INTERIM REPORT ON THE FIRST SIX MONTHS 2015

120 YEARS

STADA

ALL THE BEST

STADA KEY FIGURES

Key figures for the Group in € million	6 months 2015 Jan. 1 – June 30	6 months 2014 Jan. 1 – June 30	± %
Group sales	1,025.9	1,002.8	+2%
• Generics (core segment)	615.3	598.7	+3%
• Branded Products (core segment)	389.3	381.6	+2%
Operating profit	112.1	121.2	-8%
Operating profit, adjusted [1)2)]	*138.1*	*152.2*	*-9%*
EBITDA (Earnings before interest, taxes, depreciation and amortization)	181.4	192.1	-6%
EBITDA (Earnings before interest, taxes, depreciation and amortization), adjusted [1)2)]	*189.2*	*208.3*	*-9%*
EBIT (Earnings before interest and taxes)	113.0	122.0	-7%
EBIT (Earnings before interest and taxes), adjusted [1)2)]	*139.0*	*153.0*	*-9%*
EBT (Earnings before taxes)	77.5	90.8	-15%
EBT (Earnings before taxes), adjusted [1)2)]	*111.4*	*120.1*	*-7%*
Net income	53.6	66.8	-20%
Net income, adjusted [1)2)]	*85.0*	*90.1*	*-6%*
Cash flow from operating activities	40.4	61.8	-35%
Capital expenditure	57.2	196.5	-71%
Depreciation and amortization (net of write-ups)	68.4	70.1	-2%
Employees (average number calculated on the basis of full-time employees)	10,391	10,084	+3%
Employees (as of the balance sheet date calculated on the basis of full-time employees)	10,358	10,113	+2%

Key share figures	6 months 2015 Jan. 1 – June 30	6 months 2014 Jan. 1 – June 30	± %
Market capitalization in € million (as of June 30)	1,886.5	2,103.6	-10%
Closing price (XETRA®) in € (as of June 30)	30.26	34.79	-13%
Average number of shares (without treasury shares, Jan. 1 – June 30)	61,020,667	60,355,226	+1%
Earnings per share in €	0.88	1.11	-21%
Earnings per share in €, adjusted [1)2)]	*1.39*	*1.49*	*-7%*
Diluted earnings per share in €	0.88	1.09	-19%
Diluted earnings per share in €, adjusted [1)2)]	*1.39*	*1.47*	*-5%*

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

CONSOLIDATED INTERIM MANAGEMENT REPORT

Overview

In the first half of 2015, the STADA Group's business development was within the scope of expectations. STADA continued to be faced with tremendous challenges particularly in the market region CIS/Eastern Europe, but was able to achieve sales in Russia that were approximately at the same level of the previous year in local currency and to increase both reported and adjusted Group sales. Overall, the Group had to report one-time special effects in connection with currency translation expenses recorded in the income statement as a result of the weak Russian ruble and the strong devaluation of the Ukrainian hryvnia in the total amount of € 8.6 million before or € 7.0 million after taxes.

Reported Group sales in the first six months of the current financial year increased slightly by 2% to € 1,025.9 million (1-6/2014: € 1,002.8 million). Reported EBITDA declined by 6% to € 181.4 million (1-6/2014: € 192.1 million). Reported net income decreased by 20% to € 53.6 million (1-6/2014: € 66.8 million). Adjusted EBITDA declined by 9% to € 189.2 million (1-6/2014: € 208.3 million). Adjusted net income recorded a decrease of 6% to € 85.0 million (1-6/2014: € 90.1 million).

The financial position of the STADA Group remained stable in the reporting period. Net debt was at € 1,393.2 million as of June 30, 2015 (December 31, 2014: € 1,327.5 million). The net debt to adjusted EBITDA ratio in the first half of 2015 was at 3.7 on linear extrapolation of the adjusted EBITDA of the reporting period on a full-year basis (1-6/2014: 3.5). In the first quarter of 2015, STADA placed another corporate bond at favorable conditions for the refinancing of a corporate bond which reached maturity in April 2015.

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

Sales development of the STADA Group

Group sales increased slightly by 2% to € 1,025.9 million (1-6/2014: € 1,002.8 million) in the first six months of 2015.

When effects on sales that resulted from changes in the Group portfolio and currency effects are deducted, Group sales showed an increase of 2% to € 1,025.3 million in the first half of 2015.

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 half of the current financial year, portfolio changes contributed a total of € 18.3 million or 1.8 percentage points to sales growth.
- As a result of applying the foreign exchange rates from the first six months of 2015 compared with those from the first half of 2014 for the translation of local sales contributions into the Group currency euro, STADA recorded a negative currency effect for Group sales in the amount of € 19.6 million or -1.9 percentage points because the development of two of the three most important national currencies for STADA was weaker as compared to the Group currency euro. In this context, the development of the Russian ruble was significantly weaker and the Serbian dinar was weaker. However, the Group's third most important national currency, the British pound sterling, had a positive currency effect in the reporting period. Furthermore, the Ukrainian hryvnia recorded a significantly weaker development while the value of the Vietnamese dong increased significantly. The currency relationships in other countries relevant for STADA only had a small influence on the translation of sales and earnings in local currencies into the Group currency euro.

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

Earnings development of the STADA Group

Both reported key earnings figures and adjusted key earnings figures recorded a decrease in the reporting period. This development was primarily based on negative currency effects from the considerable weakness of the Russian ruble and the strong devaluation of the Ukrainian hryvnia. Furthermore, the decreased purchase power associated with the devaluation of the Russian ruble and the increasing inflation had an impact on demand patterns in the Russian self-pay market.

Reported operating profit decreased by 8% to € 112.1 million in the reporting period (1-6/2014: € 121.2 million). **Reported EBITDA** declined by 6% to € 181.4 million (1-6/2014: € 192.1 million). **Reported net income** recorded a decrease of 20% to € 53.6 million (1-6/2014: € 66.8 million).

After adjusting the key earnings figures for influences distorting the period comparison resulting from one-time special effects, **adjusted operating profit** decreased by 9% in the first six months of 2015 to € 138.1 million (1-6/2014: € 152.2 million). **Adjusted EBITDA** showed a decline of 9% to € 189.2 million (1-6/2014: € 208.3 million). **Adjusted net income** decreased by 6% to € 85.0 million (1-6/2014: € 90.1 million).

One-time special effects amounted to a net burden on earnings in the amount of € 33.9 million before or € 31.4 million after taxes in the first half of 2015 (1-6/2014: net burden on earnings due to one-time special effects in the amount of € 29.3 million before or € 23.3 million after taxes).

In the second quarter of the current financial year, there was a burden on earnings in the amount of € 14.9 million before or € 14.7 million after taxes (second quarter of 2014: net burden on earnings in the amount of € 6.8 million before or € 5.7 million after taxes):

- a burden in the amount of € 9.6 million before or € 8.5 million after taxes from value adjustments netted of write-ups on intangible assets after impairment tests
- a net burden in the amount of € 6.0 million before or € 6.0 million after taxes in connection with the measurement of derivative financial instruments and the underlying transactions
- a burden in the amount of € 4.0 million before or € 3.7 million after taxes resulting from additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as a basis
- a net relief in the amount of € 2.5 million before or € 2.1 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 net relief in the amount of € 2.2 million before or € 1.4 million after taxes from several extraordinary expenses and income, among other things, from damage claim payments made and received and in connection with the disposal of the German logistics activities

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

Development of the STADA Group's reported key earnings figures

in € million	6 months 2015 Jan. 1 – June 30	6 months 2014 Jan. 1 – June 30	± %	Margin[1] 6 months 2015 Jan. 1 – June 30	Margin[1] 6 months 2014 Jan. 1 – June 30
Operating profit	112.1	121.2	-8%	10.9%	12.1%
• Operating segment result Generics	85.8	84.7	+1%	13.9%	14.1%
• Operating segment result Branded Products	71.1	74.0	-4%	18.3%	19.4%
EBITDA[2]	181.4	192.1	-6%	17.7%	19.2%
EBIT[3]	113.0	122.0	-7%	11.0%	12.2%
EBT[4]	77.5	90.8	-15%	7.6%	9.1%
Net income	53.6	66.8	-20%	5.2%	6.7%
Earnings per share in €	0.88	1.11	-21%		
Diluted earnings per share in €	0.88	1.09	-19%		

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

in € million	*6 months 2015 Jan. 1 – June 30*	*6 months 2014 Jan. 1 – June 30*	*± %*	*Margin[1] 6 months 2015 Jan. 1 – June 30*	*Margin[1] 6 months 2014 Jan. 1 – June 30*
Operating profit, adjusted	*138.1*	*152.2*	*-9%*	*13.5%*	*15.2%*
• Operating segment result Generics, adjusted	*87.0*	*93.0*	*-6%*	*14.1%*	*15.5%*
• Operating segment result Branded Products, adjusted	*88.0*	*95.6*	*-8%*	*22.6%*	*25.0%*
EBITDA[2], adjusted	*189.2*	*208.3*	*-9%*	*18.4%*	*20.8%*
• EBITDA Generics, adjusted	*111.4*	*118.4*	*-6%*	*18.1%*	*19.8%*
• EBITDA Branded Products, adjusted	*109.7*	*120.1*	*-9%*	*28.2%*	*31.5%*
EBIT[3], adjusted	*139.0*	*153.0*	*-9%*	*13.6%*	*15.3%*
EBT[4], adjusted	*111.4*	*120.1*	*-7%*	*10.9%*	*12.0%*
Net income, adjusted	*85.0*	*90.1*	*-6%*	*8.3%*	*9.0%*
Earnings per share in €, adjusted	*1.39*	*1.49*	*-7%*		
Diluted earnings per share in €, adjusted	*1.39*	*1.47*	*-5%*		

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

Other expenses decreased to € 31.3 million in the first half of 2015 as compared to the corresponding period of the previous year (1-6/2014: € 33.2 million). This development was especially attributable to a decrease in net currency translation expenses. In opposition, impairments on intangible assets increased.

The decrease in **financial income** in the first six months of 2015 to € 0.7 million as compared to the corresponding period of the previous year (1-6/2014: € 3.8 million) was due to net earnings from the measurement of derivative financial instruments in the amount of € 1.6 million in the previous year. In the reporting year, there was a net expense in the amount of € 7.9 million, which is reported under financial expenses.

Income tax expenses decreased to € 20.3 million in the reporting period as compared to the corresponding period of the previous year (1-6/2014: € 21.8 million). Thereby, the tax rate increased to 26.2% (1-6/2014: 24.0%), particularly due to non-capitalized deferred taxes on current losses in Ukraine.

Development of segments

Sales of the two **core segments**, Generics and Branded Products, increased in the first six months of the current financial year by 2% in total. Their share in Group sales thus amounted to a total of 97.9% (1-6/2014: 97.8%). Adjusted for portfolio effects and currency influences, sales of the two core segments increased by 3% as compared to the corresponding period of the previous year.

Sales of the core segment **Generics** increased by 3% to € 615.3 million in the reporting period (1-6/2014: € 598.7 million). This development was based for the most part on a strong sales growth of the German subsidiary ALIUD PHARMA GmbH as well as a substantially positive sales development of the British, Spanish, Dutch and Vietnamese companies. Sales generated with generics in the Russian market, which belongs to the market region CIS/Eastern Europe, and in the Belgian and French markets, which belong to the market region Central Europe, developed in the opposite direction. Generics contributed 60.0% to Group sales (1-6/2014: 59.7%). Adjusted, generics sales in the Group increased by 4%.

Sales of the core segment **Branded Products** in the reporting period recorded an increase of 2% to € 389.3 million (1-6/2014: € 381.6 million). The increase was mainly attributable to the positive development in the United Kingdom and Vietnam. Sales generated with branded products in the Russian market, which belongs to the market region CIS/Eastern Europe, developed in the opposite direction. Branded Products contributed 37.9% to Group sales (1-6/2014: 38.1%). Adjusted sales of branded products increased by 2% in the Group.

In the **Commercial Business** segment, which is not part of the core segments, sales decreased by 5% to € 21.3 million in the first six months of 2015 (1-6/2014: € 22.5 million).

In the first half of 2015, **reported operating segment profit** of **Generics** recorded a slight increase of 1% to € 85.8 million (1-6/2014: € 84.7 million). This development resulted, among other things, from a significant increase in the operating result of the German company ALIUD PHARMA. Regulatory changes in France that led to an increased discount rate had an opposite effect. Furthermore, the share of the low-margin products in the total sales of the Generics segment increased in Russia due to a changed sales mix. The **reported operating profit margin** of **Generics** was at 13.9% (1-6/2014: 14.1%).

Adjusted operating segment profit of **Generics** declined by 6% to € 87.0 million in the first six months of 2015 (1-6/2014: € 93.0 million). **Adjusted EBITDA** of **Generics** decreased by 6% to € 111.4 million (1-6/2014: € 118.4 million). This development was primarily based on the above-mentioned developments in France and Russia. The weaker development of adjusted key figures compared to the reported figures resulted from an increased adjustment volume in the corresponding period of the previous year, which mainly relates to currency translation expenses recorded in the income statement of the CIS subgroup.

The **adjusted operating profit margin** of **Generics** was at 14.1% (1-6/2014: 15.5%).

Reported operating segment profit of **Branded Products** in the reporting period declined by 4% to € 71.1 million (1-6/2014: € 74.0 million). This development primarily resulted from a reluctance to buy among the end consumers in the market region CIS/Eastern Europe. Furthermore, increasing cost of sales due to the weak ruble resulting from raw materials purchased in foreign currency was noticeable in this market region and could not be fully compensated by selective price increases. In opposition, operating profit of the Branded Products segment improved in the two market regions Central Europe and Asia/Pacific & MENA. The **reported operating profit margin** of **Branded Products** amounted to 18.3% (1-6/2014: 19.4%).

Adjusted operating segment profit of **Branded Products** recorded a decrease of 8% to € 88.0 million in the reporting period (1-6/2014: € 95.6 million). **Adjusted EBITDA** of **Branded Products** declined by 9% to € 109.7 million (1-6/2014: € 120.1 million). Both developments resulted from the reasons already mentioned in connection with the reported operating profit of Branded Products in the market region CIS/Eastern Europe. Furthermore, there was a higher decrease in adjusted operating profit than in reported operating profit due to lower one-time special effects as compared to the corresponding period of the previous year.

The **adjusted operating profit margin** of **Branded Products** amounted to 22.6% (1-6/2014: 25.0%).

Reported operating profit in the **Commercial Business segment** decreased to € 0.1 million in the first half of the current financial year (1-6/2014: € 0.7 million).

Development of the market regions

In the following, the business development of STADA's four market regions Central Europe, Germany, CIS/Eastern Europe and Asia/Pacific & MENA in the first six months of 2015 is presented. Additionally, 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 an increase in the reporting period – with varying development of the countries included – of 7% to € 499.1 million (1-6/2014: € 467.4 million). Sales achieved in this market region thus contributed a share of 48.7% to Group sales (1-6/2014: 46.6%). Of the sales generated by the market region Central Europe, € 21.2 million was attributable to export sales (1-6/2014: € 18.1 million). Adjusted sales in this market region remained at the level of the previous year.

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

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

Sales generated in **Italy** in the first half of 2015 increased by 3% to € 96.7 million (1-6/2014: € 93.8 million).

Sales generated in the Italian market with generics recorded a slight increase of 1% to € 79.3 million (1-6/2014: € 78.4 million). Generics contributed 82% to local sales (1-6/2014: 84%).

Sales generated with branded products in Italy grew by 13% to € 17.4 million (1-6/2014: € 15.4 million). Branded products contributed 18% to sales in Italy (1-6/2014: 16%).

In the **United Kingdom**, sales generated in the reporting period recorded an increase of 31% applying the exchange rates of the previous year. In euro, sales rose by 44% to € 87.6 million due to a positive currency effect of the British pound sterling (1-6/2014: € 60.8 million). The acquisition of the British company Internis Pharmaceuticals Ltd. in the fourth quarter of 2014, which has been consolidated in the STADA Group since December 19, 2014, also contributed to the sales growth. In addition, the sales increase was based on the production and distribution rights for the branded product portfolio Flexitol® acquired as of June 16, 2014 as well as the launch of the branded product Ladival® in January 2015. Adjusted, sales increased by 12%.

Sales generated in the British market with branded products recorded an increase of 43% to € 74.8 million (1-6/2014: € 52.5 million). Branded products thereby contributed 85% to sales generated in the United Kingdom (1-6/2014: 86%).

In the United Kingdom, sales reported with generics, where STADA continues to be a niche provider of selected generics with only a few active pharmaceutical ingredients, increased regardless of strong competition by 54% to € 12.8 million (1-6/2014: € 8.3 million). This pleasing development is particularly attributable to the changed marketing approach for a former branded product, which has been sold as a generic since October 2014. The share of generics in local sales was at 15% (1-6/2014: 14%).

In **Belgium**, sales decreased by 5% to € 70.0 million in the first six months of the current financial year (1-6/2014: € 73.6 million).

Sales generated with generics in the Belgian market declined by 6% to € 65.0 million (1-6/2014: € 69.3 million). Apart from a regulatory change, according to which price reductions for a large part of the local generics portfolio in Belgium were introduced as of March 1, 2015, this development is particularly attributable to the changed working capital management of a key distribution partner. Generics contributed 93% to local sales (1-6/2014: 94%).

Sales generated in Belgium with branded products increased by 16% to € 5.0 million (1-6/2014: € 4.3 million). Branded products contributed 7% to sales in Belgium (1-6/2014: 6%).

In **Spain**, sales recorded a rise – despite continued high price competition – of 7% to € 61.6 million in the first six months of 2015 (1-6/2014: € 57.3 million). This development is attributable both to a new cooperation with an important Spanish wholesaler and to product launches.

Sales recorded with generics in the Spanish market showed a plus of 7% to € 54.1 million (1-6/2014: € 50.6 million). Generics contributed 88% to local sales (1-6/2014: 88%).

Sales achieved in Spain with branded products increased by 11% to € 7.5 million (1-6/2014: € 6.8 million). Branded products contributed 12% to local sales (1-6/2014: 12%).

Sales achieved in **France** decreased by 10% to € 41.2 million in the reporting period (1-6/2014: € 45.6 million).

Sales generated with generics in the French market declined by 6% to € 35.9 million (1-6/2014: € 38.0 million). On the one hand, this development resulted from a strong price competition based on a regulatory change as of September 1, 2014, according to which the maximum permitted discount amount was substantially increased. On the other hand, it is attributable to the reduction of reimbursement amounts. Overall, the French generics market has shown a general sales decrease since calendar year 2014, which appears to be continuing. Generics contributed 87% to local sales (1-6/2014: 83%).

Sales reported in France with branded products decreased by 30% to € 5.3 million (1-6/2014: € 7.6 million), mainly due to the portfolio optimization carried out at the end of 2014. Branded products contributed 13% to sales in France (1-6/2014: 17%).

Market region Germany

In the **market region Germany**, sales in the first half of 2015 were approximately at the same level of the corresponding period of the previous year with € 227.9 million (1-6/2014: € 227.0 million). This development was achieved despite the fact that export activities to the MENA region are no longer disclosed in the market region Germany due to the grouping together[1)] of activities from the MENA region and from the former market region Asia & Pacific as of January 1, 2015. Overall, the market region Germany contributed 22.2% to Group sales (1-6/2014: 22.6%). Of the sales generated in this market region, € 18.2 million was attributable to export sales (1-6/2014: € 27.3 million). Adjusted sales in this market region were also approximately at the level of the corresponding period of the previous year.

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 5% to € 209.8 million in the first six months of the current financial year (1-6/2014: € 199.7 million).

Despite the unchanged difficult local framework conditions for generics, which were based on the intensive competition in tenders for discount agreements from public health insurance organizations, sales of the German Generics segment increased by 9% to € 143.6 million in the reporting period (1-6/2014: € 131.2 million). Sales generated in Germany with generics had a share of 68% in the overall sales reported in the German market (1-6/2014: 66%). The market share of generics sold in German pharmacies by volume in the reporting period was slightly below the level of corresponding period of the previous year with approx. 13.1%[2)] (1-6/2014: approx. 13.7%[2)]). Overall, the STADA Group continues to be the clear number 3[2)] in the German generics market.

Sales of generics achieved in Germany are almost exclusively generated with the sales companies ALIUD PHARMA GmbH, STADApharm GmbH and cell pharm Gesellschaft für pharmazeutische und diagnostische Präparate mbH. Sales achieved by ALIUD PHARMA in the first half of 2015 recorded growth of 22% to € 91.5 million (1-6/2014: € 75.0 million). Sales generated by cell pharm, a special supplier for the indication areas oncology and nephrology, decreased by 15% to € 13.9 million (1-6/2014: € 16.3 million).

Sales generated with branded products in the German market – primarily with the two sales companies STADA GmbH and STADAvita GmbH – decreased by 3% to € 66.2 million in the reporting period (1-6/2014: € 68.4 million).

Overall, branded products contributed 32% to the sales achieved in Germany in the first half of 2015 (1-6/2014: 34%).

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

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

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

Market region CIS/Eastern Europe

In the **market region CIS/Eastern Europe**[1], sales in the first six months of 2015 rose by 3% applying the exchange rates of the previous year. As a result of negative currency effects, sales in euro recorded a decrease of 14% to € 227.2 million (1-6/2014: € 265.6 million). Sales generated in this market region had a share of 22.1% in Group sales (1-6/2014: 26.5%). Of the sales generated by the market region CIS/Eastern Europe, € 6.2 million was achieved with export sales (1-6/2014: € 6.4 million). Sales adjusted for portfolio and currency effects in this market region increased by 3%.

For financial year 2015, the Executive Board expects growth 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 of the two largest markets according to sales within this market region is described below.

In **Russia**, sales in the reporting period applying the exchange rates of the previous year were approximately at the same level of the corresponding period of the previous year. As a result of a clearly negative currency effect of the Russian ruble, sales in euro were, with € 125.5 million, 23% below the performance of the previous year (1-6/2014: € 163.5 million). In comparison to the sales development in the first quarter of 2015 (-43% as compared to the corresponding period of the previous year), however, this sales trend stabilized considerably. The general reason for the decrease in sales remained attributable to two major influencing factors. In addition to a substantially weaker exchange rate as compared to the corresponding period of the previous year, a continued clear reluctance to buy was noticeable among end consumers through whom about 92% of STADA's sales in Russia is generated. Overall, a changed sales mix has been noticeable in the Russian market during the past months. Sales generated in the context of the state program for the reimbursement of selected medicines for individual population groups (DLO Program), which account for about 6% of the Russian sales, were above the level of the previous year in local currency. In contrast, sales primarily generated with branded products, which have higher margins, in the self-pay market, declined. Approx. 2% of sales were achieved directly or indirectly with other state clients, primarily via tenders.

Sales achieved in the Russian market with generics declined by 26% to € 41.3 million (1-6/2014: € 55.6 million). Generics contributed 33% to local sales (1-6/2014: 34%).

Sales generated with branded products in Russia recorded a decline of 22% to € 84.3 million (1-6/2014: € 107.9 million). Branded products contributed 67% to sales achieved in the Russian market (1-6/2014: 66%).

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 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 half of 2015 increased by 9% applying the exchange rates of the previous year. As a result of the negative currency effect of the Serbian dinar, sales in euro recorded growth by 5% to € 46.9 million (1-6/2014: € 44.8 million). The sales mix of the Serbian market continues to show a general shift from generics to branded products.

Sales generated with generics in the Serbian market increased slightly by 1% to € 36.9 million (1-6/2014: € 36.5 million). This development occurred despite the reduction of the reimbursement prices as of January 1, 2015. Generics contributed 79% to sales in Serbia (1-6/2014: 81%).

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

Sales recorded with branded products in Serbia increased by 21% to € 10.0 million (1-6/2014: € 8.3 million). Branded products contributed 21% to local sales (1-6/2014: 19%).

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

STADA believes that the operating business in the Serbian market is fundamentally stable and that it offers further growth opportunities. However, sales and earnings contributions in Serbia will continue to be particularly influenced by the currency relationship of the Serbian dinar to the euro in the future as well as by the local liquidity situation of the wholesalers and distribution partners.

Market region Asia/Pacific & MENA

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

In the **market region Asia/Pacific & MENA**, sales in the first six months of the current financial year showed an increase of 67% to € 71.7 million (1-6/2014: € 42.8 million). This development primarily resulted from growth in Vietnam. Here, sales could be increased despite greater price pressure through gains in local tender processes. Furthermore, the growth in sales was based on the previously mentioned grouping together of the former market region Asia & Pacific and the activities of the MENA region. Against this backdrop, disclosures for the subsidiaries STADA MENA DWC-LLC, based in Dubai and consolidated since January 1, 2015, and STADA Egypt Ltd., based in Cairo and consolidated since January 1, 2015, are also included under this region. The sales contribution of this market region to Group sales amounted to 7.0% (1-6/2014: 4.3%). Adjusted sales in this market region increased by 35%.

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

Development, production and procurement

Research and development costs amounted to € 33.6 million in the reporting period (1-6/2014: € 29.3 million). Since STADA is not active in research for new active pharmaceutical ingredients in view of its business model, it is only a matter of development costs. In addition, the Group capitalized development costs for new products in the amount of € 10.8 million in the first half of 2015 (1-6/2014: € 10.2 million).

Worldwide, STADA launched a total of 270 individual products in the individual national markets in the first six months of the current financial year (1-6/2014: 301 product launches).

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

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

In general, STADA makes appropriate investments to ensure that all Group-owned production facilities and test laboratories are maintained at the level required by legal stipulations and technical production considerations. Investments in the expansion and renewal of production facilities and plants as well as test laboratories amounted to € 15.6 million in the reporting period (1-6/2014: € 7.8 million).

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

Financial position and cash flow

The financial situation of the STADA Group remains characterized by stability. As of the balance sheet date of June 30, 2015, the **equity-to-assets ratio** was 30.5% (December 31, 2014: 27.1%) and thereby satisfactory in the view of the Executive Board.

Net debt amounted to € 1,393.2 million as of June 30, 2015 (December 31, 2014: € 1,327.5 million). The **net debt to adjusted EBITDA ratio** was at 3.7 in the reporting period on linear extrapolation of the adjusted EBITDA of the first half of 2015 on a full-year basis (1-6/2014: 3.5).

As of June 30, 2015, the long-term refinancing of the Group was provided for by a five-year corporate bond that was placed by STADA 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[2)] in the amount of € 300 million and a term of seven years with an interest rate of 1.75% p.a. Furthermore, as of June 30, 2015, there were promissory notes with maturities in the area of the end of 2016 to 2019 with a total nominal value in the amount of € 502.0 million. In order to have a balanced financing structure, promissory notes are staggered in terms of their volume and terms.

Intangible assets increased by € 68.4 million to € 1,699.9 million as of the balance sheet date of June 30, 2015 (December 31, 2014: € 1,631.5 million). This growth primarily resulted from currency effects in the context of converting financial statements of foreign subsidiaries with a reporting currency other than the Group currency euro. As of June 30, 2015, intangible assets included goodwill in the amount of € 391.3 million (December 31, 2014: € 372.3 million).

Financial assets declined as of the balance sheet date of June 30, 2015 by € 1.1 million to € 0.9 million (December 31, 2014: € 2.0 million). This development was primarily attributable to the inclusion of STADA MENA DWC and STADA Egypt in the scope of consolidation of STADA Arzneimittel AG.

Inventories increased as of the balance sheet date of June 30, 2015 by € 49.3 million to € 548.1 million (December 31, 2014: € 498.8 million), particularly due to translation effects in the CIS subgroup, the United Kingdom as well as Vietnam.

The increase in **income tax receivables** as of the balance sheet date of June 30, 2015 to € 37.1 million (December 31, 2014: € 30.7 million) was mainly due to high advance income tax payments in the market region CIS/Eastern Europe.

Current other financial assets decreased to € 75.2 million as of June 30, 2015 (December 31, 2014: € 86.9 million). This development primarily resulted from the repayment of a loan of the associate BIOCEUTICALS Arzneimittel AG as well as from the decrease in the measurement of derivative financial instruments.

The increase of **current other assets** by € 8.4 million to € 46.3 million as of the balance sheet date of June 30, 2015 (December 31, 2014: € 37.9 million) was, among other things, based on increased sales tax receivables, particularly in the CIS subgroup, as well as prepaid expenses/deferred charges which increased during the year under review.

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

Share capital and **capital reserve** of STADA Arzneimittel AG rose as of June 30, 2015 by € 4,460,924.00 to € 162,090,344.00 and € 23,765,421.49 to € 514,166,410.66. This is attributable to the increase in the number of shares in the first half of 2015 due to the exercise of 85,787 options from STADA warrants 2000/2015. The number of shares as of June 30, 2015 thereby increased by 1,715,740 to 62,342,440. The share options from the above-mentioned STADA warrants expired as of June 26, 2015. Therefore, there were no more warrants outstanding for subscription as of June 30, 2015.

Other provisions include results recognized directly in **equity**. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation recognized in other comprehensive income of financial statements of companies included in the Group, which are recognized in the statement of changes in shareholders' equity under provisions for currency translation. In the reporting period, income of € 97.7 million recognized directly in equity arose, which is primarily composed of the following effects: Due to the appreciation of the currencies Russian ruble, British pound sterling and Swiss franc since December 31, 2014, income recognized directly in equity from the currency translation of financial statements of companies reporting in the respective currency was recorded.

As of June 30, 2015, the Group's **current and non-current financial liabilities** in the amount of € 274.8 million and € 1,230.9 million (December 31, 2014: € 448.7 million and € 1,043.0 million) include, in particular, promissory notes which have a nominal value in the amount of € 502.0 million (December 31, 2014: € 552.5 million), 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, 2014: two bonds of € 350.0 million each). The change in financial liabilities primarily resulted from the placement of an additional bond in the first quarter of 2015 for the refinancing of a corporate bond which reached maturity in April 2015. Furthermore, the borrowing of current financial liabilities exceeded repayment.

Non-current other financial liabilities increased to € 11.3 million as of June 30, 2015 (December 31, 2014: € 5.3 million). This is mainly due to a measurement effect of derivative financial instruments.

Current other financial liabilities decreased by € 55.8 million to € 201.6 million (December 31, 2014: € 257.4 million). This was particularly due to outstanding purchase price payments for the acquisition of the Russian branded product portfolio Aqualor®, the Russian branded products AndroDoz® and NeroDoz® as well as the British company Internis Pharmaceuticals.

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 € 40.4 million in the first half of 2015 (1-6/2014: € 61.8 million). The decrease of € 21.4 million as compared to the corresponding period of the previous year is primarily attributable to a lower cash-effective decrease in trade receivables as well as the cash-effective increase in inventories. These decreases in cash flow from operating activities were only partially compensated by a decreased cash-efficiency in the area of other net assets as compared to the corresponding period of the previous year.

Cash flow from investing activities – which reflects the cash outflows for investments with inflows from disposals deducted – amounted to € -84.7 million in the reporting period (1-6/2014: € -165.9 million). Cash flow from investing activities was particularly influenced by payments for investments in intangible assets in the first half of the previous year, which primarily related to the acquisition of the Russian branded product portfolio Aqualor®. In the first half of 2015, cash flow from investing activities was affected, in particular, by the settlement of outstanding payments for the acquisition of the Rusian branded product portfolio Aqualor®, the Russian branded products AndroDoz® and NeroDoz®, as well as the British company Internis Pharmaceuticals.

Free cash flow in the reporting period amounted to € -44.3 million (1-6/2014: € -104.1 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals amounted to € -5.7 million in the reporting period (1-6/2014: € 28.3 million).

Cash flow from financing activities amounted to € -18.3 million in the first six months of 2015 (1-6/2014: € 114.5 million). This development was primarily characterized by opposing movements regarding the borrowing and settlement of financial liabilities. In the first quarter of 2015, a bond with a nominal value in the amount of € 300 million was placed for the refinancing of a corporate bond with a nominal value of € 350 million which reached maturity in April 2015. Overall, the borrowing of current financial liabilities exceeded repayment in the first half of 2015.

In addition, the exercise of options from STADA warrants 2000/2015 in the first half of 2015 led to an increase in cash flow from financing activities by € 28.2 million. In opposition, cash flow from financing activities decreased due to dividend payments.

Net cash flow for the current period is the balance of cash inflows and outflows from operating cash flow, cash flow from investing and financing activities as well as from changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation and amounted to € -51.8 million in the first half of 2015 (1-6/2014: € 8.6 million).

Acquisitions and disposals

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

In general, profitability and the purchase price must strike a good balance in 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.

Already in the fourth quarter of 2014, the Russian STADA subsidiary AO Nizhpharm signed the purchase agreement for the two branded products AndroDoz® and NeroDoz®, which are positioned in the area of men's health. The purchase was completed in the first quarter of 2015.[1)]

STADA share

The STADA share price increased by 20% in the first six months of 2015. Whereas the share price closed 2014 at € 25.25, it amounted to € 30.26 at the end of the first half of 2015. While STADA's market capitalization amounted to € 1.531 billion at the end of 2014, it was € 1.887 billion at the end of the first half of 2015.

As of June 30, 2015, the subscribed share capital of STADA Arzneimittel AG amounted to € 162,090,344.00 (December 31, 2014: € 157,629,420.00) consisting of 62,342,440 registered[2)] shares with restricted transferability, each with an arithmetical share in share capital of € 2.60 (December 31, 2014: 60,626,700 registered shares). Changes in the first half of 2015 were based on the exercising of 85,787 warrants 2000/2015[3)].

On June 3, 2015, the STADA Annual General Meeting resolved a dividend of € 0.66 per common share that was unchanged from the previous year. The total dividend payments of € 40.0 million (previous year: € 39.8 million) thus represent a distribution ratio of approx. 62% (previous year: approx. 33%) of reported net income. In addition, the Annual General Meeting confirmed the Executive Board and the Supervisory Board with a high level of approval.

1) See the Company's press release of February 4, 2015.
2) Under the Company's Articles of Incorporation, STADA's registered shares with restricted transferability can only be entered into the share register with the consent of the Company and, pursuant to the statutes, grant one vote each in the Annual General Meeting. Shareholders are only those who are registered as such in the share registry and only such persons are authorized to participate in the Annual General Meeting and to exercise voting rights. No shareholder and no shareholder group shall have any special rights.
3) The share options from the above-mentioned STADA warrants expired as of June 26, 2015. Therefore, there were no more warrants outstanding for subscription as of June 30, 2015.

In the first six months of 2015, the Group published all of the received voting rights notices according to Section 26 of the German Securities Trading Act (WpHG). These seven 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 2015 and the opportunities and risk report published for the Group in the Management Report of STADA's Annual Report 2014. Together with the supplements and updates listed in this interim report, it gives, in the view of the Executive Board, an up-to-date overall picture of the opportunities and risks for the STADA Group.

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

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

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

H. Retzlaff   H. Kraft   Dr. M. Wiedenfels

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

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

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement for the period from Jan. 1 to June 30 in € 000s	6 months 2015 Jan. 1 – June 30	6 months 2014 Jan. 1 – June 30	2nd quarter 2015 Apr. 1 – June 30	2nd quarter 2014 Apr. 1 – June 30
Sales	1,025,885	1,002,792	539,711	495,369
Cost of sales	531,704	522,920	278,944	264,936
Gross profit	**494,181**	**479,872**	**260,767**	**230,433**
Selling expenses	235,686	219,310	125,378	110,055
General and administrative expenses	88,436	85,385	44,413	43,572
Research and development expenses	33,612	29,276	17,447	15,425
Other income	6,963	8,500	3,815	4,450
Other expenses	31,301	33,161	15,675	7,683
Operating profit	**112,109**	**121,240**	**61,669**	**58,148**
Result from investments measured at equity	845	632	880	355
Investment income	60	151	5	46
Financial income	668	3,777	183	-417
Financial expenses	36,163	35,019	19,298	18,175
Financial result	**-34,590**	**-30,459**	**-18,230**	**-18,191**
Earnings before taxes	**77,519**	**90,781**	**43,439**	**39,957**
Income taxes	20,296	21,810	9,075	6,800
Earnings after taxes	**57,223**	**68,971**	**34,364**	**33,157**
thereof				
• distributable to shareholders of STADA Arzneimittel AG (net income)	53,623	66,751	32,415	31,768
• distributable to non-controlling shareholders	3,600	2,220	1,949	1,389
Earnings per share in € (basic)	0.88	1.11	0.53	0.53
Earnings per share in € (diluted)	0.88	1.09	0.53	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income in € 000s	6 months 2015 Jan. 1 – June 30	6 months 2014 Jan. 1 – June 30	2nd quarter 2015 Apr. 1 – June 30	2nd quarter 2014 Apr. 1 – June 30
Earnings after taxes	**57,223**	**68,971**	**34,364**	**33,157**
Items to be recycled to the income statement in future:				
Currency translation gains and losses	**100,343**	**-770**	**-853**	**24,016**
thereof				
• income taxes	-351	50	-82	-186
Gains and losses on available-for-sale financial assets	**-1**	**2**	**-5**	**4**
thereof				
• income taxes	0	-1	1	-1
Gains and losses on hedging instruments (cash flow hedges)	**639**	**558**	**254**	**252**
thereof				
• income taxes	-207	-207	-64	-94
Items not to be recycled to the income statement in future:				
Revaluation of net debt from defined benefit plans	**-**	**-5,069**	**-**	**-2,651**
thereof				
• income taxes	-	1,878	-	982
Other comprehensive income	**100,981**	**-5,279**	**-604**	**21,621**
Consolidated comprehensive income	**158,204**	**63,692**	**33,760**	**54,778**
thereof				
• distributable to shareholders of STADA Arzneimittel AG	151,713	61,410	34,617	53,346
• distributable to non-controlling shareholders	6,491	2,282	-857	1,432

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as of June 30 in € 000s Assets	June 30, 2015	Dec. 31, 2014
Non-current assets	**2,098,303**	**2,013,819**
Intangible assets	1,699,855	1,631,516
Property, plant and equipment	323,346	305,430
Financial assets	873	2,036
Investments measured at equity	12,591	10,569
Other financial assets	13,907	11,729
Other assets	3,978	3,130
Deferred tax assets	43,753	49,409
Current assets	**1,338,690**	**1,321,639**
Inventories	548,145	498,785
Trade accounts receivable	519,191	502,794
Income tax receivables	37,129	30,711
Other financial assets	75,229	86,943
Other assets	46,281	37,866
Non-current assets and disposal groups held for sale	332	331
Cash and cash equivalents	112,383	164,209
Total assets	**3,436,993**	**3,335,458**

Equity and liabilities	June 30, 2015	Dec. 31, 2014
Equity	**1,046,852**	**903,339**
Share capital	162,090	157,629
Capital reserve	514,166	490,401
Retained earnings including net income	575,846	561,376
Other provisions	-273,478	-371,851
Treasury shares	-1,476	-1,504
Equity attributable to shareholders of the parent	**977,148**	**836,051**
Shares relating to non-controlling shareholders	69,704	67,288
Non-current borrowed capital	**1,449,822**	**1,246,693**
Other non-current provisions	30,302	30,097
Financial liabilities	1,230,858	1,042,998
Other financial liabilities	11,312	5,259
Other liabilities	2,078	1,640
Deferred tax liabilities	175,272	166,699
Current borrowed capital	**940,319**	**1,185,426**
Other provisions	19,277	17,442
Financial liabilities	274,784	448,703
Trade accounts payable	333,213	340,847
Income tax liabilities	33,139	33,726
Other financial liabilities	201,580	257,403
Other liabilities	78,326	87,305
Total equity and liabilities	**3,436,993**	**3,335,458**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in € 000s	June 30, 2015	June 30, 2014
Net income	57,223	68,971
Depreciation and amortization net of write-ups of non-current assets	68,424	70,070
Income taxes	20,296	21,810
Interest income and expenses	27,566	32,843
Result from investments measured at equity	-845	-632
Result from the disposals of non-current assets	256	41
Additions to/reversals of other non-current provisions	87	-689
Currency translation income and expenses	7,281	14,215
Other non-cash expenses and gains	185,833	165,432
Gross cash flow	**366,121**	**372,061**
Changes in inventories	-46,504	-22,564
Changes in trade accounts receivable	5,853	28,298
Changes in trade accounts payable	-20,315	-28,376
Changes in other net assets, unless attributable to investing or financing activities	-200,446	-224,377
Interest and dividends received	2,621	2,768
Interest paid	-42,138	-38,621
Income tax paid	-24,820	-27,355
Cash flow from operating activities	**40,372**	**61,834**
Payments for investments in		
• intangible assets	-46,294	-142,790
• property, plant and equipment	-25,616	-17,292
• financial assets	-96	-59
• business combinations according to IFRS 3	-14,086	-10,317
Proceeds from the disposal of		
• intangible assets	767	921
• property, plant and equipment	621	3,599
• financial assets	35	-
Cash flow from investing activities	**-84,669**	**-165,938**
Borrowing of funds	564,880	501,277
Settlement of financial liabilities	-569,791	-344,344
Dividend distribution	-43,106	-42,496
Capital increase from share options	28,224	380
Changes in non-controlling interests	1,507	-348
Changes in treasury shares	30	21
Cash flow from financing activities	**-18,256**	**114,490**
Changes in cash and cash equivalents	**-62,553**	**10,386**
Changes in cash and cash equivalents due to Group composition	228	1,878
Changes in cash and cash equivalents due to exchange rates	10,499	-3,705
Net change in cash and cash equivalents	**-51,826**	**8,559**
Balance at beginning of the period	**164,209**	**126,163**
Balance at end of the period	**112,383**	**134,722**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

2015	Number of shares	Share capital	Capital reserve
Balance as of June 30, 2015	62,342,440	162,090	514,166
Dividend distribution			
Capital increase from share options	1,715,740	4,461	23,763
Changes in treasury shares			2
Adjustments of the previous year on current account			
Changes in retained earnings			
Changes in non-controlling interests			
Changes in the scope of consolidation			
Other income			
Net income			
Balance as of Jan. 1, 2015	**60,626,700**	**157,629**	**490,401**
Previous year			
Balance as of June 30, 2014	60,465,620	157,211	488,169
Dividend distribution			
Capital increase from share options	23,120	60	320
Changes in treasury shares			6
Changes in retained earnings			
Changes in non-controlling interests			
Changes in the scope of consolidation			
Other income			
Net income			
Balance as of Jan. 1, 2014	**60,442,500**	**157,151**	**487,843**

Retained earnings including net income	Provisions for currency translation	Provisions available for sale	Provisions for cash flow hedges	Treasury shares	Equity attributable to shareholders of the parent	Shares relating to non-controlling shareholders	Group equity
575,846	-272,175	25	-1,328	-1,476	977,148	69,704	1,046,852
-39,955					-39,955	-5,582	-45,537
					28,224		28,224
				28	30		30
1,177					1,177		1,177
					-		-
					-	1,507	1,507
-92					-92		-92
-283	97,731	3	639		98,090	2,891	100,981
53,623					53,623	3,600	57,223
561,376	**-369,906**	**22**	**-1,967**	**-1,504**	**836,051**	**67,288**	**903,339**
574,080	-238,825	36	-2,928	-1,527	976,216	55,432	1,031,648
-39,832					-39,832	-2,664	-42,496
					380		380
				15	21		21
					-		-
					-	333	333
-381					-381		-381
-5,121	-779	1	558		-5,341	62	-5,279
66,751					66,751	2,220	68,971
552,663	**-238,046**	**35**	**-3,486**	**-1,542**	**954,618**	**55,481**	**1,010,099**

NOTES

1. General

1.1. Accounting policies

In accordance with the regulations of Section 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 European Union (EU).

The consolidated interim management report was prepared in consideration of the applicable WpHG regulations. The consolidated interim financial statements as of June 30, 2015 were prepared under consideration of the regulations outlined in International Accounting Standard (IAS) 34. In accordance with the provisions of IAS 34, an abridged scope of reporting as compared to the consolidated financial statements as of December 31, 2014 was selected.

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

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

1.2. Changes in accounting policies

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

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

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

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

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

- **IFRIC 21 “Levies“:** The interpretation provides guidance on when a liability shall be recognized for a levy which is imposed by the government. The interpretation is effective for levies at a known point in time and in a known amount, but also for provisions, contingent liabilities and contingent assets pursuant to IAS 37. However, IFRIC 21, does not apply to taxes, the payment of fines, etc. that are within the scope of another standard. Thus, the interpretation clarifies that the obligating event that gives rise to the recognition of a liability is the activity described in the legislation that triggers the payment obligation. Performing this activity due to “economic constraints” under the going concern assumption in the future, is expressly not an obligating event. Since levies are not accounted for at STADA, there are no resulting effects from IFRIC 21.

1.3. Scope of consolidation

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

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

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

In the consolidated interim financial statements of the STADA Group, 77 companies were thereby consolidated as subsidiaries and three companies as associates as of the balance sheet date on June 30, 2015.

1.4. Business combinations

In the first six months of 2014, the finalization of the purchase price allocation for the following business combination as defined in IFRS 3, which will be explained in detail further on, was carried out.

In the fourth quarter of 2014, STADA acquired the British company Internis Pharmaceuticals Ltd., London, United Kingdom, which is active in the prescription area of therapeutic treatment of vitamin D3 deficiency. STADA achieved control upon conclusion of the contract on December 19, 2014.

The purchase price amounted to GBP 49.0 million and was completely paid in cash or cash equivalents. It contained certain contingent purchase price components. The conditional purchase price components amounted to a total of GBP 20.0 million and divided equally into two purchase price conditions. The first purchase price condition was to obtain a regulatory drug approval. The final purchase price was determined by the date of achieving the approval. The determination of the final purchase price of the second purchase price component depended on certain changes regarding competitive parameters and determined sales targets. The amount recognized as of the acquisition date for the conditional consideration amounted to GBP 19.8 million. Due to the achievement of the regulatory drug approval at an early date and to unchanged competition parameters, the final purchase price amounted to GBP 49.0 million and included conditional purchase price components in the total amount of GBP 20.0 million. The difference between the amount recognized for the conditional consideration and the final value of the conditional purchase price components in the amount of GBP 0.2 million was recognized under other expenses in the income statement.

In the context of the purchase price allocation, goodwill in the amount of approx. € 7.9 million resulted from the business combination and is broken down as follows:

in € million	
Purchase price for 100% of the shares of the company approx.	62.0
Proportionate fair values of the assets and liabilities acquired approx.	54.1
Goodwill	**7.9**

Goodwill here resulted primarily from the expansion of the presence in the market region Central Europe, from taking over a highly qualified workforce and from a possible expansion of the sales activities in the market region Central Europe.

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	64.5
Other non-current assets	1.2
Trade accounts receivable	2.6
Other current assets	1.2
Cash and cash equivalents	4.9
Assets	**74.4**
Deferred tax liabilities	12.5
Other non-current liabilities	2.8
Other current liabilities	5.0
Liabilities	**20.3**

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 acquired assets and liabilities assumed.

Sales generated in the market region Central Europe with the company Internis Pharmaceuticals amounted to approx. € 9 million in the first half of 2015. The operating profit of this business combination adjusted for the effects of the purchase price allocation (approx. € 1 million) amounted to approx. € 3 million in the first half of 2015.

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 markets of the United Kingdom, Spain and Italy, which belong to the market region Central Europe, as well as the market region Asia/Pacific & MENA. The influences of exchange rate effects and portfolio changes on the sales decrease amounted to a total of -0.1 percentage points in the reporting period. Details on how sales are broken down according to segments and regions can be found in segment reporting (see Note 5.) and in additional information (see Note 6.).

2.2. Other expenses

Other expenses decreased to € 31.3 million in the first half of 2015 as compared to the corresponding period of the previous year (1-6/2014: € 33.2 million). This development was especially attributable to a decrease in net currency translation expenses. In opposition, impairments on intangible assets increased.

2.3. Financial income

The decrease in financial income in the first six months of 2015 to € 0.7 million as compared to the corresponding period of the previous year (1-6/2014: € 3.8 million) was due to net earnings from the measurement of derivative financial instruments in the amount of

€ 1.6 million in the previous year. In the reporting year, there was a net expense in the amount of € 7.9 million, which is reported under financial expenses.

2.4. Income taxes

Income tax expenses decreased to € 20.3 million in the reporting period as compared to the corresponding period of the previous year (1-6/2014: € 21.8 million). Thereby, the tax rate increased to 26.2% (1-6/2014: 24.0%), particularly due to non-capitalized deferred taxes on current losses in Ukraine.

3. Notes to the Consolidated Balance Sheet

3.1. Intangible assets

Intangible assets increased by € 68.4 million to € 1,699.9 million as of the balance sheet date of June 30, 2015 (December 31, 2014: € 1,631.5 million). This growth primarily resulted from currency effects in the context of converting financial statements of foreign subsidiaries with a reporting currency other than the Group currency euro. As of June 30, 2015, intangible assets included goodwill in the amount of € 391.3 million (December 31, 2014: € 372.3 million).

3.2. Financial assets

Financial assets declined as of the balance sheet date of June 30, 2015 by € 1.1 million to € 0.9 million (December 31, 2014: € 2.0 million). This development was primarily attributable to the inclusion of STADA MENA DWC and STADA Egypt in the scope of consolidation of STADA Arzneimittel AG.

3.3. Other financial assets

Non-current other financial assets increased as of the balance sheet date of June 30, 2015 by € 2.2 million to € 13.9 million (December 31, 2014: € 11.7 million). Current other financial assets decreased to € 75.3 million as of June 30, 2015 (December 31, 2014: € 86.9 million). This development primarily resulted from the repayment of a loan of the associate BIOCEUTICALS Arzneimittel AG as well as from the decrease in the measurement of derivative financial instruments.

3.4. Inventories

Inventories increased as of the balance sheet date of June 30, 2015 by € 49.3 million to € 548.1 million (December 31, 2014: € 498.8 million), particularly due to translation effects in the CIS subgroup, in the United Kingdom as well as in Vietnam.

3.5. Tax receivables

The increase in income tax receivables as of the balance sheet date of June 30, 2015 to € 37.1 million (December 31, 2014: € 30.7 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 of € 8.4 million to € 46.3 million as of the balance sheet date of June 30, 2015 (December 31, 2014: € 37.9 million) was, among other things, based on increased sales tax receivables, particularly in the CIS subgroup, as well as prepaid expenses/deferred charges which increased during the year under review.

3.7. Share capital/Capital reserve

Share capital and capital reserve of STADA Arzneimittel AG rose as of June 30, 2015 by € 4,460,924.00 to € 162,090,344.00 and € 23,765,421.49 to € 514,166,410.66. This is attributable to the increase in the number of shares in the first half of 2015 due to the exercise of 85,787 options from STADA warrants 2000/2015. The number of shares as of June 30, 2015 thereby increased by 1,715,740 to 62,342,440. The share options from the STADA warrants mentioned expired as of June 26, 2015, therefore there were no more warrants outstanding for subscription as of June 30, 2015.

3.8. Other provisions

Other provisions include results recognized directly in equity. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation recognized in other comprehensive income of financial statements of companies included in the Group, which are recognized in the statement of changes in shareholders' equity under provisions for currency translation. In the reporting period, income of € 97.7 million recognized directly in equity arose, which is primarily composed of the following effects: Due to the appreciation of the currencies Russian ruble, British pound sterling and Swiss franc since December 31, 2014, income recognized directly in equity from the currency translation of financial statements of companies reporting in the respective currency was recorded. Furthermore, other provisions include an adjustment of the previous year recognized directly in equity on current account in the amount of € 1.2 million in connection with a company accounted for at equity.

3.9. Financial liabilities

As of June 30, 2015, the Group's current and non-current financial liabilities in the amount of € 274.8 million and € 1,230.9 million (December 31, 2014: € 448.7 million and € 1,043.0 million) include, in particular, promissory notes which have a nominal value in the amount of € 502.0 million (December 31, 2014: € 552.5 million), 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, 2014: two bonds of € 350.0 million each). The change in financial liabilities primarily resulted from the placement of an additional bond in the first quarter of 2015 for the refinancing of a corporate bond which reached maturity in April 2015. Furthermore, the borrowing of current financial liabilities exceeded repayment.

3.10. Other financial liabilities

Non-current other financial liabilities increased to € 11.3 million as of June 30, 2015 (December 31, 2014: € 5.3 million). This is mainly due to a measurement effect of derivative financial instruments. Current other financial liabilities decreased by € 55.8 million to € 201.6 million (December 31, 2014: € 257.4 million). This was particularly due to outstanding purchase price payments for the acquisition of the Russian branded product portfolio Aqualor®, the Russian branded products AndroDoz® and NeroDoz® as well as the British company Internis Pharmaceuticals.

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 € 40.4 million in the first half of 2015 (1-6/2014: € 61.8 million). The decrease of € 21.4 million as compared to the corresponding period of the previous year is primarily attributable to a lower cash-effective decrease in trade receivables as well as the cash-effective increase in inventories. These decreases in cash flow from operating activities were only partially compensated by a decreased cash-efficiency in the area of other net assets as compared to the corresponding period of the previous year.

4.2. Cash flow from investing activities

Cash flow from investing activities – which reflects the cash outflows for investments with inflows from disposals deducted – amounted to € -84.7 million in the period under review (1-6/2014: € -165.9 million). Cash flow from investing activities was particularly influenced by payments for investments in intangible assets in the first half of the previous year, which primarily related to the acquisition of the Russian branded product portfolio Aqualor®. In the first half of 2015, cash flow from investing activities was affected, in particular, by the settlement of outstanding payments for the acquisition of the Russian branded product portfolio Aqualor®, the Russian branded products AndroDoz® and NeroDoz®, as well as the British company Internis Pharmaceuticals.

4.3. Cash flow from financing activities

Cash flow from financing activities amounted to € -18.3 million in the first six months of 2015 (1-6/2014: € 114.5 million). This development was primarily characterized by opposing movements regarding the borrowing and settlement of financial liabilities. In the first quarter of 2015, a bond with a nominal value in the amount of € 300 million was placed for the refinancing of a corporate bond with a nominal value of € 350 million which reached maturity in April 2015. Overall, the borrowing of current financial liabilities exceeded repayment in the first half of 2015.

In addition, the exercise of options from STADA warrants 2000/2015 in the first half of 2015 led to an increase in cash flow from financing activities by € 28.2 million. In opposition, cash flow from financing activities decreased due to dividend payments.

4.4. Net cash flow for the period

Net cash flow for the current period is the balance of cash inflows and outflows from operating cash flow, cash flow from investing and financing activities as well as from changes in cash and cash equivalents due to exchange rates and/or Group composition and amounted to € -51.8 million in the first half of 2015 (1-6/2014: € 8.6 million).

5. Segment information

5.1. General information

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

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

5.2. Information by operating segment

in € 000s		6 months 2015 Jan. 1 – June 30	6 months 2014 Jan. 1 – June 30
Generics	**External sales**	**615,252**	**598,708**
	Sales with other segments	250	339
	Total sales	615,502	599,047
	Operating profit	85,776	84,662
	Depreciation/amortization	24,892	24,646
	Impairment losses	501	2,015
	Reversals	-	-
	Other significant non-cash items within operating result	-170,794	-166,164
Branded Products	**External sales**	**389,308**	**381,592**
	Sales with other segments	-	-
	Total sales	389,308	381,592
	Operating profit	71,078	74,018
	Depreciation/amortization	29,542	30,608
	Impairment losses	3,924	6,270
	Reversals	-	-
	Other significant non-cash items within operating result	-10,819	-14,103
Commercial Business	**External sales**	**21,325**	**22,492**
	Sales with other segments	-	-
	Total sales	21,325	22,492
	Operating profit	94	677
	Depreciation/amortization	64	67
	Impairment losses	-	-
	Reversals	-	-
	Other significant non-cash items within operating result	-114	-44
Reconciliation Group holdings/other and consolidation	**External sales**	**-**	**-**
	Sales with other segments	-250	-339
	Total sales	-250	-339
	Operating profit	-44,839	-38,117
	Depreciation/amortization	4,120	5,427
	Impairment losses	5,381	1,037
	Reversals	-	-
	Other significant non-cash items within operating result	-1,878	-648
Group	**External sales**	**1,025,885**	**1,002,792**
	Sales with other segments	-	-
	Total sales	1,025,885	1,002,792
	Operating profit	112,109	121,240
	Depreciation/amortization	58,618	60,748
	Impairment losses	9,806	9,322
	Reversals	-	-
	Other significant non-cash items within operating result	-183,605	-180,959

5.3. Reconciliation of segment results to net profit

in € 000s	6 months 2015 Jan. 1 – June 30	6 months 2014 Jan. 1 – June 30
Operating segment profit	156,948	159,357
Reconciliation Group holdings/other and consolidation	-44,839	-38,117
Result from investments measured at equity	845	632
Investment income	60	151
Financial income	668	3,777
Financial expenses	36,163	35,019
Earnings before taxes, Group	**77,519**	**90,781**

6. Additional information

6.1. Information by market region

Sales by market regions in € 000s	6 months 2015 Jan. 1 – June 30	6 months 2014 Jan. 1 – June 30	±% [1]	±% adjusted [2]
Central Europe	**499,116**	**467,373**	**+7%**	***+0%***
• Italy	96,672	93,832	+3%	*-2%*
• United Kingdom	87,606	60,805	+44%	*+12%*
• Belgium	69,986	73,628	-5%	*-5%*
• Spain	61,598	57,327	+7%	*+7%*
• France	41,213	45,638	-10%	*-10%*
• Switzerland	28,306	26,729	+6%	*-8%*
• The Netherlands	21,454	18,587	+15%	*+15%*
• Ireland	12,173	10,827	+12%	*+12%*
• Austria	10,873	10,279	+6%	*+5%*
• Denmark	8,981	11,840	-24%	*-25%*
• Other/Rest of Central Europe	39,050	39,821	-2%	*-2%*
• Export sales of the market region Central Europe	21,204	18,060	+17%	*+5%*
Germany	**227,926**	**226,997**	**+0%**	***+0%***
• Germany	209,755	199,658	+5%	*+5%*
• Export sales of the market region Germany	18,171	27,339	-34%	*-34%*
CIS/Eastern Europe	**227,193**	**265,631**	**-14%**	***+3%***
• Russia	125,543	163,457	-23%	*-1%*
• Serbia	46,944	44,793	+5%	*+8%*
• Ukraine	11,024	13,886	-21%	*+27%*
• Kazakhstan	10,087	8,989	+12%	*-6%*
• Bosnia-Herzegovina	7,744	6,605	+17%	*+16%*
• Other/Rest of CIS/Eastern Europe	19,615	21,504	-9%	*+4%*
• Export sales of the market region CIS/Eastern Europe	6,236	6,397	-3%	*+2%*
Asia/Pacific & MENA	**71,650**	**42,791**	**+67%**	***+35%***
• Vietnam	44,927	31,727	+42%	*+16%*
• China	7,393	6,419	+15%	*-5%*
• United Arab Emirates	5,878	-	-	*-*
• The Philippines	3,135	1,961	+60%	*+30%*
• Other/Rest of Asia/Pacific & MENA	10,098	2,554	>100%	*>100%*
• Export sales of the market region Asia/Pacific & MENA	219	130	+68%	*+35%*

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

7. Disclosures about fair value measurements and financial instruments

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

Fair values by levels of hierarchy in € 000s on a recurring basis	Level 1 Quoted prices in active markets		Level 2 Valuation methods with input parameters observable in the market		Level 3 Valuation methods with input parameters not observable in the market	
	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Available-for-sale financial assets (AfS)						
• Securities	33	29	-	-	-	-
Financial assets held for trading (FAHfT)						
• Currency forwards	-	-	-	-	10	749
• Interest rate/currency swaps	-	-	-	-	22,881	32,501
Financial liabilities held for trading (FLHfT)						
• Currency forwards	-	-	-	-	9,213	5
• Interest rate/currency swaps	-	-	-	-	4,890	453
Derivative financial liabilities with hedging relationship						
• Cash flow hedges	-	-	-	-	1,820	2,666

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

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

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

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

Fair values by levels of hierarchy in € 000s on a non-recurring basis	Level 1 Quoted prices in active markets		Level 2 Valuation methods with input parameters observable in the market		Level 3 Valuation methods with input parameters not observable in the market	
	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Non-current assets and disposal groups held for sale	-	-	332	331	-	-

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

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

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

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2015	**33,250**	**-3,124**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	-13,933	-13,040
• in the income statement	-13,933	-13,886
• directly in equity	-	846
Additions	-	-
Realizations	3,574	241
Reclassification in level 2	-	-
Balance at June 30, 2015	**22,891**	**15,923**
Income recognized in the income statement	**-13,933**	**-13,886**
Other income/other expenses	-11,945	-7,488
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-10,469	-7,247
Financial result	-1,988	-6,398
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-1,711	-6,399

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

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2014	**10,520**	**-5,619**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	1,609	566
• in the income statement	1,609	-199
• directly in equity	-	765
Additions	-	-
Realizations	530	968
Reclassification in level 2	-	-
Balance at June 30, 2014	**12,659**	**-4,085**
Income recognized in the income statement	**1,609**	**-199**
Other income/other expenses	474	-665
thereof		
• attributable to assets/liabilities held as of the balance sheet date	464	-102
Financial result	1,135	466
thereof		
• attributable to assets/liabilities held as of the balance sheet date	1,135	-

The following disclosures are made for financial assets and financial liabilities whose fair value differs from the carrying amount as of June 30, 2015:

in € 000s	Carrying amount June 30, 2015	Fair value June 30, 2015	Carrying amount Dec. 31, 2014	Fair value Dec. 31, 2014
Amounts due to banks	359,917	362,697	243,596	245,914
Promissory notes	500,632	526,243	550,834	592,749
Bonds	645,093	654,475	697,271	715,750
Financial liabilities	**1,505,642**	**1,543,415**	**1,491,701**	**1,554,413**

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

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

8. Contingent liabilities and other financial obligations

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

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

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

in € 000s	June 30, 2015	Dec. 31, 2014
Operating lease liabilities	83,287	72,892
Other financial obligations	32,020	31,536
Total	**115,307**	**104,428**

Other financial obligations primarily included as of June 30, 2015 a guarantee amounting to € 25.0 million toward Hospira Inc., Lake Forest, Illinois, USA, in connection with a supply agreement between Hospira and the shares in the associated company BIOCEUTICALS Arzneimittel AG which are recognized according to the equity method. STADA, as guarantor, recognized this guarantee as of June 30, 2015 as a financial guarantee in accordance with IAS 39 with its fair value in the amount of € 0.3 million (December 31, 2014: € 0.3 million).

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

9. Related party transactions

STADA continues to provide the associated company BIOCEUTICALS Arzneimittel AG with a credit line facility with an interest rate that is partly usual for risk capital and which was not utilized as of June 30, 2015 (December 31, 2014: utilization in the amount of € 3.3 million).

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

10. Significant events after the balance-sheet date

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

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for orderly consolidated 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 financial year are described.

Bad Vilbel, August 5, 2015

H. Retzlaff H. Kraft Dr. M. Wiedenfels

REVIEW REPORT

To STADA Arzneimittel AG, Bad Vilbel

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, the income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes, together with the interim group management report of the STADA Arzneimittel AG, Bad Vilbel, for the period from January 1 to June 30, 2015, that are part of the semi-annual financial report pursuant to article 37w WpHG. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG 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 of 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). Those standards require that we plan and perform the review such 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 respects, in accordance with those 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 requirements of the WpHG 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 presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, August 5, 2015

PKF Deutschland GmbH
Wirtschaftsprüfungsgesellschaft

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

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

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

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