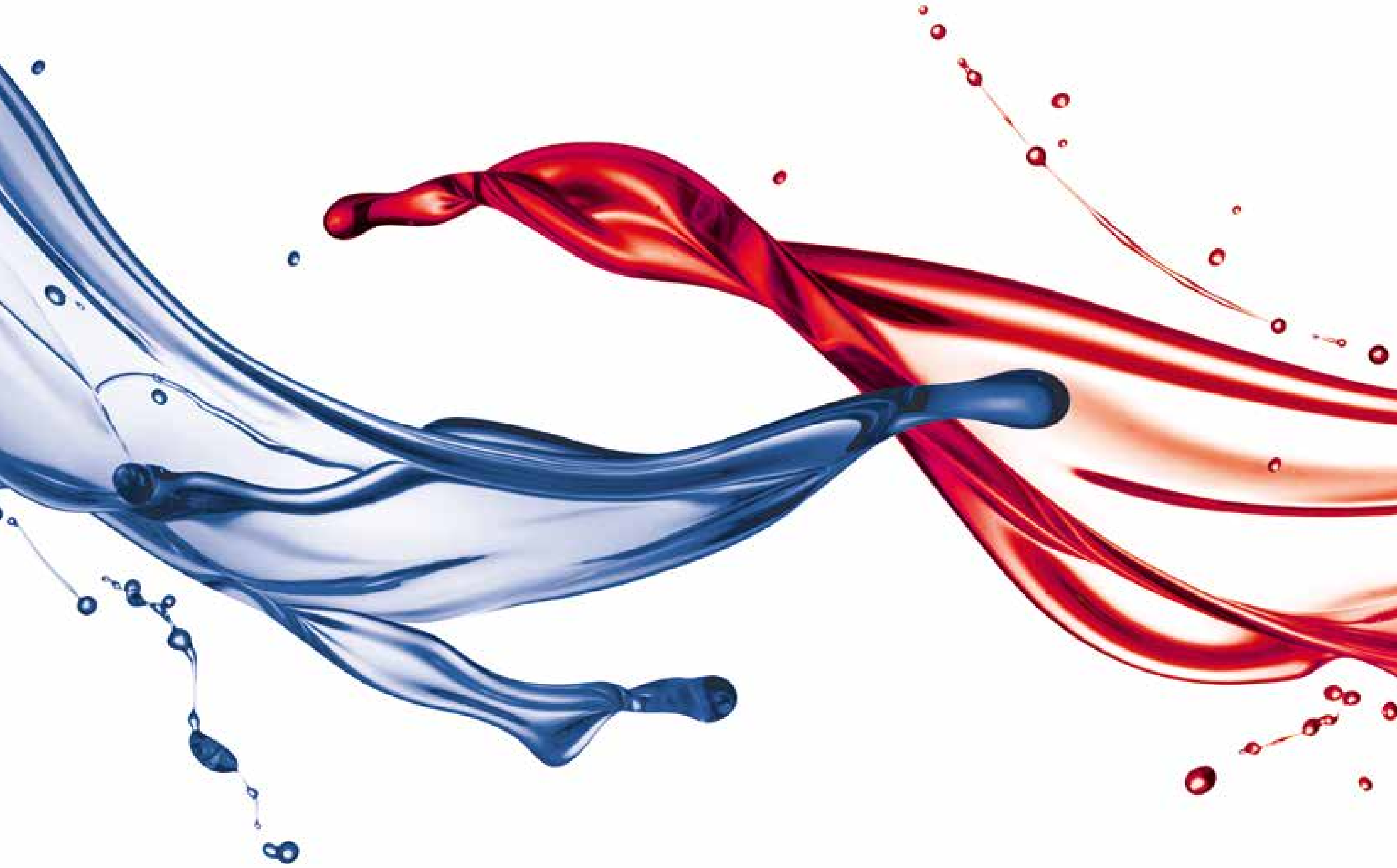
INTERIM REPORT ON THE FIRST SIX MONTHS

2016



STADA KEY FIGURES

Key figures for the Group in € million	6 months 2016 Jan. 1 – June 30	6 months 2015 Jan. 1 – June 30	± %
Group sales	1,034.7	1,025.9	+1%
• Generics (core segment)	603.8	615.3	-2%
• Branded Products (core segment)	407.3	389.3	+5%
Group sales adjusted for currency and portfolio effects	*1,061.0*	*1,017.7[1)]*	*+4%*
• Generics	*618.1*	*614.0[1)]*	*+1%*
• Branded Products	*420.0*	*385.9[1)]*	*+9%*
Operating profit	136.3	112.1	+22%
Operating profit, adjusted[2) 3)]	*153.6*	*138.1*	*+11%*
EBITDA (Earnings before interest, taxes, depreciation and amortization)	200.7	181.4	+11%
EBITDA (Earnings before interest, taxes, depreciation and amortization), adjusted[2) 3)]	*202.3*	*189.2*	*+7%*
EBIT (Earnings before interest and taxes)	137.3	113.0	+21%
EBIT (Earnings before interest and taxes), adjusted[2) 3)]	*154.6*	*139.0*	*+11%*
EBT (Earnings before taxes)	111.3	77.5	+44%
EBT (Earnings before taxes), adjusted[2) 4)]	*129.3*	*111.4*	*+16%*
Net income	82.0	53.6	+53%
Net income, adjusted[2) 4)]	*96.1*	*85.0*	*+13%*
Cash flow from operating activities	113.0	40.4	>+100%
Capital expenditure	95.0	57.2	+66%
Depreciation and amortization (net of write-ups)	63.4	68.4	-7%
Employees (average number calculated on the basis of full-time employees)[5)]	10,781	10,391	+4%
Employees (as of the balance sheet date calculated on the basis of full-time employees)	10,809	10,358	+4%

Key share figures	6 months 2016 Jan. 1 – June 30	6 months 2015 Jan. 1 – June 30	± %
Market capitalization in € million (as of June 30)	2,895.2	1,886.5	+53%
Closing price (XETRA®) in € (as of June 30)	46.44	30.26	+53%
Average number of shares (without treasury shares, Jan. 1 – June 30)	62,256,297	61,020,667	+2%
Earnings per share in €	1.32	0.88	+50%
Earnings per share in €, adjusted[2) 4)]	*1.54*	*1.39*	*+11%*
Diluted earnings per share in €[6)]	-	0.88	-%
Diluted earnings per share in €, adjusted[2) 4) 6)]	*-*	*1.39*	*-%*

1) Sales of the previous year adjusted for currency and portfolio effects represent the comparable basis which is relevant for the key figure of the current reporting year.
2) 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.
3) Within the context of this interim report, adjustments in connection with the operating profit, EBITDA and EBIT generally relate to special effects.
4) Within the context of this interim report, adjustments in connection with EBT, net income, earnings per share and diluted earnings per share generally relate to special effects and effects from the measurement of derivative financial instruments under financial income and expenses.
5) This average number includes changes in the scope of consolidation on a pro-rata basis.
6) Earnings per share will not be diluted in financial year 2016, because the share options from the STADA warrants in connection with the Conditional Capital Increase 2004/I expired on June 26, 2015.

CONSOLIDATED INTERIM MANAGEMENT REPORT

Overview

Despite difficult framework conditions, the STADA Group recorded positive business development in the first six months of 2016.

Reported Group sales in the first six months of the current financial year increased slightly by 1% to € 1,034.7 million (1-6/2015: € 1,025.9 million). When effects on sales which were attributable to changes in the Group portfolio and currency effects are deducted, adjusted Group sales grew by 4% to € 1,061.0 million (1-6/2015: € 1,017.7 million). In particular the market regions Germany and Asia/Pacific & MENA recorded pleasing sales growth.

Primarily due to improved gross profit in comparison with the corresponding period of the previous year, as well as special effects, which were lower than the comparable period of the previous year, and decreased negative currency effects, both the reported and the adjusted key earnings figures were above those of the first half of 2015. Reported EBITDA increased by 11% to € 200.7 million (1-6/2015: € 181.4 million). Reported net income increased by 53% to € 82.0 million (1-6/2015: € 53.6 million). Adjusted EBITDA recorded growth of 7% to € 202.3 million (1-6/2015: € 189.2 million). Adjusted net income recorded an increase of 13% to € 96.1 million (1-6/2015: € 85.0 million). A further optimized financial result mainly contributed to this. The Group had to report special effects in the total amount of € 4.4 million before or € 3.8 million after taxes in connection with net currency translation expenses recorded in the income statement as a result of the strong devaluation of the Russian ruble, the slightly weaker Serbian dinar, the significantly weaker Ukrainian hryvnia and the very strong devaluation of the Kazakhstani tenge.

The financial position of the STADA Group remained stable in the reporting period. Net debt was at € 1,211.3 million as of June 30, 2016 (December 31, 2015: € 1,215.7 million). The net debt to adjusted EBITDA ratio in the first six months of 2016 was at 3.0 on linear extrapolation of the adjusted EBITDA of the reporting period on a full-year basis (1-6/2015: 3.7).

The Supervisory Board of STADA Arzneimittel AG decided on a change at the company's helm at an extraordinary meeting held on June 5, 2016.[1)] Due to a serious, long-term illness, the previous Chief Executive Officer Hartmut Retzlaff laid down his office with immediate effect until further notice. His previous duties have been assumed by the Executive Board members Dr. Matthias Wiedenfels and Helmut Kraft. Initially Dr. Matthias Wiedenfels was also appointed as Chief Executive Officer.

In the current third quarter, the Executive Board decided to fundamentally change the reporting structures. To date, the STADA Group has reported according to operating segment and market region. The changed reporting structure, which will be implemented in the second half of financial year 2016, calls for management of the Group only by operating segment, i.e. according to the two core segments Generics and Branded Products. This measure is primarily designed to take account of the growth strategy including central management of the core segments, increasing internationalization of the product portfolio as well as stricter cost control.

On July 11, 2016, the Executive Board also approved medium-term growth targets. According to these, Group sales adjusted for currency and portfolio effects of € 2.6 billion, adjusted EBITDA of € 510 million and adjusted net income of € 250 million within a range of +/-5% are targeted for 2019. A Group-wide program to improve performance has been implemented in order to achieve these growth targets. As part of the program, untapped sales potential will be leveraged, marketing expenses will be optimized and sales efficiency will be enhanced. In addition, plans call for reductions primarily in cost of sales and general and administrative expenses. Implementation of the program is expected to be completed in 2019. The Executive Board plans to present further details in the context of a capital markets day on October 5, 2016 in Frankfurt am Main. The program is aimed primarily at increasing STADA's competitiveness and improving innovative strength for sustainable value creation on behalf of the shareholders.

1) See the Company's ad hoc release and press release of June 5, 2016..

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

Financial key performance indicators

Reconciliation of the unadjusted Group sales to the Group sales adjusted for currency and portfolio effects

in € million	6 months 2016 Jan. 1 – Jun. 30	Comparable basis corresponding period of 2016	+/- %	6 months 2015 Jan. 1 – Jun. 30	Comparable basis corresponding period of 2015	+/- %
Unadjusted Group sales	**1,034.7**	**1,025.9**	**+1%**	**1,025.9**	**1,002.8**	**+2%**
• Generics (core segment)	603.8	615.3	-2%	615.3	598.7	+3%
• Branded Products (core segment)	407.3	389.3	+5%	389.3	381.6	+2%
Currency effects	**47.5**	**-**		**19.6**	**-**	
• Generics (core segment)	17.9	-		7.2	-	
• Branded Products (core segment)	28.8	-		14.9	-	
Portfolio changes	**21.2**	**8.2**		**20.2**	**1.8**	
• Generics (core segment)	3.6	1.2		3.2	1.6	
• Branded Products (core segment)	16.1	3.4		17.0	0.2	
Group sales adjusted for currency and portfolio effects	1,061.0	1,017.7	+4%	**1,025.3**	**1.000.9**	**+2%**
• **Generics (core segment)**	**618.1**	**614.0**	**+1%**	**619.3**	**597.1**	**+4%**
• **Branded Products (core segment)**	**420.0**	**385.9**	**+9%**	**387.2**	**381.3**	**+2%**

Reconciliation of the unadjusted EBITDA to the adjusted EBITDA

in € million	6 months 2016 Jan. 1 – Jun. 30	6 months 2015 Jan. 1 – Jun. 30	+/- %
Unadjusted EBITDA	**200.7**	**181.4**	**+11%**
A net burden in the context of 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	4.4	8.6	
From measurement effects resulting from purchase price allocations. This concerns the use of inventories recognized at fair value as part of purchase price allocations	1.2	-0.8	
A net relief from several extraordinary expenses and income, among other things, from a received milestone payment in the United Kingdom (previous year: net burden 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)	-4.0	0.0	
Adjusted EBITDA	202.3	**189.2**	**+7%**

Reconciliation of the unadjusted net income to the adjusted net income

Income statement (abridged) in € 000s	6 months 2016 Jan. 1 – Jun. 30 without deduction of effects to be adjusted	effects to be adjusted	after deduction of effects to be adjusted	6 months 2015 Jan. 1 – Jun. 30 without deduction of effects to be adjusted	effects to be adjusted	*after deduction of effects to be adjusted*	+/- % after deduction of effects to be adjusted
Sales	1,034,665	-	*1,034,665*	1,025,885	-	*1,025,885*	+1%
Cost of sales	529,299	9,914	*519,385*	531,704	7,847	*523,857*	
Gross profit	**505,366**	**9,914**	***515,280***	**494,181**	**7,847**	***502,028***	
Selling expenses	232,847	-	*232,847*	235,686	-	*235,686*	
General and administrative expenses	90,730	-	*90,730*	88,436	1,597	*86,839*	
Research and development expenses	31,026	-	*31,026*	33,612	-	*33,612*	
Other income	8,372	-4,715	*3,657*	6,963	-5,294	*1,669*	
Other expenses	22,857	12,091	*10,766*	31,301	21,852	*9,449*	
Operating profit	**136,278**	**17,290**	***153,568***	**112,109**	**26,002**	***138,111***	**+11%**
Result from investments measured at equity	999	-	*999*	845	-	*845*	
Investment income	23	-	*23*	60	-	*60*	
Earnings before interest and taxes (EBIT)	**137,300**	**17,290**	***154,590***	**113,014**	**26,002**	***139,016***	**+11%**
Financial income	971	343	*1,314*	668	-	*668*	
Financial expenses	26,961	337	*26,624*	36,163	7,928	*28,235*	
Earnings before taxes (EBT)	**111,310**	**17,970**	***129,280***	**77,519**	**33,930**	***111,449***	**+16%**
Income taxes	24,748	-3,601	*28,349*	20,296	-2,371	*22,667*	
Earnings after taxes	**86,562**	**14,369**	***100,931***	**57,223**	**31,559**	***88,782***	
Result distributable to non-controlling shareholders	4,557	-271	*4,828*	3,600	-221	*3,821*	
Result distributable to shareholders of STADA Arzneimittel AG (net income)	**82,005**	**14,098**	***96,103***	**53,623**	**31,338**	***84,961***	**+13%**
Earnings per share in €	1.32	-	*1.54*	0.88	-	*1.39*	
EBIT	**137,300**	**17,290**	***154,590***	**113,014**	**26,002**	***139,016***	**+11%**
Balance from depreciation/amortization and impairments/write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	63,359	-15,652	*47,707*	68,424	-18,226	*50,198*	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**200,659**	**1,638**	***202,297***	**181,438**	**7,776**	***189,214***	**+7%**

Further details on the nature of the adjusted expenses and income can be found in the chapter “Earnings development of the STADA Group”.

Sales development of the STADA Group

Reported net income recorded slight growth of 1% to € 1,034.7 million (1-6/2015: € 1,025.9 million) in the reporting period.

When effects on sales based on changes in the **Group portfolio** and **currency effects** are deducted, **adjusted Group sales** increased by 4% to € 1,061.0 million in the reporting period (1-6/2015: € 1,017.7 million).

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

- In the first six months of 2016, portfolio changes totaled € 21.2 million and in the corresponding period of the previous year € 8.2 million, which includes the retrospective adjustment. This represents 1.3 percentage points.
- As a result of applying the foreign exchange rates from the first half of 2016 compared with the first half of 2015 for the translation of local sales contributions into the Group currency euro, STADA recorded a negative currency effect for Group sales in the amount of € 47.5 million or -4.6 percentage points, because the development of all three of the most important national currencies for STADA was weaker than the Group currency euro. Hereby, the development of the Russian ruble was significantly worse, the development of the Serbian dinar was slightly weaker and the development of the British pound sterling was weaker. Furthermore, the Ukrainian hryvnia as well as the Kazakhstani tenge developed significantly weaker, and the Vietnamese dong as well as the Swiss franc weaker.
  The currency relations in other countries relevant for STADA only had a minor impact on the translation of sales and earnings in local currencies into the Group currency euro.

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

Earnings development of the STADA Group

Primarily due to increased gross earnings as compared to the corresponding period of the previous year, lower special effects, and decreased negative currency effects, both the reported and the adjusted key earnings figures were above those of the corresponding period of the previous year.

In the first half of 2016, **reported operating profit** rose by 22% to € 136.3 million (1-6/2015: € 112.1 million). **Reported EBITDA** increased by 11% to € 200.7 million (1-6/2015: € 181.4 million). **Reported net income** recorded growth of 53% to € 82.0 million (1-6/2015: € 53.6 million).

After adjusting the key earnings figures for influences distorting the period comparison resulting from special effects, **adjusted operating profit** increased by 11% in the reporting period to € 153.6 million (1-6/2015: € 138.1 million). **Adjusted EBITDA** recorded growth of 7% to € 202.3 million (1-6/2015: € 189.2 million). **Adjusted net income** recorded an increase of 13% to € 96.1 million (1-6/2015: € 85.0 million).

Special effects amounted to a net burden on earnings of € 18.0 million before or € 14.1 million after taxes in the first six months of 2016 (1-6/2015: net burden on earnings due to special effects in the amount of € 33.9 million before or € 31.4 million after taxes).

In detail, these accumulated special effects were as follows:

- a burden in the amount of € 10.0 million before or € 8.1 million after taxes resulting from additional depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking a base level of financial year 2013 (1-6/2015: a burden in the amount of € 7.8 million before or € 7.2 million after taxes)
- a net burden in the amount of € 6.9 million before or € 5.4 million after taxes from value adjustments netted of write-ups on intangible assets after impairment tests (1-6/2015: a net burden in the amount of € 9.6 million before or € 8.5 million after taxes)
- a net burden in the amount of € 4.4 million before or € 3.8 million after taxes in connection with currency translation expenses and currency translation income recognized 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 (1-6/2015: a net burden in the amount of € 8.6 million before or € 7.0 million after taxes)
- a burden in the amount of € 0.7 million before or € 0.5 million after taxes in connection with the evaluation of derivative financial instruments and the underlying transactions (1-6/2015: a burden in the amount of € 8.6 million before or € 8.6 million after taxes)
- a net relief in the amount of € 4.0 million before or € 3.7 million after taxes from several extraordinary income, among other things, for a received milestone payment in the United Kingdom (1-6/2015: net relief in the amount of € 0.7 million before or a net burden in the amount of € 0.1 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 o the German logistics activities)

In the second quarter of 2016, there was a burden on earnings in the amount of € 5.9 million before or € 3.6 million after taxes (second quarter of 2015: net burden on earnings in the amount of € 14.9 million before or € 14.7 million after taxes).

In detail, these were as follows:

- a net burden in the amount of € 6.4 million before or € 5.0 million after taxes from value adjustments netted of write-ups on intangible assets after impairment tests (second quarter of 2015: a net burden in the amount of € 9.6 million before or € 8.5 million after taxes)
- a burden in the amount of € 5.0 million before or € 4.0 million after taxes resulting from additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking a base level of financial year 2013 (second quarter of 2015: a net burden in the amount of € 4.0 million before or € 3.7 million after taxes)
- a burden in the amount of € 0.5 million before or € 0.3 million after taxes in connection with the measurement of derivative financial instruments and the underlying transactions (second quarter of 2015: a net burden in the amount of € 6.0 million before or € 6.0 million after taxes)
- a net relief of € 4.0 million before or € 3.7 million after taxes from several extraordinary income, among other things, for a received milestone payment in the United Kingdom (second quarter of 2015: 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 o the German logistics activities)
- a net relief in the amount of € 2.0 million before or € 2.0 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 (second quarter of 2015: a net relief in the amount of € 2.5 million before or € 2.1 million after taxes)

In the tables 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 special effects for the first six months of 2016 with the corresponding period of the previous year to allow for comparison.

Development of the STADA Group's reported key earnings figures

in € million	6 months 2016 Jan. 1 – June 30	6 months 2015 Jan. 1 – June 30	± %	Margin[1] 6 months 2016 Jan. 1 – June 30	Margin[1] 6 months 2015 Jan. 1 – June 30
Operating profit	136.3	112.1	+22%	13.2%	10.9%
• Operating segment result Generics	104.3	85.8	+22%	17.3%	13.9%
• Operating segment result Branded Products	70.7	71.1	-1%	17.4%	18.3%
EBITDA[2]	200.7	181.4	+11%	19.4%	17.7%
EBIT[3]	137.3	113.0	+21%	13.3%	11.0%
EBT[4]	111.3	77.5	+44%	10.8%	7.6%
Net income	82.0	53.6	+53%	7.9%	5.2%
Earnings per share in €	1.32	0.88	+50%		
Diluted earnings per share in €[5]	-	0.88	-%		

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

in € million	*6 months 2016 Jan. 1 – June 30*	*6 months 2015 Jan. 1 – June 30*	*± %*	*Margin[1] 6 months 2016 Jan. 1 – June 30*	*Margin[1] 6 months 2015 Jan. 1 – June 30*
Operating profit, adjusted	*153.6*	*138.1*	*+11%*	*14.8%*	*13.5%*
• Operating segment result Generics, adjusted	*105.3*	*87.0*	*+21%*	*17.4%*	*14.1%*
• Operating segment result Branded Products, adjusted	*88.7*	*88.0*	*+1%*	*21.8%*	*22.6%*
EBITDA[2], adjusted	*202.3*	*189.2*	*+7%*	*19.6%*	*18.4%*
• EBITDA Generics, adjusted	*129.2*	*111.4*	*+16%*	*21.4%*	*18.1%*
• EBITDA Branded Products, adjusted	*108.6*	*109.7*	*-1%*	*26.7%*	*28.2%*
EBIT[3], adjusted	*154.6*	*139.0*	*+11%*	*14.9%*	*13.6%*
EBT[4], adjusted	*129.3*	*111.4*	*+16%*	*12.5%*	*10.9%*
Net income, adjusted	*96.1*	*85.0*	*+13%*	*9.3%*	*8.3%*
Earnings per share in €, adjusted	*1.54*	*1.39*	*+11%*		
Diluted earnings per share in €[5], adjusted	*-*	*1.39*	*-%*		

Cost of sales decreased in the first half of 2016 in comparison with the corresponding period of the previous year by € 2.4 million to € 529.3 million (1-6/2015: € 531.7 million) although sales were able to be increased by € 8.8 million as compared with the corresponding period of the previous year. The corresponding improvement of the gross margin to 48.8% (1-6/2015: 48.2%) primarily resulted from a decrease in revenue reductions in the market region Germany.

1) Related to relevant Group sales.
2) Earnings before interest, taxes, depreciation and amortization.
3) Earnings before interest and taxes.
4) Earnings before taxes.
5) Earnings per share will not be diluted in financial year 2016, because the share options from the STADA warrants in connection with the Conditional Capital Increase 2004/I expired on June 26, 2015.
6) Adjusted for special effects.

Selling expenses in the first half of 2016 declined by € 2.8 million to € 232.8 million (1-6/2015: € 235.7 million) as compared to the corresponding period of the previous year. This development was primarily based on a decrease due to currency translation effects in the market region CIS/Eastern Europe.

Other income increased in the first half of 2016 by € 1.4 million to € 8.4 million as compared to the corresponding period of the previous year (1-6/2015: € 7.0 million), in particular due to a received milestone payment in the United Kingdom.

Other expenses decreased in the first six months of 2016 as compared to the corresponding period of the previous year to € 22.9 million (1-6/2015: € 31.3 million). This development was mainly based on lower impairments to intangible assets as well as lower currency translation expenses, in particular in the market region CIS/Eastern Europe.

The decrease in **financial expenses** in the reporting period as compared to the corresponding period of the previous year to € 27.0 million (1-6/2015: € 36.2 million) was mainly a result of lower expenses from the evaluation of derivative financial instruments as well as lower interest expenses.

Income tax expenses increased in the reporting period by € 4.4 million to € 24.7 million as compared to the corresponding period of the previous year (1-6/2015: € 20.3 million). The reported tax rate improved to 22.2% (1-6/2015: 26.2%), in particular due to a changed profit allocation in the STADA Group.

Development of segments

Sales reported with the two **core segments,** Generics and Branded Products, recorded slight growth of 1% in the first six months of the current financial year. These thus had a total share of 97.7% in Group sales (1-6/2015: 97.9%). Adjusted for portfolio effects and currency influences, reported sales of the two core segments rose by 4% as compared to the corresponding period of the previous year.

Sales reported with the core segment **Generics** decreased by 2% to € 603.8 million in the reporting period (1-6/2015: € 615.3 million). This development was mainly based on the sales decrease in the Belgian market, which belongs to the market region Central Europe, as well as the Serbian market, which belongs to the market region CIS/Eastern Europe. In contrast, a positive sales development in the German and French markets as well as from the newly acquired Argentinian company was recorded. Sales adjusted for portfolio effects and currency effects of the core segment Generics recorded a slight increase of 1% as compared to the corresponding period of the previous year. Generics contributed 58.3% to Group sales (1-6/2015: 60.0%).

Sales reported with the core segment **Branded Products** showed an increase of 5% to € 407.3 million in the reporting period (1-6/2015: € 389.3 million). The sales development was mainly attributable to the positive development in the German, British and Italian markets. An opposite effect resulted from the sales development of branded products in the market region CIS/Eastern Europe, which belongs to the Russian and Kazakhstani markets. Adjusted for portfolio effects and currency influences, sales of the core segment Branded Products rose by 9% as compared to the corresponding period of the previous year. Branded Products contributed 39.4% to Group sales (1-6/2015: 37.9%).

In the **Commercial Business** segment, which is not part of the core segments, sales in the first six months of the current financial year were above the level of the corresponding period of the previous year by 10% at € 23.4 million (1-6/2015: € 21.3 million).

Reported operating segment profit of **Generics** increased by 22% to € 104.3 million in the first half of 2016 (1-6/2015: € 85.8 million). This development is the result of a strong increase in operating profit of the German subsidiary ALIUD PHARMA GmbH and STADApharm GmbH due to decreased sales reductions, among other things. An opposing development occurred in the Belgian market, which belongs to the market region Central Europe, due to a changed purchasing strategy of the Belgian sales partner. The resulting decrease in sales revenues could not be compensated with corresponding cost savings. In addition, this resulted in a decrease in the British market as a consequence of a temporary delivery bottleneck of a supplier as well as a reluctance to buy among the Serbian wholesalers in the Serbian market, which belongs to the market region CIS/Eastern Europe, due to decreasing reimbursement prices and the announcement that reimbursement prices are to be reduced again. The **reported operating profit margin** of **Generics** was at 17.3% (1-6/2015: 13.9%).

Adjusted operating segment profit of **Generics** in the reporting period increased by 21% to € 105.3 million (1-6/2015: € 87.0 million). **Adjusted EBITDA** of **Generics** increased by 16% to € 129.2 million (1-6/2015: € 111.4 million). Both developments were primarily based on the developments in the market region Germany already described in the reported operating profit of Generics. The slightly lower increase of the adjusted key figures compared to the reported figures resulted from a decreased adjustment volume compared with 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 17.4% (1-6/2015: 14.1%).

Reported operating segment profit of **Branded Products** decreased slightly by 1% to € 70.7 million in the first six months of the current financial year (1-6/2015: € 71.1 million). This development was primarily attributable to high inflation and the corresponding purchasing power of end consumers in the Russian market, which belongs to the market region CIS/Eastern Europe. In contrast, the operating profit of the Branded Products segment improved in the market regions Germany and Central Europe. The **reported operating profit margin** of **Branded Products** amounted to 17.4% (1-6/2015: 18.3%).

Adjusted operating segment profit of **Branded Products** recorded a slight increase of 1% to € 88.7 million in the reporting period (1-6/2015: € 88.0 million). **Adjusted EBITDA** of **Branded Products** decreased by 1% to € 108.6 million (1-6/2015: € 109.7 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. In addition, adjusted operating profit recorded slightly more positive development than reported operating profit compared with the corresponding period of the previous year, as a result of higher special effects. The **adjusted operating profit margin** of **Branded Products** amounted to 21.8% (1-6/2015: 22.6%).

Reported operating segment profit of the **Commercial Business** was at € 0.4 million in the first half of 2016 (1-6/2015: € 0.1 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 the current financial year is presented. The development of the most important countries according to sales within the respective market region is also explained under the individual market regions.

Market region Central Europe

In the **market region Central Europe**, sales recorded a slight decrease in the reporting period – with varying developments of the countries included – of 1% to € 494.0 million (1-6/2015: € 499.1 million). This development particularly resulted from sales decreases in the Belgian market. Sales generated in this market region contributed 47.8% to Group sales (1-6/2015: 48.7%). Of the sales generated by the market region Central Europe, € 20.4 million was attributable to export sales (1-6/2015: € 21.2 million). Adjusted sales in this market region also decreased slightly by 1%.

For financial year 2016, the Executive Board expects substantial growth in sales with operating profitability at Group average for the market region Central Europe.

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

Sales generated in **Italy** increased by 5% to € 101.2 million in the reporting period (1-6/2015: € 96.7 million).

Sales generated in the Italian market with generics grew slightly by 1% to € 79.8 million, in particular due to positive volume effects (1-6/2015: € 79.3 million). Generics contributed 79% to local sales (1-6/2015: 82%).

Sales achieved in Italy with branded products showed an increase of 23% to € 21.4 million, in particular due to acquisitions (1-6/2015: € 17.4 million). Branded products had a share in sales of 21% in Italy (1-6/2015: 18%).

In the **United Kingdom**, sales generated in the first half of 2016 recorded an increase of 14% applying the exchange rates of the previous year. The British pound sterling decreased in value in the first half of 2016, particulary as a result of the discussion about an exit of the United Kingdom from the European Union and the United Kingdom's decision in favor of the exit. Despite this negative currency effect, sales in euro increased by 7% to € 93.9 million (1-6/2015: € 87.6 million). This development was achieved despite a very high comparable basis as well as a weak cold season in the British market and accordingly decreased demand in the area of cold products.

Sales generated in the British market with branded products recorded an increase of 12% to € 83.6 million (1-6/2015: € 74.8 million). The acquisition of the British Socialites Group in the fourth quarter of 2015 also contributed to the sales growth. Branded products contributed 89% to sales achieved in the United Kingdom (1-6/2015: 85%).

Sales of generics generated in the United Kingdom, where STADA continues to be a niche provider of selected generics with only a few active pharmaceutical ingredients, decreased by 20% to € 10.3 million (1-6/2015: € 12.8 million). This development was primarily based on a temporary delivery bottleneck of a supplier. Generics contributed 11% to local sales (1-6/2015: 15%).

The outlook for the development of the pound sterling is negative as a result of the United Kingdom's decision in the second quarter of 2016 to leave the European Union and the associated uncertainties. Overall, such a devaluation of the British pound sterling will result in negative translation effects on sales reported in euro for STADA.

In **Spain**, sales recorded a slight increase of 1% to € 61.9 million in the first six months of the current financial year (1-6/2015: € 61.6 million). This development resulted from a high comparable basis in the Generics segment in the corresponding period of the previous year, which was based on the numerous product launches.

Sales generated with generics in the Spanish market declined by 2% to € 52.8 million (1-6/2015: € 54.1 million). The share of generics in local sales was at 85% (1-6/2015: 88%).

Sales achieved in Spain with branded products rose by 22% to € 9.1 million (1-6/2015: € 7.5 million). Branded products contributed 15% to local sales (1-6/2015: 12%).

In **Belgium**, sales decreased in the first six months of the current financial year by 34% to € 46.1 million (1-6/2015: € 70.0 million).

Sales generated with generics in the Belgian market decreased by 37% to € 40.8 million (1-6/2015: € 65.0 million). This development was mainly attributable to a changed purchasing strategy of the Belgian sales partner. However, the Belgian STADA subsidiary, which is already a clear market leader in the Belgian generics market, was able to achieve slight growth in market share, mainly due to good sell-out data, i.e. a strong demand on the part of the consumer. Generics had a share of 88% in local sales (1-6/2015: 93%).

Sales achieved in Belgium with branded products recorded an increase of 8% to € 5.4 million (1-6/2015: € 5.0 million). The share of branded products in Belgian sales was at 12% (1-6/2015: 7%).

Sales generated in **France** recorded growth of 2% to € 42.0 million in the first six months of the current financial year (1-6/2015: € 41.2 million).

Sales generated with generics in the French market increased – despite an unchanged strong price and discount competition – by 13% to € 40.4 million (1-6/2015: € 35.9 million). Generics had a share of 96% in local sales (1-6/2015: 87%).

Sales generated in France with branded products declined by 70% to € 1.6 million (1-6/2015: € 5.3 million). The significant decline in sales mainly resulted from the sale of the French company Laboratoires d'études et de recherches en oligo éléments thérapie SA, which specializes in branded products, in December 2015. Branded products contributed 4% to sales in France (1-6/2015: 13%).

Market region Germany

Retroactively as of January 1, 2016, Hemopharm GmbH including its Bulgarian, Hungarian, Croatian and Slovenian businesses was fully allocated to the market region CIS/Eastern Europe as a result of a change in management responsibility. In light of this, sales from export activities of Hemopharm GmbH are no longer included in sales of the **market region Germany**. In spite of this reclassification, sales of the market region Germany increased in the first half of 2016 by 12% to € 254.7 million (1-6/2015: € 227.9 million). Not considering this reclassification, i.e. including export activities, sales in the market region Germany increased by 17% to € 267.6 million (1-6/2015: € 227.9 million). Overall, the market region contributed 24.6% to Group sales (1-6/2015: 22.2%). Of the sales achieved in market region Germany, € 7.7 million was attributable to export sales (1-6/2015: € 18.2 million).

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

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 18% to € 246.9 million in the reporting period (1-6/2015: € 209.8 million).

Despite the unchanged difficult local framework conditions for generics, which were a result of the intensive competition in tenders for discount agreements from public health insurance organizations, sales in the German Generics segment increased by 4% to € 149.0 million in the first six months of 2016 (1-6/2015: € 143.6 million). The positive development was mainly based on a changed competitive situation, the opportunity to establish bidding consortia and portfolio optimizations. In addition, it resulted from the Group's concentration on only one tendering company. Sales generated in Germany with generics had a share of 60% in the overall sales achieved in the German market (1-6/2015: 68%). The market share of generics sold in German pharmacies in the reporting period was approx. 11.6%[1)] (1-6/2015: approx. 13.0%[1)]). The STADA Group thus continues to be the clear number 3[1)] in the German generics market.

Sales generated in the German market with branded products recorded a significant increase of 48% to € 98.0 million in the first half of 2016 (1-6/2015: € 66.2 million). This pleasing development resulted from optimizations of the product portfolio, decreased returns as well as the invoicing of high seasonal orders. Overall, branded products contributed 40% to the sales achieved in Germany in the reporting period (1-6/2015: 32%).

Market region CIS/Eastern Europe

In **market region CIS/Eastern Europe**[2)] sales in the first six months of the current financial year increased – also due to the aforementioned reclassification of export activities of Hemopharm GmbH – by 8%, applying the exchange rates of the previous year. Due to negative currency effects, sales in euro declined by 8% to € 209.2 million (1-6/2015: € 227.2 million). Not considering the reclassification, i.e. excluding activities in Bulgaria, Hungary, Croatia and Slovenia, sales in the market region CIS/Eastern Europe decreased by 14% to € 196.2 million (1-6/2015: € 227.2 million). Sales generated in this market region contributed 20.2% to Group sales (1-6/2015: 22.1%). Of the sales generated by the market region CIS/Eastern Europe, € 4.1 million was attributable to export sales (1-6/2015: € 5.9 million). Adjusted sales in this market region recorded an increase of 8%.

For financial year 2016, the Executive Board expects an increase in sales for 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 increased by 7% in the first six months of 2016, applying the exchange rates of the previous year, despite continued difficult framework conditions in particular in the self-pay market. As a result of a clearly negative currency effect of the Russian ruble, sales decreased in euro by 13% to € 109.5 million (1-6/2015: € 125.5 million). As a result of the high inflation and corresponding decrease in purchasing power, this development is to be considered positive. STADA expects a continued difficult market environment in the Russian Federation in the second half of 2016. Sales generated in the context of the state program for the reimbursement of selected medicines for individual population groups (DLO program), which accounted for approx. 5% of the Russian sales, were below the level of the corresponding period of the previous year in local currency.

1) Data from IMS Health based on pharmacy sales to customers (source: IMS/Pharmascope national).
2) So-called CEE countries (Central and Eastern Europe) including Russia.

Sales generated in the Russian market with generics grew by 19% to € 49.3 million (1-6/2015: € 41.3 million). The share of generics in local sales was at 45% (1-6/2015: 33%).

Sales generated with branded products decreased by 29% to € 60.2 million (1-6/2015: € 84.3 million). Branded products contributed 55% to sales achieved in the Russian market (1-6/2015: 67%).

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

In **Serbia**, sales recorded a decrease of 27% in the reporting period applying the exchange rates of the previous year. In euro, sales declined by 28% to € 33.6 million (1-6/2015: € 46.9 million) as a result of a slightly negative currency effect of the Serbian dinar. A continued general shift from generics to branded products can be observed in the sales mix of the Serbian market.

Sales generated in the Serbian market with generics decreased by 31% to € 25.5 million (1-6/2015: € 36.9 million). This development was, among other things, attributable to the decision on declining reimbursement prices. Initially, there was a reduction of the reimbursement prices as of January 1, 2015. In addition, it was announced that reimbursement prices were to be reduced again. Since no details about the point in time and the extent of this reduction were given in the first half of 2016, a restrained demand was noticeable among Serbian wholesalers. The share of generics in the sales in Serbia was at 76% (1-6/2015: 79%).

Sales achieved in the Serbian market with branded products declined by 22% to € 7.9 million (1-6/2015: € 10.0 million). Branded products contributed 23% to local sales (1-6/2015: 21%).

Market region Asia/Pacific & MENA

In the **market region Asia/Pacific & MENA**, sales in the first six months of the current financial year showed growth of 7% to € 76.8 million (1-6/2015: € 71.7 million). This development, which was restrained in comparison with the previous quarters, was particularly attributable to a high comparable basis of the corresponding period of the previous year. Despite increased price pressure, sales in the two largest markets of this market region, Vietnam and China, increased as a consequence of gains in local tender processes. The sales contribution of this market region to Group sales was at 7.4% (1-6/2015: 7.0%). Adjusted sales of this market region recorded an increase of 11%.

For financial year 2016, the Executive Board expects a sales increase in the market region Asia/Pacific & MENA with operating profitability above Group average.

Development, production and procurement

Research and development costs were at € 31.0 million in the reporting period (1-6/2015: € 33.6 million). Based on STADA's business model, in accordance with which STADA is not active in research for new active pharmaceutical ingredients, it is only a matter of development costs. Furthermore, the Group capitalized development costs for new products in the amount of € 13.0 million in the first half of 2016 (1-6/2015: € 10.8 million).

Worldwide, STADA launched a total of 358 individual products in individual national markets in the first six months of the current financial year (1-6/2015: 270 product launches).

In light of the continued 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.

STADA generally makes adequate annual 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, plants and test laboratories were € 11.6 million in the reporting period (1-6/2015: € 15.6 million).

Financial position and cash flow

The financial position of the STADA Group remains stable. As of the reporting date June 30, 2016, the **equity-to-assets ratio** was 30.4% (December 31, 2015: 31.0%) and thereby satisfactory in the opinion of the Executive Board.

Net debt amounted to € 1,211.3 million on the reporting date June 30, 2016 (December 31, 2015: € 1,215.7 million). The **net debt to adjusted EBITDA ratio** in the first half of 2016 was at 3.0 on linear extrapolation of the adjusted EBITDA of the first six months of 2016 on a full-year basis (1-6/2015: 3.7).

The long-term refinancing of the STADA Group as of June 30, 2016 was provided for by a five-year bond that was placed in the second quarter of 2013 in the amount of € 350 million with an interest rate of 2.25% p.a. as well as a seven-year corporate bond placed in the first quarter of 2015 in the amount of € 300 million with an interest rate of 1.75% p.a. Furthermore, as of June 30, 2016, there were promissory note loans with maturities in the area of the end of 2016 until 2021 with a total nominal value in the amount of € 830.5 million. In order to ensure a balanced financing structure, promissory note loans are staggered in terms of their volume and duration.

Intangible assets decreased by € 35.8 million to € 1,613.2 million as of June 30, 2016 (December 31, 2015: € 1,649.0 million). The decrease was mainly based on amortization as well as currency translation differences. As of June 30, 2016, intangible assets included € 400.4 million goodwill (December 31, 2015: € 391.6 million).

The increase in **property, plant and equipment** as of June 30, 2016 to € 348.7 million (December 31, 2015: € 321.6 million) was mainly attributable to investments in the production facilities in the market region CIS/Eastern Europe.

Financial assets increased as of the balance sheet date of June 30, 2016 by € 3.0 million to € 4.3 million (December 31, 2015: € 1.3 million). This development primarily resulted from a capital increase in connection with the purchase of two sales companies by CROMA-PHARMA GmbH.

Non-current **other financial assets** declined by € 1.0 million to € 7.7 million as of the balance sheet date of June 30, 2016 (December 31, 2015: € 8.7 million). Current other financial assets decreased to € 56.5 million as of June 30, 2016 (December 31, 2015: € 74.3 million). This development was based, among other things, on a decline in positive market values of derivative financial instruments as well as a decrease in settlement claims in the market region Germany.

The reduction of **income tax receivables** as of June 30, 2016 to € 14.9 million (December 31, 2015: € 21.2 million) was primarily a result of payments received from the reimbursement of advance tax payments in the market region Germany.

The increase in **current other assets** by € 14.3 million to € 43.3 million as of the balance sheet date of June 30, 2016 (December 31, 2015: € 29.0 million) primarily resulted from increased sales tax receivables in the market regions CIS/Eastern Europe and Central Europe.

Retained earnings including net income comprise net income for the financial year as well as earnings generated in previous periods, provided these were not distributed, including amounts transferred to retained earnings. In addition, revaluations of net debt from defined benefit plans that were recognized directly in equity are reported under this item, taking deferred taxes into account. As a result of a significant decline in the discount rate in countries with significant pension obligations, net debt from defined benefit obligations in these countries was assessed on June 30, 2016. The application of the discount rate updated on June 30, 2016 resulted in the reduction of retained earnings recognized directly in equity in the amount of € 6.2 million after deferred taxes.

Other provisions include results recognized directly in **equity**. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation with no effect on the income of financial statements of companies included in the Group, which are recognized in the statement of changes in equity under the currency translation reserve. In the reporting period, this resulted in a reduction of other provisions in the amount of € 35.4 million recognized directly in equity, which was primarily composed of the following effects: The devaluation of the British pound sterling since December 31, 2015 and the associated effects from the currency translation of financial statements of companies reporting in the respective currency could be only partially compensated through the appreciation of the Russian ruble since December 31, 2015.

As of June 30, 2016, the Group's **current and non-current financial liabilities** in the amount of € 222.4 million and € 1,374.5 million (December 31, 2015: € 274.7 million and € 1,084.2 million) particularly include promissory note loans which have a nominal value in the amount of € 830.5 million (December 31, 2015: € 547.0 million), a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million (December 31, 2015: a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million). The increase in financial liabilities resulted from the securing of additional promissory note loans in the total amount of € 350 million, which will be used for the refinancing of the promissory note loans expiring in December 2016 in the total amount of € 188.0 million.

Non-current **other financial liabilities** increased slightly to € 7.5 million as of the balance sheet date (December 31, 2015: € 7.2 million). Current other financial liabilities declined by € 17.3 million to € 201.5 million, mainly due to decreased accruals for health insurance discounts (December 31, 2015: € 218.8 million).

Trade accounts payable declined as of the balance sheet date of June 30, 2016 by € 42.4 million to € 286.1 million (December 31, 2015: € 328.5 million). This development was mainly based on reduced liabilities for health insurance discounts as well as dossier acquisitions in the market region Germany.

Income tax liabilities increased by € 17.0 million to € 56.4 million as of the balance sheet date of June 30, 2016 (December 31, 2015: € 39.4 million). This development was based, among other things, on increased income tax expenses in the market region Germany as a result of the improved operational development.

Other current liabilities decreased by € 14.4 million to € 88.0 million as of the balance sheet date of June 30, 2016 (December 31, 2015: € 102.4 million), primarily as a result of lower sales tax liabilities in the market region Central Europe as well as lower other liabilities.

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 € 113.0 million in the first half of 2016 (1-6/2015: € 40.4 million). The significant increase of € 72.6 million in comparison with the corresponding period of the previous year was primarily based on increased net income, a lower cash-effective increase in inventories as well as a drecreased cash-effective change to other net assets. The resulting positive effects were partially compensated by a substantial cash-effective decrease in trade accounts payable as compared to the corresponding period of the previous year.

Cash flow from investing activities – which reflects the cash outflows for investments reduced by the inflows from disposals – amounted to € -98.1 million in the reporting period (1-6/2015: € -84.7 million). Cash flow from investing activities was particularly influenced by payments for investments in property, plant and equipment and in intangible assets in the first six months of 2016, which primarily relate to advance payments made for the purchase of production equipment in Serbia as well as for the development of approvals and trademarks in Germany and the United Kingdom. Furthermore, payments were also made for business combinations from the purchase of Argentinean Laboratorio Vannier S.A. as well as British BSMW Limited.

Free cash flow, i.e. cash flow from operating activities plus cash flow from investing activities, amounted to € 15.0 million in the reporting period (1-6/2015: € -44.3 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals amounted to € 42.5 million (1-6/2015: € -5.7 million).

Cash flow from financing activities in the reporting period amounted to € 229.3 million (1-6/2015: € -18.3 million). This development was primarily attributable to the securing of additional promissory note loans in the total amount of € 350 million, which will be used for the refinancing of the promissory note loans expiring in December 2016 in the total amount of € 188.0 million. In addition, fewer financial liabilities were repaid in the current financial year than in the corresponding period of the previous year.

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 € 242.3 million in the first six months of 2016 (1-6/2015: € -51.8 million).

Acquisitions and disposals

The STADA Group pursues an active acquisition policy to further accelerate organic growth through external impulses. In this context, the emphasis is on the one hand on the regional expansion of the business activities with a focus on high-growth emerging markets. On the other hand, the Group focuses on the expansion and internationalization of the core segments – in particular Branded Products, as this area is generally characterized by more attractive margins and less regulatory interventions than the Generics area.

Regardless of the active purchasing policy, acquisition projects are subject to a strict selection process with uniform criteria and must, in particular, meet defined return specifications in addition to strategic criteria. For larger acquisitions or cooperations with capital investments, appropriate capital measures continue to be imaginable if the burden on the equity-to-assets ratio from such acquisitions or cooperations is too high.

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

In the first quarter of 2016, STADA acquired the British company BSMW Limited, based in Stockport. STADA achieved control upon conclusion of the contract on February 5, 2016. The purchase price for the acquisition amounted to GBP 3.4 million and was completely paid in cash or cash equivalents.

STADA share

In the first half of 2016 the STADA share price increased significantly by 24%. Whereas the share price closed 2015 at € 37.34, it amounted to € 46.44 at the end of the first half of 2016. The market capitalization in this period increased from € 2.328 billion to € 2.895 billion.

As of June 30 2016, the subscribed share capital of STADA Arzneimittel AG amounted to € 162,090,344.00 (December 31, 2015: € 162,090,344.00) consisting of 62,342,440 registered shares with restricted transferability[2], each with an arithmetical share in share capital of € 2.60 (December 31, 2015: 62,342,440 registered shares with restricted transferability).

In the reporting period, the Group published all of the nine received voting rights notices according to Section 26 of the German Securities Trading Act (WpHG). The voting rights notices received by STADA can be viewed on the website at www.stada.de or www.stada.com.

In the first six months of 2016, the Supervisory Board agreed to bring forward the election of a new Supervisory Board planned for 2018 by two years for four shareholder representatives. In order to ensure a proper and transparent process in the selection of candidates as well as the preparation for the election of the new Supervisory Board members, the Executive Board agreed to postpone the Annual General Meeting, originally planned for June 9, 2016, until August 26, 2016. As a result, the dividend payment will also be made at a later point in time.

Report on expected developments and associated material opportunities and risks

The Executive Board confirms the outlook for financial year 2016 and the opportunities and risk report for the Group published in the Management Report of STADA's Annual Report 2015. Together with the supplements and updates listed in this interim report, it gives, in the view of the Executive Board, an up-to-date overall picture of the opportunities and risks for the STADA Group.

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

In addition, the Group will continue to be faced with non-operational influence factors in the future. As a consequence, relevant Group currency relations – in particular the Russian ruble, the Ukrainian hryvnia, the Kazakhstani tenge and the British pound sterling to the

1) See the Company's press release of December 10, 2015.

2) Under the Company's Articles of Incorporation, STADA's registered shares with restricted transferability can only be entered into the share register with the consent of the Company and, pursuant to the statutes, grant one vote each in the Annual General Meeting. Shareholders are only those who are registered as such in the share registry and only such persons are authorized to participate in the Annual General Meeting and to exercise their voting rights. No shareholder and no shareholder group shall have any special rights.

euro – will affect the Group's development. Furthermore, STADA will continue to be exposed to the effects of the CIS crisis. The Group certainly continues to prepare itself, within the realms of possibility, for potential risks in this regard, such as a significantly increased default risk of business partners, subsidies to crisis-prone competitors that distort competition or strong volatility in interest rate levels and currency relations that are relevant for the Group. However, in view of the effects of the CIS crisis and the resulting burdens such as special effects from impairment losses on intangible assets and property, plant and equipment, payment defaults, non-operational burdens on earnings from currency influences – in particular from the devaluation of the Russian ruble, the Ukrainian hryvnia and the Kazakhstani tenge – as well as curbed or further decreasing demand in the Russian pharmaceuticals market cannot be ruled out. With regard to the currently existing sanctions against Russia, however, STADA does not see any significant direct effects on the Group's business activities from today's perspective.

The outlook for the development of the British pound sterling is negative as a result of the United Kingdom's decision in the second quarter of 2016 to leave the European Union and the associated uncertainties. Overall, such a devaluation of the British pound sterling will result in negative translation effects for STADA. The British companies are fully integrated subsidiaries, whose transactions are primarily made in local currency. Overall, the assets of these companies, whose transaction currency is not the pound sterling, are currently exceeding the corresponding liabilities, which means that STADA presently does not expect any significant negative translation effects from the devaluation of the pound sterling. From today's perspective, STADA does not anticipate any substantial currency effects for the income statement as a result of this possible currency development. It is very difficult to provide a prognosis on the possible macroeconomic effects of Brexit since this is an unprecedented event. In general, a decrease in investments and corresponding slower growth is to be expected. The developments and potential effects on the business model of STADA in the United Kingdom thus will be monitored continuously.

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

The Executive Board adopted growth targets for financial year 2019 on July 11, 2016. An essential part of this prognosis is a Group-wide program to improve performance, which has already been introduced and which, in addition to the leveraging of untapped sales potentials, includes efficiency enhancements and the reduction of functional costs.

Taking these measures into consideration, the Executive Board targets Group sales adjusted for currency and portfolio effects of € 2.6 billion, adjusted EBITDA of € 510 million and adjusted net income of € 250 million within a range of +/-5% for 2019. These targets are based on a primarily organic sales growth in the core segments Generics and Branded Products and are before any significant disposals with an effect on sales and earnings. The assumptions also include the forward projection of current currency relations, the current interest rate levels and largely unchanged tax framework conditions in the countries where STADA has Group companies. In addition, the targets can only be achieved provided that there is a stable regulatory environment in the markets that are of relevance for STADA.

Dr. M. Wiedenfels H. Kraft

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

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement for the period from Jan. 1 to June 30 in € 000s	6 months 2016 Jan. 1 – June 30	6 months 2015 Jan. 1 – June 30	2nd quarter 2016 Apr. 1 – June 30	2nd quarter 2015 Apr. 1 – June 30
Sales	1,034,665	1,025,885	537,543	539,711
Cost of sales	529,299	531,704	273,686	278,944
Gross profit	**505,366**	**494,181**	**263,857**	**260,767**
Selling expenses	232,847	235,686	115,824	125,378
General and administrative expenses	90,730	88,436	47,036	44,413
Research and development expenses	31,026	33,612	16,165	17,447
Other income	8,372	6,963	5,085	3,815
Other expenses	22,857	31,301	9,974	15,675
Operating profit	**136,278**	**112,109**	**79,973**	**61,669**
Result from investments measured at equity	999	845	1,007	880
Investment income	23	60	23	5
Financial income	971	668	302	183
Financial expenses	26,961	36,163	13,737	19,298
Financial result	**-24,968**	**-34,590**	**-12,405**	**-18,230**
Earnings before taxes	**111,310**	**77,519**	**67,538**	**43,439**
Income taxes	24,748	20,296	12,909	9,075
Earnings after taxes	**86,562**	**57,223**	**54,629**	**34,364**
thereof				
• distributable to shareholders of STADA Arzneimittel AG (net income)	82,005	53,623	52,399	32,415
• distributable to non-controlling shareholders	4,557	3,600	2,230	1,949
Earnings per share in € (basic)	1.32	0.88	0.84	0.53
Earnings per share in € (diluted)[1)]	-	0.88	-	0.53

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income in € 000s	6 months 2016 Jan. 1 – June 30	6 months 2015 Jan. 1 – June 30	2nd quarter 2016 Apr. 1 – June 30	2nd quarter 2015 Apr. 1 – June 30
Earnings after taxes	86,562	57,223	54,629	34,364
Items to be recycled to the income statement in future:				
Currency translation gains and losses	-35,633	100,343	-395	-853
thereof				
• income taxes	282	-351	191	-82
Gains and losses on available-for-sale financial assets	-	-1	-	-5
thereof				
• income taxes	-	0	-	1
Gains and losses on hedging instruments (cash flow hedges)	913	639	687	254
thereof				
• income taxes	-360	-207	-272	-64
Items not to be recycled to the income statement in future:				
Revaluation of net debt from defined benefit plans	-6,208	-	-6,208	-
thereof				
• income taxes	1,808	-	1,808	-
Other comprehensive income	-40,928	100,981	-5,916	-604
Consolidated comprehensive income	45,634	158,204	48,713	33,760
thereof				
• distributable to shareholders of STADA Arzneimittel AG	41,607	151,713	45,004	34,617
• distributable to non-controlling shareholders	4,027	6,491	3,709	-857

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as of June 30 in € 000s Assets	June 30, 2016	Dec. 31, 2015
Non-current assets	**2,015,244**	**2,032,309**
Intangible assets	1,613,151	1,649,020
Property, plant and equipment	348,658	321,617
Financial assets	4,318	1,339
Investments measured at equity	14,168	13,168
Other financial assets	7,654	8,718
Other assets	2,541	4,374
Deferred tax assets	24,754	34,073
Current assets	**1,481,282**	**1,255,106**
Inventories	500,516	501,520
Trade accounts receivable	480,554	485,901
Income tax receivables	14,883	21,182
Other financial assets	56,538	74,279
Other assets	43,291	29,046
Cash and cash equivalents	385,500	143,178
Total assets	**3,496,526**	**3,287,415**

Equity and liabilities	June 30, 2016	Dec. 31, 2015
Equity	**1,061,600**	**1,018,530**
Share capital	162,090	162,090
Capital reserve	514,176	514,171
Retained earnings including net income	711,430	635,344
Other provisions	-398,584	-364,105
Treasury shares	-1,434	-1,458
Equity attributable to shareholders of the parent	**987,678**	**946,042**
Shares relating to non-controlling shareholders	73,922	72,488
Non-current borrowed capital	**1,562,039**	**1,282,577**
Other non-current provisions	37,288	28,869
Financial liabilities	1,374,484	1,084,213
Other financial liabilities	7,455	7,201
Other liabilities	1,916	2,053
Deferred tax liabilities	140,896	160,241
Current borrowed capital	**872,887**	**986,308**
Other provisions	18,541	22,532
Financial liabilities	222,362	274,672
Trade accounts payable	286,085	328,487
Income tax liabilities	56,366	39,444
Other financial liabilities	201,503	218,792
Other liabilities	88,030	102,381
Total equity and liabilities	**3,496,526**	**3,287,415**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in € 000s	June 30, 2016	June 30, 2015
Net income	86,562	57,223
Depreciation and amortization net of write-ups of non-current assets	63,359	68,424
Income taxes	24,748	20,296
Income tax paid	-18,568	-24,820
Interest income and expenses	25,995	27,566
Interest and dividends received	2,173	2,621
Interest paid	-28,264	-42,138
Result from investments measured at equity	-999	-845
Result from the disposals of non-current assets	-53	256
Additions to/reversals of other non-current provisions	1,837	87
Currency translation income and expenses	6,525	7,281
Other non-cash expenses and gains[1)]	166,758	185,833
Gross cash flow	**330,073**	**301,784**
Changes in inventories	-7,555	-46,504
Changes in trade accounts receivable	12,351	5,853
Changes in trade accounts payable	-38,360	-20,315
Changes in other net assets, unless attributable to investing or financing activities[1)]	-188,473	-200,446
Cash flow from operating activities	**113,036**	**40,372**
Payments for investments in		
• intangible assets	-37,990	-46,294
• property, plant and equipment	-46,751	-25,616
• financial assets	-3,005	-96
• business combinations according to IFRS 3	-13,242	-14,086
Proceeds from the disposal of		
• intangible assets	1,223	767
• property, plant and equipment	862	621
• financial assets	42	35
• shares in consolidated companies	800	-
Cash flow from investing activities	**-98,061**	**-84,669**
Borrowing of funds	450,804	564,880
Settlement of financial liabilities	-218,910	-569,791
Dividend distribution	-4,216	-43,106
Capital increase from share options	-	28,224
Changes in non-controlling interests	1,623	1,507
Changes in treasury shares	29	30
Cash flow from financing activities	**229,330**	**-18,256**
Changes in cash and cash equivalents	**244,305**	**-62,553**
Changes in cash and cash equivalents due to the scope of consolidation	-	228
Changes in cash and cash equivalents due to exchange rates	-1,983	10,499
Net change in cash and cash equivalents	**242,322**	**-51,826**
Balance at beginning of the period	**143,178**	**164,209**
Balance at end of the period	**385,500**	**112,383**

1) Non-cash additions to accruals for discounts to health insurance organizations in the first six months of 2016 in the amount of € 143.87 million (1-6/2015: € 157 28 million) are recognized in gross cash flow and are therefore not included in changes in other net assets.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Consolidated Statement of Changes in Shareholders' Equity in € 000s 2016	Number of shares	Share capital	Capital reserve	Retained earnings including net income
Balance as of June 30, 2016	62,342,440	162,090	514,176	711,430
Dividend distribution				
Capital increase from share options				
Changes in treasury shares			5	
Changes in retained earnings				
Changes in non-controlling interests				
Changes in the scope of consolidation				
Other income				-5,919
Net income				82,005
Balance as of Jan. 1, 2016	**62,342,440**	**162,090**	**514,171**	**635,344**
Previous year				
Balance as of June 30, 2015	62,342,440	162,090	514,166	575,846
Dividend distribution				-39,955
Capital increase from share options	1,715,740	4,461	23,763	
Changes in treasury shares			2	
Adjustments previous year				1,177
Changes in retained earnings				
Changes in non-controlling interests				
Changes in the scope of consolidation				-92
Other income				-283
Net income				53,623
Balance as of Jan. 1, 2015	**60,626,700**	**157,629**	**490,401**	**561,376**

Provisions for currency translation	Provisions available for sale	Provisions for cash flow hedges	Treasury shares	Equity attributable to shareholders of the parent	Shares relating to non-controlling shareholders	Group equity
-398,584	-	0	-1,434	987,678	73,922	1,061,600
				-	-4,216	-4,216
				-		-
			24	29		29
				-		-
				-	1,623	1,623
				-		-
-35,392		913		-40,398	-530	-40,928
				82,005	4,557	86,562
-363,192	**-**	**-913**	**-1,458**	**946,042**	**72,488**	**1,018,530**
-272,175	25	-1,328	-1,476	977,148	69,704	1,046,852
				-39,955	-5,582	-45,537
				28,224		28,224
			28	30		30
				1,177		1,177
				-		-
				-	1,507	1,507
				-92		-92
97,731	3	639		98,090	2,891	100,981
				53,623	3,600	57,223
-369,906	**22**	**-1,967**	**-1,504**	**836,051**	**67,288**	**903,339**

APPENDIX

1. General

1.1. Accounting policies

This interim report of STADA complies with the requirements of Section 37w of the German Securities Trading Act (WpHG) and, in accordance with Section 37w (3) of the German Securities Trading Act (WpHG), 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, 2016 were prepared under consideration of the regulations outlined in International Accounting Standard (IAS) 34. In accordance with the provisions of IAS 34, an abridged scope of reporting as compared to the consolidated financial statements as of December 31, 2015 was selected.

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

In these consolidated interim financial statements – with the exception of the changed accounting policies listed in Note 1.2. – the same accounting policies and methods of computation are applied as in the consolidated financial statements for financial year 2015. With regard to the principles and methods used in the context of Group Accounting we generally refer to the notes to the consolidated financial statements of the Annual Report 2015.

1.2. Changes in accounting policies

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

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

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

In May 2014, IASB published the new standard IFRS 15 "Revenue from Contracts with Customers". IFRS 15 governs the revenue recognition for contracts with customers in a 5-step model and in particular replaces the existing standards IAS 11 "Construction Contracts" and IAS 18 "Revenue". IFRS 15 is to be applied for financial years beginning on or after January 1, 2018. Earlier application is permitted. An examination of the impact of the application of IFRS 15 on the consolidated financial statements has not yet been completed. However, the new standard on the realization of sales will have little impact on sales accounting, as sales are largely realized in the consolidated financial statements as a result of routine transactions. There are no agreements in the Group which regulate multiple services within one contract or within several contracts (multi-element arrangements). Changes may occur exclusively in the accounting of licensing agreements, which amounted to less than 2% of the total sales revenue in financial year 2015. However, this only affects license agreements which are not bound by the sales achieved by the licensee and which grant the licensee the right to use the license, without further actions by STADA being required. For such license agreements, as a result of the new IFRS 15 standard, in future sales will be realized in the amount of the entire license fee with the granting of a license and therefore not, as they are presently, divided over the term of the license.

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

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

1.3. Scope of consolidation

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

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

Furthermore, the Finnish company Oy STADA Pharma Ab was deconsolidated in the second quarter of 2016 as a result of the completed liquidation.

In the consolidated interim financial statements of the STADA Group, 84 companies were thereby consolidated as subsidiaries and four companies as associates as of the balance sheet date of June 30, 2016.

1.4. Business combinations

In the first six months of 2016, the following significant business combinations in the sense of IFRS 3 occurred, for which the preliminary purchase price allocations are described in more detail below.

In the first quarter of 2016, the purchase price allocation for the British Socialites group, which is based in Chesterfield and was acquired in the fourth quarter of 2015, was finalized. STADA achieved control upon conclusion of the contract on December 4, 2015. The purchase price for the acquisition amounted to GBP 21.0 million and will be / was paid in cash or cash equivalents.

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

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

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

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

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

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

Sales generated in the market region Central Europe with the Socialites group amounted to around € 6 million in the first six months of 2016. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 2 million) amounted to around € 1 million in the reporting period.

In order to strengthen the core segment Generics, STADA and the STADA subsidiary BEPHA Beteiligungsgesellschaft für Pharmawerte mbH signed a contract for the purchase of the Argentinian generics producer Laboratorio Vannier in the fourth quarter of 2015. The purchase price amounted to USD 13.0 million (according to the exchange rate at the date of acquisition approx. € 11.9 million) and was / will be paid in cash or cash equivalents. This includes certain conditional purchase price components, which are to be paid upon reaching a fixed earnings figure. This is guaranteed to reach a minimum of USD 1 million, with a maximum of USD 1.5 million. The seller was a private individual. The purchase was completed in the first quarter of 2016. STADA achieved control on January 4, 2016.

In the context of the preliminary purchase price allocation in the first half of 2016, goodwill in the amount of € 5.9 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	11.9
Proportionate fair values of the assets and liabilities acquired approx.	6.0
Goodwill	**5.9**

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

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

Fair values in € million	
Intangible assets	5.6
Other non-current assets	0.2
Inventories and other current assets	2.5
Cash and cash equivalents	1.2
Assets	**9.5**
Deferred tax liabilities	1.9
Other non-current liabilities	0.2
Other current liabilities	1.4
Liabilities	**3.5**

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 evaluation of acquired assets and liabilities assumed.

Sales generated in the market region Germany with Laboratorio Vannier amounted to around € 3.5 million in the first six months of 2016. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.1 million) amounted to around € 0.5 million in the reporting period.

In the first quarter of 2016, STADA acquired the British BSMW, based in Stockport. STADA achieved control upon conclusion of the contract on February 5, 2016. The purchase price amounted to GBP 3.4 million and was completely paid in cash or cash equivalents.

In the context of the final purchase price allocation in the first quarter of 2016, goodwill in the amount of € 3.5 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	4.4
Proportionate fair values of the assets and liabilities acquired approx.	0.9
Goodwill	**3.5**

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

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

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

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

Sales generated in the market region Central Europe with BSMW amounted to around € 1.5 million in the five months since the initial consolidation. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.2 million) amounted to around € 0.9 million in the reporting period. If STADA had acquired BSMW on January 1, 2016, sales of around € 1.8 million and operating profit, adjusted for effects from the purchase price allocation (around € 0.3 million), of around € 1.1 million would have been achieved on linear extrapolation in 2016.

2. Notes to the Consolidated Income Statement

2.1. Sales

The increase in sales compared to the corresponding period of the previous year resulted primarily from sales increases in the market region Germany and the Italian and British markets, which belong to the market region Central Europe. The influences of exchange rate effects and portfolio changes on the sales growth amounted to a total of -3.3 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. Cost of sales

Cost of sales decreased in the first half of 2016 in comparison with the corresponding period of the previous year by € 2.4 million to € 529.3 million (1-6/2015: € 531.7 million) although sales were able to be increased by € 8.8 million as compared with the corresponding period of the previous year. The corresponding improvement of the gross margin to 48.8% (1-6/2015: 48.2%) primarily resulted from a decrease in revenue reductions in the market region Germany.

2.3. Selling expenses

Selling expenses in the first six months of 2016 declined by € 2.8 million to € 232.8 million (1-6/2015: € 235.7 million) as compared to the corresponding period of the previous year. This development was primarily based on a decrease due to currency translation effects in the market region CIS/Eastern Europe.

2.4. Other income

Other income increased in the first half of 2016 by € 1.4 million to € 8.4 million (1-6/2015: € 7.0 million) as compared to the corresponding period of the previous year, in particular due to a received milestone payment in the United Kingdom.

2.5. Other expenses

Other expenses decreased in the first six months of 2016 as compared to the corresponding period of the previous year to € 22.9 million (1-6/2015: € 31.3 million). This development was mainly based on lower impairments on intangible assets as well as lower currency translation expenses, in particular in the market region CIS/Eastern Europe.

2.6. Financial expenses

The decrease in financial expenses in the reporting period as compared to the corresponding period of the previous year to € 27.0 million (1-6/2015: € 36.2 million) was mainly a result of lower expenses from the evaluation of derivative financial instruments as well as lower interest expenses.

2.7. Income taxes

Income tax expenses increased in the reporting period by € 4.4 million to € 24.7 million as compared to the corresponding period of the previous year (1-6/2015: € 20.3 million). The reported tax rate improved to 22.2% (1-6/2015: 26.2%), in particular due to a changed profit allocation in the STADA Group.

2.8. Earnings per share

Earnings per share increased in the first half year of 2016 by € 0.44 to € 1.32 compared to the corresponding period of the previous year (1-6/2015: € 0.88). In the comparable period of the previous year, diluted earnings per share amounted to € 0.88 as a result of the STADA warrants (in connection with the Conditional Capital Increase 2004/I), whose exercise period expired on June 26, 2015.

3. Notes to the Consolidated Balance Sheet

3.1. Intangible assets

Intangible assets decreased by € 35.8 million to € 1,613.2 million as of June 30, 2016 (December 31, 2015: € 1,649.0 million). The decrease was mainly based on amortization as well as currency translation differences. As of June 30, 2016, intangible assets included € 400.4 million goodwill (December 31, 2015: € 391.6 million).

3.2. Property, plant and equipment

The increase in property, plant and equipment as of June 30, 2016 to € 348.7 million (December 31, 2015: € 321.6 million) was mainly attributable to investments in the production facilities in the market region CIS/Eastern Europe.

3.3. Financial assets

Financial assets increased as of the balance sheet date of June 30, 2016 by € 3.0 million to € 4.3 million (December 31, 2015: € 1.3 million). This development primarily resulted from a capital increase in connection with the purchase of two sales companies by CROMA-PHARMA GmbH.

3.4. Other financial assets

Non-current other financial assets declined by € 1.0 million to € 7.7 million as of the balance sheet date of June 30, 2016 (December 31, 2015: € 8.7 million). Current other financial assets decreased to € 56.5 million as of June 30, 2016 (December 31, 2015: € 74.3 million). This development was based, among other things, on a decline in positive market values of derivative financial instruments as well as a decrease in settlement claims in the market region Germany.

3.5. Income tax receivables

The reduction of income tax receivables as of June 30, 2016 to € 14.9 million (December 31, 2015: € 21.2 million) was primarily a result of payments received from the reimbursement of advance tax payments in the market region Germany.

3.6. Other assets

The increase of current other assets by € 14.3 million to € 43.3 million as of the balance sheet date of June 30, 2016 (December 31, 2015: € 29.0 million) primarily resulted from increased sales tax receivables in the market regions CIS/Eastern Europe and Central Europe.

3.7. Retained earnings and other provisions

Retained earnings including net income comprise net income for the financial year as well as earnings generated in previous periods, provided these were not distributed, including amounts transferred to retained earnings. In addition, revaluations of net debt from defined benefit plans that were recognized directly in equity are reported under this item, taking deferred taxes into account. As a result of a significant decline in the discount rate in countries with significant pension obligations, net debt from defined benefit obligations in these countries was assessed on June 30, 2016. The application of the discount rate updated on June 30, 2016 resulted in the reduction of retained earnings recognized directly in equity in the amount of € 6.2 million after deferred taxes.

Other provisions include results recognized directly in equity. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation with no effect on the income of financial statements of companies included in the Group, which are recognized in the statement of changes in equity under the currency translation reserve. In the reporting period, this resulted in a reduction of other provisions in the amount of € 35.4 million recognized directly in equity, which was primarily composed of the following effects: The devaluation of the British pound sterling since December 31, 2015 and the associated effects from the currency translation of financial statements of companies reporting in the respective currency could be only partially compensated through the appreciation of the Russian ruble since December 31, 2015.

3.8. Financial liabilities

As of June 30, 2016, the Group's current and non-current financial liabilities in the amount of € 222.4 million and € 1,374.5 million (December 31, 2015: € 274.7 million and € 1,084.2 million) particularly include promissory note loans which have a nominal value in the amount of € 830.5 million (December 31, 2015: € 547.0 million), a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million (December 31, 2015: a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million). The increase in financial liabilities resulted from the securing of additional promissory note loans in the total amount of € 350 million, which will be used for the refinancing of the promissory note loans expiring in December 2016 in the total amount of € 188.0 million.

3.9. Other financial liabilities

Non-current other financial liabilities increased slightly to € 7.5 million as of the balance sheet date (December 31, 2015: € 7.2 million). Current other financial liabilities declined by € 17.3 million to € 201.5 million, mainly due to decreased accruals for health insurance discounts (December 31, 2015: € 218.8 million).

3.10. Trade accounts payable

Trade accounts payable declined as of the balance sheet date of June 30, 2016 by € 42.4 million to € 286.1 million (December 31, 2015: € 328.5 million). This development was mainly based on reduced liabilities for health insurance discounts as well as dossier acquisitions in the market region Germany.

3.11. Income tax liabilities

Income tax liabilities increased by € 17.0 million to € 56.4 million as of the balance sheet date of June 30, 2016 (December 31, 2015: € 39.4 million). This development was based, among other things, on increased income tax expenses in the market region Germany as a result of improved operational development.

3.12. Other liabilities

Other current liabilities decreased by € 14.4 million to € 88.0 million as of the balance sheet date of June 30, 2016 (December 31, 2015: € 102.4 million), primarily as a result of lower sales tax liabilities in the market region Central Europe as well as lower other liabilities.

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 € 113.0 million in the first half of 2016 (1-6/2015: € 40.4 million). The significant increase of € 72.6 million in comparison with the corresponding period of the previous year was primarily based on increased net income, a lower cash-effective increase in inventories as well as a decreased cash-effective change to other net assets. The resulting positive effects were partially compensated by a substantial cash-effective decrease in trade accounts payable 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 reduced by the inflows from disposals – amounted to € -98.1 million in the reporting period (1-6/2015: € -84.7 million). Cash flow from investing activities was particularly influenced by payments for investments in property, plant and equipment and in intangible assets in the first six months of 2016, which primarily related to advance payments made for the purchase of production equipment in Serbia as well as for the development of approvals and trademarks in Germany and the United Kingdom. Furthermore, payments were also made for business combinations from the purchase of Argentinean Laboratorio Vannier as well as British BSMW Limited.

4.3. Cash flow from financing activities

Cash flow from financing activities in the reporting period amounted to € 229.3 million (1-6/2015: € -18.3 million). This development was primarily attributable to the securing of additional promissory note loans in the total amount of € 350 million, which will be used for the refinancing of the promissory note loans expiring in December 2016 in the total amount of € 188.0 million. In addition, fewer financial liabilities were repaid in the current financial year than in the corresponding period of the previous year.

4.4. Net cash flow for the period

Net cash flow for the period is the balance of cash inflows and outflows from operating cash flow, cash flow from investing and financing activities as well as from changes in cash and cash equivalents due to exchange rates and/or Group composition and amounted to € 242.3 million in the first six months of 2016 (1-6/2015: € -51.8 million).

5. Segment Reporting

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 2016 Jan. 1 – June 30	6 months 2015 Jan. 1 – June 30
Generics	**External sales**	**603,805**	**615,252**
	Sales with other segments	146	250
	Total sales	603,951	615,502
	Operating profit	104,260	85,776
	Depreciation/amortization	24,206	24,892
	Impairment losses	346	501
	Reversals	-3	-
	Other significant non-cash items within operating result	-153,427	-170,794
Branded Products	**External sales**	**407,301**	**389,308**
	Sales with other segments	-	-
	Total sales	407,301	389,308
	Operating profit	70,705	71,078
	Depreciation/amortization	28,321	29,542
	Impairment losses	5,720	3,924
	Reversals	-	-
	Other significant non-cash items within operating result	-15,736	-10,819
Commercial Business	**External sales**	**23,363**	**21,325**
	Sales with other segments	8	-
	Total sales	23,371	21,325
	Operating profit	362	94
	Depreciation/amortization	66	64
	Impairment losses	-	-
	Reversals	-	-
	Other significant non-cash items within operating result	-18	-114
Reconciliation Group holdings/other and consolidation	**External sales**	**196**	**-**
	Sales with other segments	-154	-250
	Total sales	42	-250
	Operating profit	-39,049	-44,839
	Depreciation/amortization	3,865	4,120
	Impairment losses	838	5,381
	Reversals	-	-
	Other significant non-cash items within operating result	-5,974	-1,878
Group	**External sales**	**1,034,665**	**1,025,885**
	Sales with other segments	-	-
	Total sales	1,034,665	1,025,885
	Operating profit	136,278	112,109
	Depreciation/amortization	56,458	58,618
	Impairment losses	6,904	9,806
	Reversals	-3	-
	Other significant non-cash items within operating result	-175,155	-183,605

5.3. Reconciliation of segment results to net profit

in € 000s	6 months 2016 Jan. 1 – June 30	6 months 2015 Jan. 1 – June 30
Operating segment profit	175,327	156,948
Reconciliation Group holdings/other and consolidation	-39,049	-44,839
Result from investments measured at equity	999	845
Investment income	23	60
Financial income	971	668
Financial expenses	26,961	36,163
Earnings before taxes, Group	**111,310**	**77,519**

6. Additional Information

6.1. Information by market region

Sales by market region in € 000s	6 months 2016 Jan. 1 – June 30	6 months 2015 Jan. 1 – June 30	±%[1)]	±% adjusted[2)]
Central Europe	**493,996**	**499,116**	**-1%**	***-1%***
• Italy	101,195	96,672	+5%	*0%*
• United Kingdom	93,874	87,606	+7%	*+5%*
• Spain	61,909	61,598	+1%	*0%*
• Belgium	46,139	69,986	-34%	*-34%*
• France	41,984	41,213	+2%	*+11%*
• Switzerland	30,000	28,306	+6%	*+10%*
• The Netherlands	23,909	21,454	+11%	*+12%*
• Ireland	12,928	12,173	+6%	*+6%*
• Austria	11,284	10,873	+4%	*-6%*
• Czech Republic	9,372	7,111	+32%	*+30%*
• Other/Rest of Central Europe	40,966	40,920	0%	*+5%*
• Export sales of the market region Central Europe	20,436	21,204	-4%	*-1%*
Germany	**254,662**	**227,926**	**+12%**	***+10%***
• Germany	246,928	209,755	+18%	*+18%*
• Export sales of the market region Germany	7,734	18,171	-57%	*-77%*
CIS/Eastern Europe	**209,160**	**227,193**	**-8%**	***+8%***
• Russia	109,505	125,543	-13%	*+8%*
• Serbia	33,649	46,944	-28%	*-30%*
• Ukraine	11,561	11,024	+5%	*+25%*
• Bosnia-Herzegovina	9,001	7,744	+16%	*+16%*
• Kazakhstan	8,011	10,087	-21%	*+49%*
• Other/Rest of CIS/Eastern Europe	33,376	19,942	+67%	*+78%*
• Export sales of the market region CIS/Eastern Europe	4,057	5,907	-31%	*-31%*
Asia/Pacific & MENA	**76,847**	**71,650**	**+7%**	***+11%***
• Vietnam	49,900	44,927	+11%	*+15%*
• China	8,566	7,393	+16%	*+19%*
• The Philippines	4,497	3,135	+43%	*+51%*
• Saudi Arabia	3,020	3,057	-1%	*+1%*
• Kuwait	1,671	1,196	+40%	*+43%*
• Other/Rest of Asia/Pacific & MENA	8,972	11,723	-23%	*-21%*
• Export sales of the market region Asia/Pacific & MENA	221	219	+1%	*+4%*

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

7. Disclosures about fair value measurements and financial instruments

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

Fair values by levels of hierarchy in € 000s on a recurring basis	Level 1 Quoted prices in active markets		Level 2 Valuation methods with input parameters observable in the market		Level 3 Valuation methods with input parameters not observable in the market	
	June 30, 2016	Dec. 31, 2015	June 30, 2016	Dec. 31, 2015	June 30, 2016	Dec. 31, 2015
Available-for-sale financial assets (AfS)						
• Securities	-	-	-	-	-	-
Financial assets held for trading (FAHfT)						
• Currency forwards	-	-	-	-	371	3,118
• Interest rate/currency swaps	-	-	-	-	16,424	24,343
Financial liabilities held for trading (FLHfT)						
• Currency forwards	-	-	-	-	15,967	9
• Interest rate/currency swaps	-	-	-	-	3,397	3,329
Derivative financial liabilities with hedging relationship						
• Cash flow hedges	-	-	-	-	-	1,274

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

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

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

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

Financial assets and liabilities allocated to hierarchy level 3 and recognized at fair value developed as follows in the first half of 2016:

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2016	**27,461**	**-4,611**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	-5,607	-16,057
• in the income statement	-5,607	-17,331
• directly in equity	-	1,274
Additions	-	-
Realizations	-5,059	1,314
Reclassification in level 2	-	-
Balance at June 30, 2016	**16,795**	**-19,354**
Income recognized in the income statement	**-5,607**	**-17,331**
Other income/other expenses	-6,094	-10,522
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-6,094	-10,529
Financial result	487	-6,809
thereof		
• attributable to assets/liabilities held as of the balance sheet date	487	-5,497

Financial assets and liabilities allocated to hierarchy level 3 and recognized at fair value developed as follows in the first half of 2015:

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2015	**33,250**	**-3,124**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	-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

The following disclosures are made for financial assets and financial liabilities whose fair value differs from the carrying amount as of June 30, 2016:

in € 000s	Carrying amount June 30, 2016	Fair value June 30, 2016	Carrying amount Dec. 31, 2015	Fair value Dec. 31, 2015
Amounts due to banks	121,979	123,666	167,290	165,045
Promissory note loans	828,619	878,384	545,921	577,812
Bonds	646,248	666,460	645,673	659,125
Financial liabilities	**1,596,846**	**1,668,510**	**1,358,884**	**1,401,982**

Financial liabilities shown in the table 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 2016 as compared to the presentation in the Annual Report 2015.

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

8. Contingent liabilities and other financial obligations

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

There were no significant changes in contingent liabilities in the first half of 2016 as compared to those described in the Annual Report 2015.

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

in € 000s	June 30, 2016	Dec. 31, 2015
Operating lease liabilities	67,401	81,288
Other financial obligations	33,288	33,634
Total	**100,689**	**114,922**

As of June 30, 2016, other financial obligations primarily included a guarantee amounting to € 25.0 million toward Hospira Inc., Lake Forest, Illinois, USA, in connection with a supply agreement between Hospira and the shares in the associated company BIOCEUTICALS Arzneimittel AG, which are recognized according to the equity method.

STADA, as guarantor, has continued to recognize this guarantee as a financial guarantee in accordance with IAS 39 with a fair value in the amount of only € 0.3 million in the reporting year (December 31, 2015: € 0.3 million), as STADA is currently not expecting utilization of this guarantee.

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

9. Related party transactions

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

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

The following changes occurred with regard to related persons in the reporting period compared with the situation as described in the Annual Report 2015: In view of the fact that Steffen Retzlaff, the son of Hartmut Retzlaff, who has been exempted from duty, focuses on his responsibilities as Senior Vice President of the market region Asia/Pacific & MENA, his other mandates – with the exception of his position as member of the Board of Directors of STADA MENA DWC-LLC and STADA Pharmaceuticals (Asia) Ltd. – ended in June 2016.

10. Significant events after the balance-sheet date

In the third quarter of 2016, the Serbian STADA subsidiary Hemofarm A.D. acquired a local branded products portfolio, which is primarily focused on the treatment of gastrointestinal disorders, to strengthen their position in the area of consumer health. The acquired business has been consolidated in the STADA Group since August 1, 2016.

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 3, 2016

Dr. M. Wiedenfels H. Kraft

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, 2016, 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 3, 2016

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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 being 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 does 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 in their nature.

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

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1) Employee representatives.