Earnings before taxes)	60.9	86.4	-30%
EBT (Earnings before taxes), adjusted[2]	*65.5*	*89.5*	*-27%*
Net income[3]	48.3	63.0	-23%
Net income[3], adjusted[2]	*52.1*	*64.9*	*-20%*
Cash flow (gross)	86.4	102.7	-16%
Equity capital (June 30)	827.9	931.8	-11%
Capital expenditure	62.0	57.4	8%
Depreciation/amortization (net of write ups)	37.4	38.2	-2%
Average number of employees (Jan. 1 – June 30)	8,132	8,361	-3%

Key share figures	1/1-6/30/2009	1/1-6/30/2008[1]	± %
Market capitalization in € million (as of June 30)	1,046.5	2,679.7	-61%
Closing price (XETRA®) in € (as of June 30)	17.81	45.62	-61%
Average number of shares not including own shares (Jan. 1 – June 30)	58,654,069	58,615,346	0%
Basic earnings per share in €[4]	0.82	1.07	-23%
Basic earnings per share in €[4], adjusted[2]	*0.89*	*1.11*	*-20%*
Diluted earnings per share in €[5]	0.82	1.03	-20%
Diluted earnings per share in €[5], adjusted[2]	*0.89*	*1.06*	*-16%*

1) The earnings figures from the second quarter of 2008 as well as from the first half year of 2008 reported in this interim report were adjusted in accordance with IAS 8 (see "Notes 1.2.").
2) Adjusted for one-time special effects as well as effects from currency influences and interest rate hedge transactions in the first half year of 2008 and the first half year of 2009.
3) Unless otherwise stated, "net income" in this interim report refers to income attributable to the shareholders' stake in STADA Arzneimittel AG, which under IFRS also represents the basis for calculating earnings per share and diluted earnings per share.
4) In accordance with IAS 33.10.
5) In accordance with IAS 33.31.

MANAGEMENT REPORT

Overview

As planned, after six months of the current fiscal year 2009, the STADA Group's sales and earnings continued to be below those of the corresponding period in the previous year.

Against the backdrop of the continuing difficult framework conditions in individual national markets and the global financial and economic crisis, STADA achieved sales of € 755.2 million (1-6/2008: € 822.8 million) and net income of € 48.3 million (1-6/2008: € 63.0 million) in the first half year of 2009.

Earnings before interest, taxes, depreciation and amortization, adjusted for one-time special effects as well as non-operational effects (adjusted EBITDA), amounted to € 125.8 million for the first six months of 2009 (1-6/2008: € 149.8 million). Against this backdrop, from today's perspective of the Executive Board, the minimum goal of adjusted EBITDA of € 250 million for fiscal year 2009 should continue to be achievable. Beyond that, with a revival of business in the second half year, the Executive Board continues to see the opportunity to overall still achieve and even exceed the sales and earnings level from the previous year in fiscal year 2009.

Sales development of the STADA Group

In the first six months of 2009 **Group sales**, as expected, decreased by 8% to € 755.2 million (1-6/2008: € 822.8 million). By considering the second quarter of 2009 alone, a sales decrease of 11% to € 379.3 million arose (second quarter of 2008: € 423.9 million).

To better compare these sales developments with the corresponding values from the previous year, the following influences distorting the period comparison are to be taken into account:

- **Influence on sales due to changes in Group portfolio**

  In the first half year of 2009, changes in the Group portfolio as compared to the first half year of 2008 resulted due to disposals made since then and business activities sold and discontinued as well as acquisitions of products or companies.

  Indeed, in the first half year of 2008, disposals[1)] made since then or business activities sold[2)] and discontinued[3)] still contributed a total of € 40.6 million to sales at that time. The lack of those sales in the first half year of 2009 thus had a curbing effect on growth of 5 percentage points as compared to the previous year; considering the second quarter alone, a sales gap of € 16.1 million and a curbing effect on growth of 4 percentage points arose for the same reasons.

1) Low-margin non-core activities of Forum Products (division of the British Forum Bioscience group), deconsolidated since August 31, 2008, sales contribution first half year of 2008: € 37.3 million.
2) Defibrotide products, sales contribution first half year of 2008: € 2.2 million.
3) Discontinuation of the Dutch commercial business, sales contribution first half year of 2008: € 1.2 million.

STADA generated sales totaling € 3.8 million in the reporting period and sales totaling € 1.5 million in the second quarter of 2009 from only small acquisitions of products[1)] and companies[2)] in the past twelve months in the context of the current cautious acquisition policy; those sales thereby contributed to the Group's sales development with a plus of 0.5 percentage points in the first half year of 2009 and with a plus of 0.4 percentage points in the second quarter of 2009.

Offsetting these changes in the Group portfolio against each other curbed the sales development in the first half year of 2009 by 4 percentage points or by 3 percentage points in the second quarter of 2009 as compared to the corresponding period in the previous year.

- Influence on sales due to currency effects

The sales development of the first half year of 2009 was influenced by currency effects as compared to the corresponding period in the previous year since the currency relations of foreign currencies significant for STADA, particularly Russian ruble[3)], Serbian dinar[4)] and pound sterling[5)] with the euro were more unfavorable than in the corresponding period of the previous year. In this context the sales burden due to negative translation effects reached 4 percentage points for the first half year of 2009 as compared to the first half year of 2008.[6)]

The important currency relations for STADA partly slightly improved or stabilized again in favor of STADA in the second quarter of 2009 as compared to the first three months of the current fiscal year. However, by also taking the second quarter of 2009 alone into consideration, a sales burden due to negative translation effects in the amount of 4 percentage points resulted in the year-on-year comparison.[6)]

Overall, changes in the Group portfolio as well as currency effects burdened the sales comparison with the same period in the previous year by 9 percentage points in the first six months of 2009 and by 8 percentage points by taking the second quarter of 2009 alone into consideration. To the extent that reference is subsequently made to adjusted sales figures, the sales adjustments carried out respectively include these effects in total.[7)]

Scheme for calculating the Group's adjusted sales growth

First half year of 2008		First half year of 2009
STADA Group sales € 822.8 million	— -8% →	STADA Group sales € 755.2 million
./. Remaining sales Defibrotide products Jan. 1 – June 30, 2008		./. Sales Dermalog (as part of PharmaCoDane) Jan. 1 – June 30, 2009
./. Sales Dutch commercial business Jan. 1 – June 30, 2008		./. Sales Keritrina® product Jan. 1 – June 30, 2009
./. Sales Forum Products division Jan. 1 – June 30, 2008		./. Sales Keraflox® product Jan. 1 – June 30, 2009
		± Sales change by applying the same, i.e. the previous year's exchange rates for both half years
Base value for adjusted sales growth € 782.2 million	— +1% →	Adjusted STADA Group sales € 786.4 million

Adjusted Group sales thus increased by 1% in the half year under review and decreased by 3% when taking the second quarter of 2009 alone into consideration.

1) Acquisition of the Italian branded products Keritrina® as of November 14, 2008 and Keraflox® as of December 17, 2008; sales contribution first half year of 2009: € 3.4 million.
2) Acquisition of the Danish Dermalog on January 26, 2009 and subsequently initiated merger with the Danish STADA subsidiary PharmaCoDane; sales contribution first half year of 2009: € 0.4 million.
3) Currency relation Russian ruble/euro 2009 vs. 2008: first half year average exchange rate -17%.
4) Currency relation Serbian dinar/euro 2009 vs. 2008: first half year average exchange rate -13%.
5) Currency relation pound sterling/euro 2009 vs. 2008: first half year average exchange rate -12%.
6) In calculating all sales translations from local currency to the Group currency euro respectively with the same exchange rate relations from the previous year.
7) The adjusted sales figures are pro forma key figures which are solely aimed at a more transparent year-on-year comparison.

In **Europe** the STADA Group recorded a sales decrease of 9% to € 724.6 million in the first six months of 2009 (1-6/2008: € 796.1 million). The share of sales which STADA achieved in the first half year of 2009 in Europe thus amounted to 95.9% (1-6/2008: 96.8%) of Group sales. Adjusted, European sales were at the level of the corresponding period in the previous year.

In **Western Europe** sales decreased by 9% to € 558.9 million (1-6/2008: € 611.5 million) – essentially due to the disposal of non-core business activities in the United Kingdom. Thus, STADA's sales in Western Europe had a share of 74.0% in Group sales (1-6/2008: 74.3%). STADA's adjusted sales in Western Europe decreased by 2%.

In **Eastern Europe**, in the so-called CEE[1)] countries, sales went down by 10% to € 165.7 million (1-6/2008: € 184.6 million), particularly due to currency influences. Thus, the share of sales which STADA generated in Eastern European markets in the half year under review amounted to 21.9% (1-6/2008: 22.4%) of Group sales. The Group's adjusted sales in Eastern Europe recorded a sales increase of 6%.

In **Asia**, STADA reported a sales decrease of 5% to € 22.0 million in the first half year of 2009 (1-6/2008: € 23.1 million). Thus, STADA's Asian sales had a share of 2.9% in Group sales in the first six months of 2009 (1-6/2008: 2.8%). Adjusted sales in the Asian markets were at the level of the corresponding period in the previous year.

Group sales in the **rest of the world** rose by 141% to € 8.6 million in the first half year of 2009 (1-6/2008: € 3.6 million). Sales from the rest of the world thus contributed 1.1% (1-6/2008: 0.4%) to Group sales. Here, adjusted sales growth amounted to 273%.

The sales development in national markets significant for STADA is described in more detail in the context of the reporting on regional developments (see "Regional development in individual national markets").

Despite the expected sales decrease in the first half year, the Executive Board sees the opportunity that with a revival of business in the second half year the sales level from the previous year can still be achieved and even exceeded in fiscal year 2009 overall.

Earnings development of the STADA Group

In the reporting period, the **development of earnings** also continued to be characterized by difficult framework conditions (see "Regional development in individual national markets") as well as unfavorable exchange rate relations (see "Sales development of the STADA Group").

Net income decreased in the first half year of 2009 by 23% to € 48.3 million (1-6/2008: € 63.0 million); by taking the second quarter of 2009 alone, this resulted in a decrease of net income of 26% to € 24.2 million (second quarter of 2008: € 32.6 million). **Adjusted net income** also decreased in the same period by 20%, reaching € 52.1 million (1-6/2008: € 64.9 million); by taking the second quarter of 2009 alone, this also resulted in a decrease of 27% to € 23.9 million (second quarter of 2008: € 32.5 million).

1) Central Eastern Europe.

The following adjustments have been made to better compare earnings development with the corresponding figures from the previous year, and in addition take into account the following influences distorting the period comparison:

- Influence on earnings due to one-time special effects

  Due to one-time special effects the earnings development in the first half year of 2009 was burdened by a total of € 1.1 million before taxes or € 1.3 million after taxes (1-6/2008: net burden due to one-time special effects in the amount of € 4.2 million before or € 2.7 million after taxes).

  In this context net burdens due to one-time special effects in the total amount of € 1.4 million before or € 1.4 million after taxes (second quarter of 2008: net burden due to one-time special effects in the amount of € 3.8 million before or € 2.7 million after taxes) were incurred in the second quarter of 2009. In detail, those one-time special effects from the second quarter of 2009 related to:
  – a burden in the amount of € 0.9 million before or € 0.7 million after taxes due to amortization on intangible assets in the scope of impairment tests.
  – a relief in the amount of € 1.9 million before or € 1.3 million after taxes due to write-ups on intangible assets in the scope of impairment tests.
  – a burden in the amount of € 1.4 million before or € 1.0 million after taxes due to adjustments of provisions with a one-time character or relating to other accounting periods in Germany for payments to health insurance organizations due to discount agreements concluded.
  – a burden in the amount of € 2.8 million before or € 2.5 million after taxes due to value adjustments in various CEE countries (among others in particular also Serbia – see "Regional development in individual national markets – Serbia") on receivables from local wholesalers against the backdrop of a liquidity situation of the local wholesalers which is tense due to the macroeconomic framework conditions of the global financial and economic crisis.
  – a relief in the amount of € 1.0 million before or € 0.7 million after taxes due to the reversal of value adjustments which were made in the first quarter of 2009 (and also classified as one-time special effects at the time) for Russian wholesalers which became possible due to an improved payment situation of the local Russian wholesale trade.
  – a relief in the amount of € 0.8 million before or € 0.8 million after taxes due to the dividend revenue of a non-consolidated Group company in which STADA holds a 50% stake.

- Influence on earnings due to non-operational effects from currency influences and interest rate hedge transactions

  Non-operational effects from currency influences and interest rate hedge transactions added up to a burden in the total amount of € 3.4 million before or € 2.5 million after taxes in the first half year of 2009 (1-6/2008: net relief due to non-operational effects from currency influences and interest rate hedge transactions in the amount of € 1.1 million before or € 0.8 million after taxes).

  Taking the second quarter of 2009 alone, these effects resulted in a net relief in the total amount of € 2.7 million before or € 1.7 million after taxes (second quarter of 2008: net relief due to non-operational effects from currency influences and interest rate hedge transactions in the amount of € 3.9 million before or € 2.8 million after taxes).[1)]

1) As is known, due to various non-operational effects from currency influences and interest rate hedge transactions a burden in the amount of € 6.1 million before or € 4.2 million after taxes had resulted in the first quarter of 2009.

In detail, it was a matter of the following effects:

- Burden on earnings due to currency effects in the form of net currency translation expenses of a Russian subsidiary in connection with existing loans from an earlier acquisition financing in the amount of € 1.3 million before or € 0.9 million after taxes (reported under other operating expenses) for the first six months of 2009 (1-6/2008: net burden in the amount of € 0.7 million before or € 0.5 million after taxes); by taking the second quarter of 2009 alone, only a minimal relief in the amount of € 0.6 million before or € 0.4 million after taxes was recorded here due to the stabilized ruble exchange rate (second quarter of 2008: net relief in the amount of € 0.1 million before or € 0.1 million after taxes).
- Relief on earnings due to valuation of an interest rate hedge transaction concluded in the fourth quarter of 2008 by a Russian subsidiary to stabilize interest rates of existing loans from an earlier acquisition financing in the amount of € 0.4 million before or € 0.3 million after taxes for the first six months of 2009; by taking the second quarter alone there was a relief in the amount of € 1.5 million before or € 1.0 million after taxes.[1)]
- Burden on earnings from the valuation of further interest rate hedge transactions in the Group in the amount of € 2.5 million before or € 1.8 million after taxes for the first six months of 2009 (1-6/2008: net relief in the amount of € 1.8 million before or € 1.3 million after taxes); by taking the second quarter alone a slight relief in the amount of € 0.6 million before or € 0.3 million after taxes was recorded here (second quarter of 2008: net relief in the amount of € 3.8 million before or € 2.7 million after taxes).

Overall, one-time special effects as well as non-operational effects from currency influences and interest rate hedge transactions led to burdens on the STADA Group's earnings development of a net amount of € 4.6 million before or € 3.8 million after taxes in the first half year of 2009 (1-6/2008: net burden on earnings of € 3.1 million before or € 1.9 after taxes) or by taking the second quarter of 2009 alone this led to a net relief of € 1.3 million before or € 0.3 million after taxes (second quarter of 2008: net burden on earnings of € 0.1 million before or € 0.1 after taxes). To the extent that reference is subsequently made to adjusted key earnings figures, the earnings adjustments carried out respectively include these effects in total both for the reporting period as well as for the corresponding prior-year period.[2) 3)]

In terms of **earnings per share** the STADA Group achieved a value of € 0.82 in the first six months of the current fiscal year (1-6/2008: € 1.07). In this context, a slight increase in the average number of STADA shares of 0.1% in the first half year of 2009 as compared to the first six months of 2008 due to the exercise of options since that time must be taken into consideration. Earnings per share for the second quarter of 2009 alone amounted to € 0.41 (second quarter of 2008: € 0.56). In terms of **adjusted earnings per share** a value of € 0.89 resulted for the first half year of 2009 (1-6/2008: € 1.11) and a value of € 0.41 for the second quarter of 2009 alone (second quarter of 2008: € 0.55). **Diluted Earnings per share** in the first six months of 2009 amounted to € 0.82 (1-6/2008: € 1.03) and to € 0.41 (second quarter of 2008: € 0.54) in the second quarter of 2009 taken alone. **Adjusted diluted earnings per share** were € 0.89 in the first half year of 2009 (1-6/2008: € 1.06) and € 0.41 (second quarter of 2008: € 0.53) in the second quarter of 2009 taken alone.

The Group's **EBITDA** amounted to € 124.0 million for the first six months of 2009 (1-6/2008: € 147.1 million), thus being by 16% below the corresponding value from the previous year; by taking the second quarter of 2009 alone a decrease of EBITDA by 20% to € 56.5 million resulted as compared to the same period in the previous year (second

1) As is known, when the transaction was concluded at the time the variable interest rate of an existing ruble loan was swapped against a fixed interest rate and a conditioned compensation payment the realization and amount of which depends on the ruble/euro currency relation at the end of the term of the interest rate hedge transaction in the year 2010.
2) The adjusted key earnings figures are pro forma key figures which are solely aimed at a more transparent year-on-year comparison (see "Notes 5.2.").
3) The earnings figures of the second quarter of 2008 as well as of the first half year of 2008 reported in this interim report were adjusted in accordance with IAS 8 (see "Notes 1.2.").

quarter of 2008: € 70.6 million). **Adjusted EBITDA** decreased by 16% to € 125.8 million in the first six months of 2009 (1-6/2008: € 149.8 million) and by 21% to € 58.3 million when taking the second quarter of 2009 alone (second quarter of 2008: € 74.0 million).

In the chart below further essential key earnings figures of the STADA Group as well as the resulting margins are each also reported adjusted for aforementioned one-time special effects and non-operational earnings-influencing effects from currency influences and interest rate hedge transactions to allow for comparison.

Development of the STADA Group's key earnings figures

				Adjusted for one-time special effects and non-operational earnings-influencing effects from currency influences and interest rate hedge transactions				
in € million	H1 2009	H1 2008	± %	*H1 2009*	*H1 2008*	*± %*	*Margin[1) H1 2009]*	*Margin[1) H1 2008]*
Operating profit	85.4	109.5	-22%	*88.7*	*115.4*	*-23%*	*11.7%*	*14.0%*
EBITDA[2)]	124.0	147.1	-16%	*125.8*	*149.8*	*-16%*	*16.6%*	*18.2%*
EBIT[3)]	86.6	108.9	-21%	*89.0*	*113.8*	*-22%*	*11.8%*	*13.8%*
EBT (Earnings before taxes)	60.9	86.4	-30%	*65.5*	*89.5*	*-27%*	*8.7%*	*10.9%*
Net income	48.3	63.0	-23%	*52.1*	*64.9*	*-20%*	*6.9%*	*7.9%*
Earnings per share in €[4)]	0.82	1.07	-23%	*0.89*	*1.11*	*-20%*		
Diluted earnings per share in €[5)]	0.82	1.03	-20%	*0.89*	*1.06*	*-16%*		

Overall, against the backdrop of the difficult framework conditions in individual national markets and the global financial and economic crisis, all of the STADA Group's key earnings figures in the first half year of 2009 were, as planned, decreasing. Thus, from today's perspective of the Executive Board, the minimum goal of adjusted EBITDA of € 250 million in the STADA Group for fiscal year 2009 should be achievable. In addition, regardless of the earnings decrease in the first half of 2009 the Executive Board continues to see the opportunity, with a revival of business in the second half year, to overall still achieve and even exceed the earnings level from the previous year in fiscal year 2009.

To sustainably improve the Group's earnings structure, the Executive Board initiated the Group-wide project "STADA – build the future" in the second quarter of 2009. Strategic goals of this project, in which external consultants are also partly deployed, are a reduction of the complexity of the Group structures, more efficient centralized control of Group companies as well as an acceleration of the continuous cost optimization with a focus on the fields of cost of sales/production locations as well as organizational, reporting and personnel structures. STADA's Executive Board expects to achieve additional earnings contributions in the double digit million area from this project from 2010.

Segment development

In the two **core segments**, Generics and Branded Products, sales decreased by a total of 3% in the reporting period as compared to the first half year of 2008; adjusted, sales in these two core segments increased by 1%. Thus, in the

1) Related to relevant Group sales.
2) Earnings before interest, taxes, depreciation and amortization.
3) Earnings before interest and taxes.
4) In accordance with IAS 33.10.
5) In accordance with IAS 33.31.

first six months of the current fiscal year, their share amounted to 96.1% (1-6/2008: 90.9%) of Group sales. The increase of the core segments' relative sales significance resulted primarily from the disposal of non-core activities in the United Kingdom.

Sales of Generics, which continues to be the significantly larger core segment, decreased in the first half year of 2009 – against the backdrop of the partly very difficult framework conditions (see "Regional development in individual national markets") – by 4% to € 537.8 million (1-6/2008: € 561.7 million). Thus, Generics had a share of 71.2% in Group sales in the half year under review (1-6/2008: 68.3%). In particular, generics sales generated in Russia and Serbia were burdened by the translation into the Group currency euro as a result of the respectively weak local currencies (see "Sales development of the STADA Group"). Adjusted sales decrease with generics was therefore lower in the Group in the first half year of 2009, amounting to only 1%.

In Branded Products, STADA recorded a sales increase of 1% to € 187.6 million in the first six months of 2009 (1-6/2008: € 186.4 million). Branded Products thus contributed 24.8% to Group sales in the reporting period (1-6/2008: 22.7%). By taking into account portfolio changes and currency influences (see "Sales development of the STADA Group") adjusted sales of Branded Products even rose by 7% in the first six months of 2009.

Obviously the difficult economic framework conditions as a consequence of the global financial and economic crisis have not significantly influenced the demand for the Group's branded products as yet, although these products are paid for predominantly by the patients themselves.

In Commercial Business, which is not part of the core business, sales went down to € 24.6 million in the first half year of 2009 (1-6/2008: € 27.1 million). Sales reported under Group holdings/other decreased to € 5.2 million in the reporting period (1-6/2008: € 47.6 million). In the first half year of 2008 partial sales in the amount of € 37.3 million from the British Forum Products division[1)] which was sold in the third quarter of 2008 and was not part of the STADA Group's core segments were still included in this segment, among others.

Operating profit in the Generics segment amounted to € 66.2 million in the reporting period (1-6/2008: € 77.2 million). Thus, the sales-related operating segment margin for Generics amounted to 12.3% (1-6/2008: 13.7%). This development mirrors the effects of the difficult framework conditions in individual national markets (see "Regional development in individual national markets"). Adjusted operating profit in the Generics segment amounted to € 66.7 million in the first half year of 2009 (1-6/2008: € 80.5 million), thus resulting in an adjusted operating segment margin for Generics of 12.4% (1-6/2008: 14.3%).

Operating profit in the Branded Products segment amounted to € 34.2 million in the first six months of the current fiscal year (1-6/2008: € 36.4 million). This corresponds to a sales-related operating segment margin for Branded Products of 18.2% (1-6/2008: 19.5%). Adjusted operating profit in the Branded Products segment was € 37.1 million in the first half year of 2009 (1-6/2008: € 37.1 million), thus resulting in an adjusted operating segment margin for Branded Products of 19.8% (1-6/2008: 19.9%).

1) As is known, since the sale of the Forum Products division, the Forum Bioscience group's remaining business is continued by STADA as Britannia Pharmaceuticals Ltd.

Regional development in individual national markets

In **Germany**, which continues to be the largest national market for STADA, sales in the reporting period decreased by 5% to € 281.6 million (1-6/2008: € 297.4 million). Thus, STADA's German activities accounted for a 37.3% share of Group sales in the first half year of 2009 (1-6/2008: 36.1%).

In Germany, sales in the core segment Generics contributed 77% to Group sales (1-6/2008: 77%). The German generics market remains characterized by a continuously decreasing price level as well as high discounts to health insurance organizations as a consequence of the regulatory-initiated discount agreements between suppliers and health insurance organizations. In addition, in the second quarter of 2009 a burden on sales and earnings before taxes in the amount of € 1.4 million due to adjustments of provisions with a one-time character or relating to other accounting periods for payments to health insurance organizations due to discount agreements concluded occurred in Germany.

Against the backdrop of these very difficult framework conditions, the Group's generics sales in Germany decreased by 5% to € 217.1 million in the first half year of 2009 (1-6/2008: € 227.9 million). According to market data from IMS Health the STADA Group nevertheless slightly further increased its market share by volume in the German generics market to 12.8% in the first half year of 2009 (first half year of 2008: 12.6%). In this context distorting stockpiling effects in the distribution channels particularly on the part of smaller competitors in advance of new discount agreements with health insurance organizations are to be taken into consideration; the STADA Group's market share in terms of generics sold in German pharmacies increased to 14.0% in the first half year of 2009 (first half year of 2008: 13.4%).

ALIUD PHARMA, the largest of the Group-owned sales labels in the German generics market, made a particularly strong contribution to generics sales. With sales growth of 5% to € 128.4 million in the first half year of 2009 (1-6/2008: € 122.0 million) ALIUD PHARMA continued to occupy position 3 in the German generics market. From today's perspective the subdued sales development in the second quarter of 2009 with a sales decrease of 7% as compared to the second quarter of 2008 taken alone also seems, among other things, related to inventory reallocations of the distribution channels in advance of new discount agreements taking effect, of which ALIUD PHARMA, which, as is known, is the only major German generics supplier without its own pharmacy sales force was obviously particularly affected.

The second Group-owned German generics line STADApharm has not yet fully offset its aggressive price policy which was launched at the beginning of the year to complete a new sales alignment by means of growth in volume. Against this backdrop sales of this label, as expected, still clearly decreased by 22% to € 74.9 million in the half year under review (1-6/2008: € 96.3 million).

STADA's generics sales label cell pharm, special supplier for the indication areas oncology and nephrology, recorded a sales increase in the amount of 43% to € 13.0 million in the first half year of 2009 (1-6/2008: € 9.1 million). One reason for this pleasing sales development was the further market penetration of the Group's first biosimilar[1)], SILAPO® (active ingredient Epo-zeta[2)]), which was launched in the first quarter of 2008 and achieved sales of € 5.5 million in the first half year of 2009.

1) Biosimilar is a biopharmaceutical product, i.e. drugs with a protein as biopharmaceutical active ingredient which is produced by genetically modified cell lines which, despite different producing cell lines, compared to an initial supplier product which is already on the market, is so similar that the biosimilar has proven therapeutic equivalence.

2) Epo-zeta is used in nephrology for the treatment of renal anemia with chronic renal insufficiency and in oncology for the treatment of chemotherapy-induced anemia.

STADA achieved further generics sales in Germany, particularly in the area of self-medication, with the Hemopharm label, which in addition has also taken up sales management for several smaller branded products of the Group. Sales of this label rose – also due to Group-internal reclassifications – by a total of 111% to € 2.0 million in the first half year of 2009 (1-6/2008: € 1.0 million).

As of June 1, 2009 – after a lengthy tender process which had started already in August 2008 – 315 new discount agreements by the Allgemeinen Ortskrankenkassen[1] (AOK) with numerous generics suppliers for a total of 63 active ingredients in each of five regions took effect in the German generics market. In these tender processes the two STADA sales companies, ALIUD PHARMA und STADApharm, as is known, received 40 awards, adding up to a total of approx. 18% of the annual sales potential awarded; STADA's previous market share was below 12% here.[2][3]

For the awarded products the respective STADA sales company is now the sole discount agreement partner of AOK in the respective contract area. Products prescribed by doctors without discount agreements must subsequently be replaced when dispensed at the pharmacy by the competitive product which is covered by a discount agreement and contains the same active ingredient (so-called substitution) if doctors do not explicitly rule this out in each case by marking it on the prescription.

Even though the implementation of the new agreements was initially weakened by several limited exceptions, there are, as expected, signs that the STADA sales companies can expect increases, although at reduced margins, for the products awarded over the contractual period of two years. Also as expected, for products where the Group did not receive any awards in the context of the new AOK discount agreements, there are signs of a decrease since demand for these products declines on the part of AOK-insured persons. A final assessment of the consequences of the AOK discount agreements will only be possible in the further course of the second half year of 2009 and will also significantly depend on the extent to which doctors will, in view of the many medication changes actually required due to the new AOK discount agreements, make use in the long term of the exceptional rule to ban substitution as well as on the outcome of a legal discussion about the restricting framework conditions for substitution that is currently controversially led by various market participants.

In the German generics market, further tenders for discount agreements have been initiated or announced by various health insurance organizations, partly with the same or similar structures as the AOK's discount agreements, which have just become effective, partly also with new structural elements (such as graduated discounts depending on the degree of implementation of the discount agreement). As the STADA Group's previous market share in these new tenders is mostly below STADA's average market share, the Executive Board sees a good opportunity, also in this case to achieve again a strong, i.e. improved result as compared to the previous market share. For all these processes, another lengthy period and comprehensive examinations with regard to tender regulations can be assumed so that agreements awarded in this context cannot be expected, from today's perspective, to take effect in the current fiscal year.

Further legal reviews on a national as well as an EU level of numerous existing discount agreements in the German generics market continue to be carried out. The Group's labels affected by this – almost exclusively ALIUD PHARMA and STADApharm – continue to prepare adequately in the scope of what is operatively possible for the various result scenarios of these reviews.

1) Market share for publicly insured persons in Germany approx. 34%.
2) STADA estimate at ex-factory prices at the time of the preliminary award in December 2008.
3) See the Company's corporate news of December 5, 2008.

In the Branded Products core segment, too, sales in Germany decreased by 4% to € 63.5 million in the reporting period (1-6/2008: € 65.9 million). In the first half year of 2009 in Germany, Branded Products' share of German sales thus amounted to 23% (1-6/2008: 22%).

In Germany, the Group now aims to achieve approximately stable sales as compared to the previous year in fiscal year 2009; operative profitability will thereby be, as planned, below the Group average.

In Russia, which continues to be STADA's second most important national market, the Group recorded – regardless of the ongoing difficult economic situation there – pleasing sales growth in the amount of 24% in local currency. The sales increase in euro was only 2% to € 77.8 million (1-6/2008: € 76.1 million), because in the first half year of 2009 the average exchange rate of the Russian ruble to the euro was significantly weaker as compared to the previous year, even if a slight exchange rate improvement of the ruble in the second quarter of 2009 was recorded.

In the Russian market both core segments contributed nearly equal amounts to local Group sales in the reporting period. In this context, sales of generics amounted to € 42.2 million (1-6/2008: € 38.5 million) or 54% of STADA's sales in Russia (1-6/2008: 51%). In this segment in Russia the gross margin was significantly burdened in the second quarter as a result of a local tender business with a sales volume of € 3.4 million; in order to maintain good business relations, temporarily negative contribution margins were accepted for this tender business. Due to significant improvements in procurement prices achieved in the meantime, however, the contribution margin in this ongoing business will be positive again in the second half year of 2009. Sales of branded products amounted to € 35.3 million (1-6/2008: € 37.0 million) or 45% of STADA's sales in Russia (1-6/2008: 49%).

In view of this development STADA continues to expect a clear expansion of business activities in Russia for fiscal year 2009 with an operating profitability which continues to be above Group average. However, the further development of the currency relation of the Russian ruble to the euro will, also in 2009, significantly influence sales and earnings contributions of the Russian business at Group level.

In Belgium, sales generated by STADA in the first six months of the current fiscal year increased by 10% to € 61.5 million (1-6/2008: € 55.7 million). Apart from new products, a moderate regulatory stimulation of generics launched at the beginning of the year which was successfully made use of by the local STADA sales company Eurogenerics particularly contributed to this.

Sales generated by the Group in Belgium continue to be achieved mainly with generics. In this context sales went up by 11% to € 58.5 million in the reporting period (1-6/2008: € 52.9 million) so that generics contributed 95% (1-6/2008: 95%) to Belgian Group sales. Branded products, which STADA is currently only developing in Belgium under the name NeoCare, recorded sales amounting to € 3.0 million in the first six months of 2009 (1-6/2008: € 2.8 million), thus accounting for a share of 5% (1-6/2008: 5%) in Belgian Group sales.

From today's perspective STADA expects a significant sales increase in Belgium for the remaining fiscal year with an operating profitability which continues to be at Group average.

In Italy, sales decreased by 2% to € 54.0 million in the first half year of 2009 (1-6/2008: € 54.8 million). In this context the two core segments continued to develop in opposite directions. Due to a continuing intensive price competition generics sales decreased by 15% to € 28.5 million in the half year under review (1-6/2008: € 33.5 million), thus accounting for a share of 53% (1-6/2008: 61%) in local Group sales. Branded Products, by contrast, recorded – taking into account acquisitions and disposals – a sales plus of 19% to € 25.4 million (1-6/2008: € 21.3 million), thus contributing 47% (1-6/2008: 39%) to Group sales.

At the end of April 2009, new regulatory measures for off-patent products took effect in the Italian market. Key aspects in this context include the temporary reduction of retail sales prices by 12% until the end of the year for all reimbursable products with off-patent active ingredients; at the same time a ban on granting discounts for such products to the distribution channels has been put in place. From today's perspective these two measures, which pull local margins in opposite directions, should approximately offset each other in their effect on the local Italian business. As, in addition, the reduction of inventories in the distribution channels, which could be observed approximately simultaneously to the new regulatory changes, has been gradually expiring moderate sales growth with an operating profitability which continues to be at about Group average can, from today's perspective, be expected overall in Italy for fiscal year 2009.

In Serbia, STADA's sales decreased by 20% in local currency in the first half year of 2009 and by 31% to € 45.2 million in euro (1-6/2008: € 65.4 million). This development was primarily due to local weakness in demand in the course of the global financial and economic crisis. Moreover, in January 2009, Hemofarm faced, as is known, both in sales and in production a severe local natural gas shortage due to the gas dispute between Russia and Ukraine. By taking the second quarter of 2009 alone, however, sales increased by 2% in local currency; in euro, sales decreased by 13% to € 28.4 million (second quarter of 2008: € 32.7 million). In the first quarter of the current fiscal year this decrease had still amounted to 41% in local currency and to 49% to € 16.8 million in euro (first quarter of 2008: € 32.7 million).

Moreover, the liquidity situation of local wholesalers in Serbia is tense due to the macroeconomic framework conditions of the global financial and economic crisis. Against this backdrop, too, value adjustments of existing accounts receivable amounted to € 2.8 million before or € 2.5 million after taxes, which have been classified as a one-time special effect by STADA (see "Earnings development of the STADA Group").

By including the one-time special effect, the operating profitability in Serbia, i.e. in the Serbian subgroup, remained within the scope of Group average in the first half of the current fiscal year.

Sales achieved by the STADA Group in the Serbian market are generated mainly with generics. In this context the sales share of generics in the half year under review amounted to € 33.9 million (1-6/2008: € 50.8 million), accounting for a share of 75% in the Serbian Group sales (1-6/2008: 78%). In the Branded Products core segment sales recorded in the first six months of 2009 amounted to € 3.4 million (1-6/2008: € 4.2 million). Branded Products thus contributed 7% to sales in Serbia (1-6/2008: 6%).

It remains unclear in the Serbian market if and when clear growth will occur again. Therefore, from today's perspective, sales at the level of the previous year will hardly be sustainable in Serbia. Against the backdrop of this macroeconomic-influenced development the Group is thus focused on achieving further savings in operating business activities. With such targeted measures, the operating profitability should reach a level above Group average in fiscal year

2009 again, which is the traditional level for the entire subgroup managed from Serbia.[1] However, the sales and earnings contributions of this subgroup will still largely depend on the development of the currency relation of the local currency, in which the subsidiary consolidates all results, the Serbian dinar, to the euro.

The Group's ten largest markets also include the following five national EU markets. Here, the mixed sales development (by comparing the first half year of 2009 with the first half year of 2008) was as follows:

- France: -13% to € 38.7 million (1-6/2008: € 44.4 million) – against the backdrop of a regulatory six to eight percent price reduction in the French market, local sales are now expected to be approximately at the level of the previous year in fiscal year 2009.
- Spain: +7% to € 36.4 million (1-6/2008: € 34.0 million) – with a simultaneously improved profitability which makes it seem possible that the local operating profitability in Spain for the whole year could again be approximately in the range of Group average for the first time after many years.
- United Kingdom: -60% (mainly due to disposals of non-core activities and currency effects) to € 25.2 million (1-6/2008: € 62.3 million); adjusted sales development amounted to -14%.
- The Netherlands: +1% to € 19.5 million (1-6/2008: € 19.4 million); adjusted sales development amounted to 7%.
- Denmark: +58% to € 12.5 million (1-6/2008: € 7.9 million); adjusted sales development amounted to 53%.

In the 15 additional European countries with Group-owned local sales companies sales decreased by 7% to € 66.5 million in the first six months of 2009 (1-6/2008: € 71.8 million). Adjusted sales increased by 3%.

In countries without own sales companies, export sales generated by STADA increased in the first half year of the current fiscal year by 16% to € 20.3 million as compared to the corresponding period in the previous year (1-6/2008: € 17.5 million).

Research and development

STADA's research and development costs amounted to € 22.2 million in the half year under review (1-6/2008: € 22.7 million). As in the past, in this context it is only a matter of development costs since the Group does not carry out any research into new active pharmaceutical ingredients due to STADA's business model. In addition – in accordance with the existing Group accounting guidelines – development costs for new products in the amount of € 7.2 million were capitalized in the first half year of 2009 (1-6/2008: € 6.2 million).

Overall, STADA launched 236 individual products worldwide in the first six months of 2009 (1-6/2008: 216 product launches) in individual national markets. This also included generics with the active pharmaceutical ingredient Pantoprazole[2] in time with the patent expiry in several EU countries, also including Germany.

STADA's product pipeline remains well-filled so that, from the Executive Board's view, new product launches, particularly involving generics, can be continuously expected in EU countries in the future, too.

1) The subgroup managed from Serbia includes Serbia along with several other countries mainly in the CEE area.

2) In terms of sales Pantoprazole is one of the worldwide strongest pharmaceutical active ingredients for the treatment of gastric and duodenal ulcers. The sales volume achieved with this active ingredient by the initial supplier in the EU was above € 1.1 billion in 2008, thereof clearly above € 200 million in Germany (STADA estimate at ex-factory prices).

Financial position and cash flow

In the Executive Board's view, the STADA Group's financial position continues to be stable. Thus, the **equity-to-assets ratio** was 33.9% as of June 30, 2009 (December 31, 2008: 34.0%) and thereby remains clearly, from the Executive Board's perspective, in a satisfying area of above 30%.

Net debt amounted to € 1,062.8 million on June 30, 2009 (December 31, 2008: € 1,015.7 million) and continues to be mainly financed via long-term promissory notes from various international and national banks with maturities in the area of 2010-2015. Beyond that, STADA continues to have open credit lines in the amount of approx. € 500 million – also for financing acquisitions.

STADA's **gross cash flow** was € 86.4 million in the reporting period (1-6/2008: € 102.7 million). The **cash flow from operating activities** amounted to € 55.9 million in the first six months of 2009, adjusted for influences from other accounting periods[1)] € 66.6 million (1-6/2008: € 2.4 million, adjusted for influences from other accounting periods[2)] at that time € 22.8 million). The improvement of the cash flow from operating activities which already became apparent in the past fiscal year 2008 was thus continued in the first half of 2009.

Investment in BIOCEUTICALS Arzneimittel AG consolidated at equity

BIOCEUTICALS Arzneimittel AG, a company initiated by STADA and predominantly financed via venture capital[3)] whose business activities focus on so-called biosimilar products, is consolidated in the STADA Group using the equity method in accordance with STADA's shareholding of 15.86%. A contribution to earnings in the amount of € 0.3 million was thereby recorded in the first half year of 2009 (1-6/2008: € -1.7 million).

Primarily responsible were, on the one hand, increased royalties for the Erythropoietin-zeta, a biosimilar developed by BIOCEUTICALS which has been marketed in various EU countries since the beginning of 2008. On the other hand, a license agreement newly concluded by the BIOCEUTICALS investment in the second quarter of 2009 also played a role in the positive contribution to earnings. In the course of the still ongoing development activities for the active ingredient Filgrastim, BIOCEUTICALS obtained protection of patented designs for certain possibilities of stabilizing this active ingredient in liquids, the violation of which through competitive products already distributed in Germany was successfully legally enforced by BIOCEUTICALS. As a result, the defendant competitors agreed to a license agreement with BIOCEUTICALS in the context of an out-of-court settlement providing for, apart from a significant lump sum payment in the second quarter of 2009, further sales-related payments to BIOCEUTICALS in the future as long as the respective property rights are effective.

Acquisitions and disposals

In view of the increasing concentration processes in the industry, the Executive Board continues to see the opportunity but also the necessity to complement organic Group growth by means of additional external growth impulses. Against this backdrop the Group will continue to pursue an active, but also cautious acquisition policy and to make thereby use of standards that remain stringent in terms of profitability and appropriateness of the purchase price. In this context, the Executive Board also does not rule out cooperations with significant equity investments.

1) Utilization of provisions from 2008 as a consequence of the negative patent decision for STADA in Germany in connection with the active pharmaceutical ingredient Olanzapine.
2) Utilization of provisions from 2007 for the restructuring of the German generics business.
3) STADA's financial exposure as of June 30, 2009: € 19.3 million payments for equity share, € 43.2 million loans and € 4.2 million capital guarantee drawn.

In the second quarter of 2009, there were only minimal increases of shareholdings in Serbia[1] and Bosnia-Herzegovina.[2]

In the current third quarter of 2009 STADA, by making use of a local opportunity, took over the production facilities for ointments and gels of the Japanese pharmaceutical group Daiichi Sankyo in Pfaffenhofen close to Munich with over 30 employees and an annual production volume of over 600 tons. Mobilat®, a product for the local treatment of blunt injuries such as contusions or sports injuries whose trademark rights were acquired by various STADA subsidiaries from SANKYO PHARMA group Europe in the scope of a package of eleven European branded products already in 2005 is produced in these facilities, among others. The takeover of the production facilities guarantees long-term production capacities for an important Group product and takes effect on January 1, 2010. The total investment volume amounts to approx. € 0.1 million.

For the financing of external growth, the Executive Board continues to be prepared to further increase the Group's net debt. To create a sufficient financial framework for corresponding acquisition projects as well as cooperations with equity investments, appropriate capital measures continue, however, also to be imaginable if such acquisitions or cooperations too strongly burdened the equity-to-assets ratio.

STADA share

In the first half year of 2009, also against the backdrop of the global financial and economic crisis the development of the STADA share was very volatile and temporarily strongly decreasing. However, in the second quarter of 2009 the share price clearly gained value. While the STADA share was still at € 12.32 on March 31, 2009, it closed at € 17.81 on June 30, 2009 and thus increased by 45%. At the end of 2008 the STADA share was listed at € 20.50. On the reporting date June 30, 2009, the market capitalization of STADA amounted to € 1.047 billion. As of March 31, 2009 the market capitalization was still at € 0.724 billion and as of December 31, 2008 at € 1.205 billion.

As of June 30, 2009, subscribed share capital of STADA Arzneimittel AG consisted of 58,759,820[3] restricted[4] registered common shares, each with an arithmetical share in share capital of € 2.60 (December 31, 2008: 58,759,820 registered common shares). Thus, the number of shares and share capital in the amount of € 152,775,532.00 (December 31, 2008: € 152,775,532.00) did not change in the first half year of 2009. As of June 30, 2009, 181,520 warrants 2000/2015[5] for the subscription of 3,630,400 STADA registered common shares continued to be outstanding.

In the first six months of 2009 STADA did not purchase any of its own shares and sold 5,191 of its own shares at an average price of € 13.75. As of June 30, 2009, 104,468 of its own shares were thereby held by STADA, compared to 109,659 shares which the Company had held as of December 31, 2008.

In the second quarter of 2009 there was, in accordance with section 26 (1) of the German Securities Trading Act (WpHG), no announcement on exceeding or falling below a legal reporting threshold. On June 30, 2009 STADA therefore assumes, by considering the announcements on exceeding or falling below reporting thresholds available to the Company that there are no shareholdings exceeding any of the legal reporting thresholds. In accordance with Deutsche Börse AG regulations, the free float of STADA Arzneimittel AG thus remains 100%.

1) Increase of stakes in Hemofarm-Konzern-Pharma A.D., Sabac, Serbia from previously 96.55% to now 99.99%, investment volume € 2.8 million.
2) Increase of stakes in Cajavec sistemi upravljanja A.D., Banja Luka, Bosnia-Herzegovina from previously 96.78% to now 97.42%, investment volume € 0.02 million.
3) After deducting own shares, 58,655,352 registered common shares are entitled to vote.
4) Under the Company's statutes, STADA's restricted registered common shares can only be transferred in 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 Meetings and to exercise voting rights. No shareholder and no shareholder group shall have any special rights.
5) The legally binding option terms and conditions are published on the Company website under www.stada.de and www.stada.com.

The Annual General Meeting this year on June 10, 2009[1] was characterized by high approval rates in voting during this meeting. In this context the dividend for the 2008 fiscal year was fixed at € 0.52 per common share (previous year: € 0.71). As in previous years the dividend distribution of June 11, 2009 thus reached overall again approx. 40% of the reported net income; the remaining surplus was carried forward. Beyond that, the Annual General Meeting renewed the authorization for the purchase and sale of own shares.

Changes in the employee representatives on STADA's Supervisory Board

With the completion of STADA's Annual General Meeting on June 10, 2009, there were – as a result of a regular new election in May this year – changes in the employee representatives on STADA's Supervisory Board. The employee representatives on STADA's Supervisory Board are now unchanged Heike Ebert as well as newly elected members Karin Schöpper and Manfred Krüger. Manfred Krüger was elected Deputy Chairman of the Supervisory Board of STADA Arzneimittel AG in a Supervisory Board meeting held directly after the Annual General Meeting. There were no changes among the six shareholder representatives on the Supervisory Board.

Outlook

The Executive Board confirms the outlook and risk report published for the Group in STADA's Annual Report 2008.

Accordingly, the further development of the STADA Group is, on the one hand, characterized by the existing structural and operative growth opportunities; on the other hand there is a continued operationally challenging environment and significant burdens due to the global financial and economic crisis.

The Executive Board continues to constantly align the Group to this operationally challenging environment. In view of the strategic focus on growth markets, the established operating success factors and the intended supplementing of organic growth by means of additional external growth impulses in the context of a cautious acquisition policy, opportunities open up which, in the Executive Board's assessment, generally allow for the operating challenges and risks in individual national markets to be successfully coped with.

Against this backdrop the Executive Board continues to deem STADA's operative business model sustainable and viable for the future and sees, from today's view, the fundamental opportunity to achieve growth in terms of sales and net income in the years to come regardless of conditions which remain challenging.

Whether STADA, however, under the especially difficult framework conditions of the global financial and economic crisis, can also grow in fiscal year 2009 is, from today's perspective, open and depends, in addition to the operative development in important key markets such as Germany, Russia and Serbia, also to a significant degree on non operational factors like interest rate level and currency relations.

Also from today's perspective of the Executive Board, the minimum goal of adjusted EBITDA of € 250 million in the STADA Group for fiscal year 2009 should continue to be achievable. Regardless of the sales and earnings decrease in the first half year of 2009, the Executive Board continues to see the opportunity that STADA, with a revival of business in the second half year, can overall still achieve and even exceed the sales and earnings level from the previous year in fiscal year 2009.

H. Retzlaff W. Jeblonski C. Schumann

1) The wording of the decisions of the Annual General Meeting of June 10, 2009 as well as all voting results are published on the Company's website at www.stada.de and www.stada.com at least until the end of the current fiscal year.

STADA
Arzneimittel

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS OF 2009 (ABRIDGED)

Consolidated Income Statement

in € 000s	1/1-6/30/2009	1/1-6/30/2008[1]	4/1-6/30/2009	4/1-6/30/2008
01. Sales	755,227	822,842	379,287	423,870
02. Cost of sales	416,517	444,267	218,249	231,888
03. Gross profit	**338,710**	**378,575**	**161,038**	**191,982**
04. Other operating income	27,038	23,171	11,128	10,788
05. Selling expenses	173,082	182,836	88,882	95,196
06. General and administrative expenses	58,876	61,249	28,993	31,622
07. Research and development expenses	22,181	22,741	11,039	12,228
08. Other operating expenses	26,190	25,457	6,458	10,898
09. Operating profit	**85,419**	**109,463**	**36,794**	**52,826**
10. Investment income	866	1,183	866	134
11. Result from the accounting of associated companies under the equity method	279	-1,729	683	-789
12. Interest result	-25,679	-22,552	-9,611	-8,639
13. Financial result	**-24,534**	**-23,098**	**-8,062**	**-9,294**
14. Earnings before taxes	**60,885**	**86,365**	**28,732**	**43,532**
15. Taxes on income	12,439	22,840	4,491	10,729
16. Net income[2]	**48,446**	**63,525**	**24,241**	**32,803**
thereof				
• net income distributable to shareholders of STADA Arzneimittel AG	48,314	62,977	24,196	32,640
• net income relating to minority interests	132	548	45	163
17. Earnings per share in € (in accordance with IAS 33.10)	0.82	1.07	0.41	0.56
18. Earnings per share in € (diluted) (in accordance with IAS 33.31)	0.82	1.03	0.41	0.54

1) The earnings figures of the second quarter of 2008 as well as of the first half year of 2008 reported in this interim report were adjusted in accordance with IAS 8 (see "Notes 1.2.").

2) Unless otherwise stated, "net income" in this interim report refers to income attributable to the shareholders' stake in STADA Arzneimittel AG, which under IFRS also represents the basis for calculating earnings per share and diluted earnings per share.

Consolidated Balance Sheet

Assets € 000s	June 30, 2009	Dec. 31, 2008
A. Non-current assets	1,419,893	1,412,913
1. Intangible assets	998,103	1,000,852
2. Property, plant and equipment	310,293	306,621
3. Financial assets	23,970	20,811
4. Shares in associated companies accounted for under the equity method	7,744	4,388
5. Non-current trade accounts receivable	1,073	1,325
6. Other non-current assets	48,035	50,160
7. Deferred tax assets	30,675	28,756
B. Current assets	1,020,459	1,056,561
1. Inventories	373,606	396,873
2. Current trade accounts receivable	472,238	458,186
3. Other current assets	95,894	88,854
4. Non-current assets held for sale	319	2,103
5. Current securities	60	66
6. Cash and cash equivalents	78,342	110,479
Total assets	2,440,352	2,469,474

Equity and Liabilities		
A. Shareholders' equity	827,896	839,735
1. Share capital	152,775	152,775
2. Reserves and unappropriated retained earnings	666,832	674,581
3. Minority interests	8,289	12,379
B. Non-current liabilities and provisions	907,161	887,664
1. Non-current provisions	23,459	22,872
2. Non-current financial liabilities	783,117	761,138
3. Non-current trade accounts payable	88	88
4. Other non-current liabilities	25,534	30,785
5. Deferred tax liabilities	74,963	72,781
C. Current liabilities and provisions	705,295	742,075
1. Current provisions	8,997	20,339
2. Current financial liabilities	358,107	365,099
3. Current trade accounts payable	215,122	228,605
4. Other current liabilities	123,069	128,032
Total equity and liabilities	2,440,352	2,469,474

Consolidated Cash Flow Statement

in € 000s (excerpt)	1/1–6/30/2009	1/1–6/30/2008
Cash flow (gross)	86,422	102,667
Cash from operating activities	55,851	2,386
Cash from investing activities	-60,716	-53,346
Cash from financing activities	-15,515	64,824
Other changes in shareholders' equity / currency translation	-11,757	-12,300
Net cash for the period	-32,137	1,564

Statement of Recognized Income and Expenses

in € 000s	1/1–6/30/2009	1/1–6/30/2008
Net income	48,446	63,525
thereof		
• net income distributable to shareholders of STADA Arzneimittel AG	48,314	62,977
• net income relating to minority interests	132	548
Income and expenses recognized directly in shareholders' equity	-25,251	-642
thereof		
• Currency translation differences relating to shareholders of STADA Arzneimittel AG	-24,814	-2,913
• Currency translation differences relating to minority interests	273	75
• Derivative financial instruments	-1,241	3,048
• Actuarial gains (+) and losses (-) from provisions for pensions	273	-56
• Deferred taxes	258	-796
Total of all recognized income and expenses	23,195	62,883
thereof		
• recognized income and expenses relating to shareholders of STADA Arzneimittel AG	22,790	62,260
• recognized income and expenses relating to minority interests	405	623

Consolidated statement of changes in shareholders' equity

in € 000s	1/1–6/30/2009	1/1–6/30/2008
Equity capital at the beginning of the period	839,735	919,636
Net income including profit relating to minority interest	48,446	63,525
Capital increase through the exercising of warrants	-	308
Changes in provisions for payments to employees in accordance with IAS 19	200	-39
Dissolution of reserves for fair value assessment and cash flow hedges	-910	2,235
Dividend payments of STADA Arzneimittel AG	-30,501	-41,612
Other changes/currency translation	-29,074	-12,217
Equity capital at the end of the period	827,896	931,836

Notes

1. General

1.1. Accounting policies

In accordance with the regulations of section 37w (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 EU. The consolidated interim management report has been prepared in consideration of the applicable WpHG regulations.

The consolidated interim financial statements as of June 30, 2009 have been prepared under consideration of the regulations outlined in the 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, 2008 was selected.

All IFRS published by the International Accounting Standards Board (IASB) and effective when the present interim report was prepared and applicable in the European Union, have been observed by STADA.

As compared to fiscal year 2008 the following standards and interpretations are therefore applied:

- IAS 1 “Presentation of Financial Statements”: In this context STADA makes use of the option to show an income statement as well as, based on profit for the period, a disclosure of income and expenses recognized in equity without effect on income. The presentation of the statement of changes in shareholders’ equity is now made as a separate part of the report before the Notes.
- IAS 23 “Borrowing Costs”: With this, for STADA the former option to directly recognize borrowing costs that can be directly allocated to the acquisition, construction or manufacture of a qualified asset as an expense no longer applies.
- IFRS 8: Since the beginning of the current fiscal year 2009 STADA, as required, has applied the regulations of IFRS 8, replacing the regulations of IAS 14 which were applied up to the end of 2008. Under IFRS 8 the identification of reportable operating segments is based on the “Management Approach“, which has already been applied by STADA in the past in accordance with IAS 14. Moreover, external segment reporting is to be carried out based on the management and reporting figures used internally.
- IFRIC 13 “Customer Loyalty Programs”: This interpretation deals with accounting and measurement of customer loyalty programs where the customer receives points (award credits) allowing him to receive free or discounted goods or services from the seller or third parties. There were no consequences from this for STADA.

In the Executive Board's view, the interim report includes all usual adaptations that must be constantly made and which are necessary for an adequate presentation of the Group's business, financial and earnings situation. With regard to the principles and methods used in the context of Group Accounting we refer to the Notes on the consolidated financial statements of the Annual Report 2008.

1.2. Restatement of comparative information from the consolidated financial statements as of June 30, 2008 in accordance with IAS 8

Following the audit carried out by the German Financial Reporting Enforcement Panel DRP e.V. in fiscal year 2008 in accordance with section 342 b (2) sentence 3 no. 3 HGB (random sample audit) and the resulting findings, the comparative figures from the interim report as of June 30, 2008 have been restated accordingly. For more details, please refer to section 1.5. of the consolidated financial statements for fiscal year 2008.

The following overview summarizes the restated figures of the Income Statement for the period January 1 to June 30, 2008:

Significant income statement data (each Jan, 01 – June, 30) in € 000s	2008 as reported originally	Corrections in accordance with IAS 8	2008 after corrections
Operating profit	109,463	-	109,463
Investment income	1,183	-	1,183
Result from the accounting of associated companies under the equity method	-	-1,729	-1,729
Interest result	-22,552	-	-22,552
Financial result	-21,369	-1,729	-23,098
Earnings before taxes	88,094	-1,729	86,365
Taxes on income	22,840	-	22,840
Net income	65,254	-1,729	63,525
thereof			
• net income distributable to shareholders of STADA Arzneimittel AG	64,706	-1,729	62,977
• net income relating to minority interests	548	-	548

1.3. Scope of consolidation

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

There were no changes in the scope of consolidation as compared to March 31, 2009. Already in the first quarter of 2009, Health Vision Enterprise Ltd., Hong Kong, China, was deconsolidated due to lack of material significance. STADA Pharma Slovakia s.r.o., Bratislava, Slovakia, STADA PHARMA Poland Sp. z o.o., Warsaw, Poland, OOO STADA PharmDevelopment, Nizhny Novgorod, Russia, as well as HTP Huisapotheek B.V. and Neocare B.V., both Etten-Leur, Netherlands were consolidated for the first time in the first quarter of 2009.

As of the balance sheet date on June 30, 2009, 65 companies are thereby fully consolidated in the STADA Group and two on a pro rata basis. Moreover, one company is accounted for as an associate in accordance with IAS 28 using the equity method.

2. Consolidated income statement: Summary

2.1. Sales

Sales are recorded in this interim report in accordance with the principle of revenue recognition: Revenues from the sale of products and goods are recognized when goods have been delivered or services rendered and both risk and title have passed to the buyer.

2.2. Research and development expenses

In the case of research and development expenses, it must be considered that it is only a matter of development expenses because STADA, due to its business model, does not carry out any research into new active pharmaceutical ingredients. In accordance with the STADA Group's accounting guidelines presented in the Annual Report 2008 a part of development costs is capitalized.

2.3. Investment in BIOCEUTICALS Arzneimittel AG consolidated at equity

BIOCEUTICALS Arzneimittel AG, a company initiated by STADA and predominantly financed via venture capital[1)] whose business activities focus on so-called biosimilar products, is consolidated using the equity method in accordance with STADA's shareholding of 15.86%. A contribution to earnings in the amount of € 0.3 million was thereby recorded in the first half year of 2009 (1-6/2008: € -1.7 million). Primarily responsible were, on the one hand, increased royalties for the Erythropoietin-zeta, a biosimilar developed by BIOCEUTICALS which has been marketed in various EU countries since the beginning of 2008. On the other hand, a license agreement newly concluded by the BIOCEUTICALS investment in the second quarter of 2009 also played a role in the positive contribution to earnings. In the course of the still ongoing development activities for the active ingredient Filgrastim, BIOCEUTICALS obtained protection of patented designs for certain possibilities of stabilizing this active ingredient in liquids, the violation of which through competitive products already distributed in Germany was successfully legally enforced by BIOCEUTICALS. As a result, the defendant competitors agreed to a license agreement with BIOCEUTICALS in the context of an out-of-court settlement providing for, apart from a significant lump sum payment in the second quarter of 2009, further sales-related payments to BIOCEUTICALS in the future as long as the respective property rights are effective.

2.4. Taxes on income

Taxes on income are recognized in each reporting period based on the best estimate of the weighted average annual income tax rate expected for the full year. This tax rate is applied to the earnings before taxes of the Group's consolidated financial statements for the first six months of 2009.

1) STADA's financial exposure as of June 30, 2009: € 19.3 million payments for equity share, € 43.2 million loans and € 4.2 million capital guarantee drawn.

3. Consolidated balance sheet: Summary

3.1. Intangible assets

As of June 30, 2009, the intangible assets included € 334.7 million (December 31, 2008: € 339.1 million) goodwill.

3.2. Consolidated statement of changes in shareholders' equity

Pursuant to IAS 1.124 b STADA understands capital exclusively as this equity reported in the Group's balance sheet and aims to continuously improve its market value through optimal capital management.

Group equity amounted to € 827.9 million as of June 30, 2009 (December 31, 2008: € 839.7 million). Thus, an equity-to-assets ratio of 33.9% existed on this reporting date (December 31, 2008: 34.0%).

3.3. Financial liabilities

As of June 30, 2009, the Group's current and non-current financial liabilities in the amount of € 358.1 million and € 783.1 million (December 31, 2008: € 365.1 million and € 761.1 million) include non-current promissory notes in the amount of € 675.0 million (December 31, 2008: € 650.0 million).

3.4. Other financial obligations

Other financial obligations mainly relate to obligations from rental and leasing obligations as well as additional financial obligations. On June 30, 2009 rental and leasing obligations amounted to € 42,877 thousand (December 31, 2008: € 47,477 thousand) and the remaining financial liabilities amounted to € 56,122 thousand (December 31, 2008: € 61,283 thousand).

4. Cash flow statement: Summary

4.1. Cash flow from operating activities

Cash flow from operating activities consists of changes in items not affected by capital expenditure, financing, changes in exchange rates from the conversion of foreign financial statements or through the scope of consolidation and measurement-related changes in positions covered.

4.2. Cash flow from investing activities

Cash flow from investing activities reflects the cash outflows for investments adjusted by the inflows from disposals.

4.3. Cash flow from financing activities

Cash flow from financing activities encompasses changes in financial liabilities.

4.4. Net cash flow for the period

Net cash flow for the period is the balance of cash inflows and outflows from operating activities, financing activities and investing activities, as well as from other changes in shareholders' equity and from currency translation as well as the influence of changes in the balance sheet by companies consolidated for the first time.

5. Other disclosures

5.1. Related party disclosures

Related party disclosures made in the Annual Report 2008 remain unchanged for the financial statements of the first half of 2009, with the two following exceptions that the utilization of the capital guarantee granted by STADA to BIOCEUTICALS Arzneimittel AG amounted to € 4.2 million as of June 30, 2009 and that a total of € 43.2 million has been used from the credit line facility given by STADA to BIOCEUTICALS.

5.2. One-time special effects and adjusted key figures

STADA's financial performance indicators have been influenced by a number of one-time special effects and/or non-operations related effects both in the reporting period and in the same periods of the previous years.

The deduction of such effects which have an impact on STADA's earnings situation and the derived key figures aims at improving the comparability of key figures with previous periods. To achieve this, STADA uses adjusted key figures, which, as so-called pro forma figures, are not governed by the international accounting requirements in accordance with the International Financial Reporting Standards (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. Adjusted key figures should not be viewed in isolation as an alternative to STADA's financial performance indicators presented in accordance with IFRS. In addition, a statement on the future development of adjusted key figures is only possible to a limited extent due to the one-time character of the special effects recognized in these figures.

6. Segment reporting

6.1. General information

With the application of IFRS 8, in effect since 2009, STADA continues to report a segment result that corresponds to the operating profit of the income statement in accordance with IFRS.

Since the application of IFRS 8, disclosures on segment assets relate to non-current assets (intangible assets, property, plant and equipment as well as financial assets); the figures for the previous year were adjusted accordingly.

6.2. Segment information according to business segments

in € 000s		1/1-6/30/2009	1/1-6/30/2008
Generics	External sales	537,845	561,714
	Sales with other segments	798	101
	Total sales	538,643	561,815
	Operating profit	66,207	77,152
	Segment assets (June 30)	904,771	840,462[1)]
Branded Products	External sales	187,645	186,414
	Sales with other segments	1,395	1,522
	Total sales	189,040	187,936
	Operating profit	34,244	36,357
	Segment assets (June 30)	195,161	214,094[1)]
Commercial Business	External sales	24,565	27,080
	Sales with other segments	146	0
	Total sales	24,711	27,080
	Operating profit	699	3,599
	Segment assets (June 30)	2,991	3,349[1)]
Group holdings / other	External sales	5,172	47,634
	Sales with other segments	0	1,029
	Total sales	5,172	48,663
	Operating profit	-15,731	-7,645
	Segment assets (June 30)	229,443	351,892[1)]
Reconciliation consolidated financial statements	External sales	0	0
	Sales with other segments	-2,339	-2,652
	Total sales	-2,339	-2,652
	Operating profit	0	0
	Segment assets (June 30)	0	0
Consolidated	External sales	755,227	822,842
	Sales with other segments	0	0
	Total sales	755,227	822,842
	Operating profit	85,419	109,463
	Segment assets (June 30)	1,332,366	1,409,797[1)]

1) Adjusted in accordance with IAS 8 (see “Notes 1.2.”).

6.3. Reconciliation of segment results to net profit

in € 000s	1/1-6/30/2009	1/1-6/30/2008
Operating segment profit	85,419	109,463
Investment income	866	1,183
Result from the accounting of associated companies under the equity method	279	-1,729
Interest result	-25,679	-22,552
Earnings before taxes, Group	60,885	86,365

6.4. Reconciliation of segment assets to Group assets

in € 000s	June 30, 2009	June 30, 2008
Segment assets	1,332,366	1,409,797
Other non-current assets	87,527	94,517
Current assets	1,020,459	1,091,198
Total assets, Group	2,440,352	2,595,512

7. Additional information

7.1. Regional sales[1)]

in € 000s	1/1–6/30/2009	1/1–6/30/2008	± % in euro	± % in local currency[2)]
Europe	724,601	796,149	-9%	
• Belgium	61,452	55,651	10%	
• Bosnia-Herzegovina	12,146	12,625	-4%	-4%
• Bulgaria	3,386	3,014	12%	12%
• Denmark	12,511	7,918	58%	58%[3)]
• Germany	281,580	297,398	-5%	
• Finland	2,158	4,997	-57%	
• France	38,728	44,377	-13%	
• UK	25,206	62,275	-60%	-54%[4)]
• Ireland	9,889	14,508	-32%[5)]	
• Italy	53,967	54,835	-2%[6)]	
• Macedonia	1,422	1,323	8%	8%
• Montenegro	2,858	3,960	-28%	
• The Netherlands	19,508	19,408	1%[7)]	
• Austria	6,986	6,584	6%	
• Poland	1,449	447	224%	318%
• Portugal	5,491	5,593	-2%	
• Romania	1,858	1,469	26%	45%
• Russia	77,848	76,063	2%	24%
• Sweden	2,342	1,612	45%	68%
• Serbia	45,217	65,373	-31%	-20%
• Slovakia	2,810	2,283	23%	
• Spain	36,428	33,973	7%	
• Czech Republic	5,888	4,418	33%	44%
• Ukraine	7,634	8,438	-10%	27%
• Rest of Europe	5,839	7,607	-23%	
The Americas	6,085	2,433	150%	
Asia	21,993	23,106	-5%	
• China	1,068	2,562	-58%	-64%
• Kazakhstan	3,245	3,294	-1%	3%
• The Philippines	6,012	5,548	8%	6%
• Thailand	1,154	1,225	-6%	-10%
• Vietnam	4,561	3,638	25%	19%
• Rest of Asia	5,953	6,839	-13%	
Rest of world	2,548	1,154	121%	

1) Broken down according to the national market in which the sales were achieved.
2) In some cases, figures were converted into local currency since the invoicing company's reporting currency was euro.
3) Adjusted growth rate of 53% in local currency by taking into account acquisitions of branded products carried out there since then.
4) Adjusted growth rate of -14% in local currency by taking into account the disposal (Forum Products, deconsolidated since August 31, 2008) carried out there since then.
5) Adjusted growth rate of -2% by taking into account the disposal (Forum Products, deconsolidated since August 31, 2008) carried out there since then.
6) Adjusted growth rate of -4% by taking into account acquisition and disposal of branded products carried out there since then.
7) Adjusted growth rate of 7% by taking into account commercial business abandoned there since then.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for orderly Group interim financial reporting, we assert that the interim consolidated financial statements give a true and fair view of the Group's business, financial and earnings situation, that the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, and that the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year are described.

Bad Vilbel, August 10, 2009

H. Retzlaff W. Jeblonski C. Schumann

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1) Employee representatives.

REVIEW REPORT

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, the income statement, statement of recognised income and expense, condensed cash flow statement and selected notes – and the interim group management report of STADA Arzneimittel AG, Bad Vilbel, for the period from January 1 to June 30, 2009 which form part of the half year financial report according to section 37w German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to the interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Security Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard of Review Engagements (ISRE) 2410. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Security Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Frankfurt, August 10, 2009

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