



Report on the First Three Months

2007

STADA DEVELOPMENT AT A GLANCE

- Successful start in fiscal year 2007
- Group sales +20%, net income +22%
- Operating margin improves to 13.6% (first quarter of 2006: 12.8%)
- Integration of the Serbian Hemofarm Group develops as planned
- Unchanged optimistic outlook for further business development

Key figures for the Group from Jan. 1 – Mar. 31 in € million	2007	2006	± %
Group sales	360.1	299.6	+20%
Sales in core segments, total	341.2	275.3	+24%
• Generics	267.1	207.2 ¹⁾	+29%
• Branded Products	74.1 ¹⁾	68.0	+9%
Operating profit	49.0	38.2	+28%
EBITDA (Earnings before interest, taxes, depreciation and amortization)	64.8	51.7	+25%
EBIT (Earnings before interest and taxes)	49.0	38.3	+28%
EBT (Earnings before taxes)	40.6	35.6	+14%
Net income ²⁾	26.9	22.1	+22%
Cash flow (gross)	44.6	35.7	+25%
Equity capital (March 31)	886.1	708.2	+25%
Capital expenditure	9.4	15.2	-38%
Depreciation/amortization	15.8	13.4	+18%
Average number of employees (Jan. 1 – March 31)	7,492	3,973	+89%

Key share figures Jan. 1 – Mar. 31	2007	2006	± %
Market capitalization in € million (as of March 31)	2,651.5	1,904.8	39.2%
Closing price (XETRA®) in € (as of March 31)	45.45	35.60	27.7%
Average number of shares not including own shares (Jan. 1 – March 31)	58,221,886	53,383,627	+9%
Basic earnings per share in € ³⁾	0.46	0.41	+12%
Diluted earnings per share in € ⁴⁾	0.44	0.38	+16%

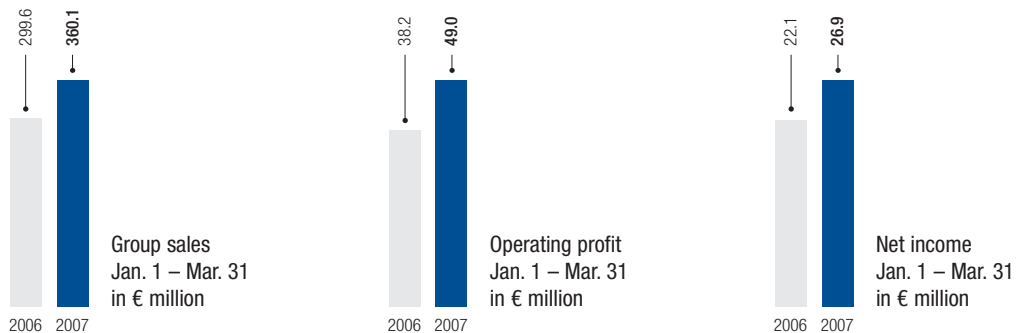
1) Taking effect for the first time in the full fiscal year 2006, the former core segment Specialty Pharmaceuticals, due to its low significance for sales (share of Group sales in 2006: 2%), was allocated to the two other core segments Generics and Branded Products in accordance with the respective market positioning of the individual products; simultaneously, the segment definitions of these primary segments were updated (see STADA annual report 2006). In this quarterly report, all previous year figures for the primary segment reporting have been retrospectively adjusted.

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

3) In accordance with IAS 33.10.

4) In accordance with IAS 33.31.

MANAGEMENT REPORT



Successful start into fiscal year 2007

As expected, STADA's long-term growth course has continued in fiscal year 2007 too. In the first quarter of the current fiscal year, STADA was again able to achieve clear growth rates in both sales and net income; thereby, the operating margin also further improved as compared to the first quarter of 2006. In addition to organic growth, the inclusion of the Serbian Hemofarm Group, which was acquired in 2006, in the STADA Group also contributed to the good business development.

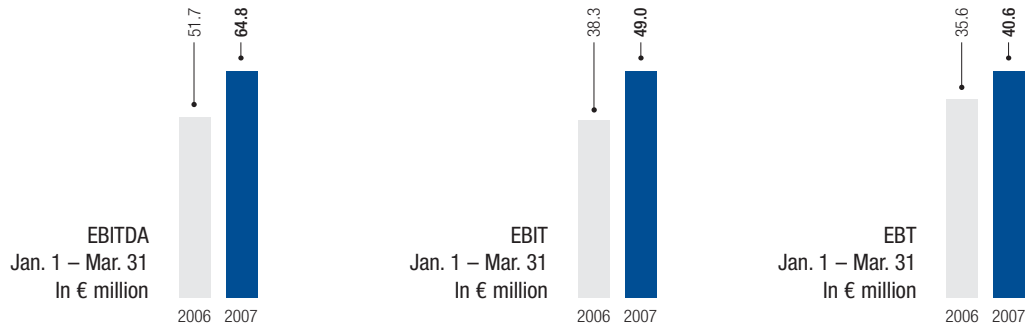
The successful start in the current fiscal year underlines the Executive Board's unchanged optimistic outlook for further business development; 2007 should thereby become STADA's twelfth record year in a row in terms of sales and net income.

Clear growth in Group sales

In **Group sales**, STADA recorded growth of 20% to € 360.1 million in the first three months of 2007 (first quarter of 2006: € 299.6 million).

Since the Group did not make any acquisitions in the first quarter of 2007, this growth – in terms of the current fiscal year – was achieved entirely organically, i.e. without any sales which were initially consolidated in the current fiscal year.

By adjusting this growth rate in the first quarter of 2007 for the amount of € 53.2 million of total sales contributions due to acquisitions made in the previous 12 months (Serbian Hemofarm Group as of August 1, 2006) as well as for the € 9.7 million of total sales contributions, which in the first quarter of the previous year, stemmed from disposals made within the previous 12 months (including the US subsidiary STADA Inc. as of August 21, 2006 and the



Defibrotide branded products in Italy as of December 28, 2006) as well as product sales given up (among other things, two Spanish branded products), this results in a corresponding adjusted organic growth in Group sales of 6% for the first quarter of 2007.

The STADA Group's two **core segments**¹⁾, Generics and Branded Products, thereby achieved a total of 94.8% of Group sales (first quarter of 2006: 91.9%²⁾). The significantly larger of the two core segments, **Generics**, recorded sales growth of 29% to € 267.1 million in the reporting period (first quarter of 2006: € 207.2 million³⁾). The share of Generics in Group sales thus amounted to 74.2% in the first three months of 2007 (first quarter of 2006: 69.2%⁴⁾). In the core segment **Branded Products**, sales increased by 9% to € 74.1 million in the first quarter of the current fiscal year (first quarter of 2006: € 68.0 million⁵⁾). The share of Branded Products in Group sales thus amounted to 20.6% in the first quarter of 2007 (first quarter of 2006: 22.7%⁶⁾).

As expected, with an increase of 25%, STADA's **international sales** grew again at a stronger rate in the first three months of 2007 as compared to overall sales of the Group. Thus, sales outside of Germany had a share of 59.8% in the reporting period (first quarter of 2006: 57.5%). International business has once again proven to be an important growth factor for the STADA Group and has confirmed STADA's long-term strategy of internationalization.

Strong increase in net income

Net income rose by 22% to € 26.9 million in the reporting period (first quarter of 2006: € 22.1 million) and thereby went up again at a stronger rate as compared to sales growth. **Earnings per share** in the first quarter of 2007 amounted to € 0.46 (first quarter of 2006: € 0.41), taking into consideration that the average number of STADA shares increased by 9% as compared to the first quarter of 2006 due to the exercise of options since then. This is also noticeable for the **diluted earnings per share**⁷⁾, which amounted to € 0.44 in the first quarter of 2007 (first quarter of 2006: € 0.38).

The other key earnings figures also showed clear growth in the first three months of 2007. **Operating profit** showed an increase of 28% to € 49.0 million in the first quarter of 2007 (first quarter of 2006: € 38.2 million). **Earnings before taxes (EBT)** rose by 14% to € 40.6 million in the reporting period (first quarter of 2006: € 35.6 million).

1) Taking effect for the first time in the full fiscal year 2006, the former core segment Specialty Pharmaceuticals, due to its low significance for sales (share of Group sales in 2006: 2%), was allocated to the two other core segments Generics and Branded Products in accordance with the respective market positioning of the individual products; simultaneously, the segment definitions of these primary segments were updated (see STADA annual report 2006). In this quarterly report, all previous year figures for the primary segment reporting have been retrospectively adjusted.

2) Including sales contributions in the amount of € 6.7 million from the former core segment Specialty Pharmaceuticals, which was retrospectively allocated to this segment.

3) Including the sales contribution in the amount of € 5.6 million from the former core segment Specialty Pharmaceuticals, which was retrospectively allocated to this segment.

4) Including the sales contribution from the former core segment Specialty Pharmaceuticals, which was retrospectively allocated to this segment.

5) Including the sales contribution in the amount of € 1.1 million from the former core segment Specialty Pharmaceuticals, which was retrospectively allocated to this segment.

6) Including the sales contribution from the former core segment Specialty Pharmaceuticals, which was retrospectively allocated to this segment.

7) In accordance with IAS 33.31.

Earnings before interest and taxes (EBIT) grew by 28% to € 49.0 million in the first quarter of 2007 (first quarter of 2006: € 38.3 million). **Earnings before interest, taxes, depreciation and amortization (EBITDA)** increased in the first three months of the current fiscal year by 25% to € 64.8 million (first quarter of 2006: € 51.7 million).

A sales-related **operating profit margin** of 13.6% resulted for the first quarter of the current fiscal year (first quarter of 2006: 12.8%); thus, in the first three months of 2007 STADA achieved a higher operating profitability than in the corresponding period of the previous year. The other sales-related profit margins in the reporting period were as follows: **EBITDA margin** 18.0% (first quarter of 2006: 17.3%), **EBIT margin** 13.6% (first quarter of 2006: 12.8%), **EBT margin** 11.3% (first quarter of 2006: 11.9%), and **net profit margin** 7.5% (first quarter of 2006: 7.4%).

Thereby, no one-time special effects influencing the aforementioned key earnings figures occurred in the first quarter of 2007; the first quarter of 2006, by contrast, was still burdened by one-time special effects in the total amount of € 5.8 million before taxes.¹⁾

Operating profit in the **Generics segment** grew by 73% to € 46.2 million in the reporting period (first quarter of 2006: € 26.7 million, thereof € 1.5 million profit contribution from the former Specialty Pharmaceuticals segment). **Operating profit** in the **Branded Products segment** decreased by 27% to € 10.8 million in the first quarter of the current fiscal year (first quarter of 2006: € 14.8 million, thereof € 0.1 million profit contribution from the previous Specialty Pharmaceuticals segment); one major reason for this was the clear reduction in sales of the local branded product Chondroxide (see "Regional Development in the STADA Group – Russia").

The **operating profit margin** of **Generics** thus amounted to 17.3% in the first three months of 2007 (first quarter of 2006: 12.9%). The **operating profit margin** of **Branded Products** was 14.5% in the reporting period (first quarter of 2006: 21.8%).

Regional Development in the STADA Group

In **Germany**, which continues to be STADA's biggest national market, Group sales rose by 14% to € 144.7 million in the first quarter of 2007 (first quarter of 2006: € 127.3 million). Due to STADA's ongoing internationalization, the share of German business in Group sales, however, decreased as expected from 42.5% in the first quarter of 2006 to 40.2% in the first quarter of 2007.

While the German generics market declined in value by 16% in the first quarter of 2007, in particular due to strong price reductions in the course of 2006, the STADA Group's generics sales in the German market grew by 20% to € 114.8 million. Based on data provided by different market research institutes, STADA increased the Group's market share in the German generics market to 10.6%²⁾ in the first three months of 2007 (first quarter of 2006: 8.9%).

1) At the time, € 3.8 million related to unscheduled depreciation on intangible assets in connection with the US business, which was disclosed under "Other operating expenses" in the first quarter of 2006. Due to the deconsolidation after the sale of the US business in the third quarter of 2006, this amount was, in accordance with IFRS, then reclassified in the consolidated income statement in the third quarter of 2006 and stated in the annual financial statements of 2006 below the operating profit in the line "Closing of the US business".

2) STADA estimate at ex-factory prices based on market data provided by various international market research institutes for the 3 months value of January till March 2007.

Both of the STADA Group's generics sales lines in Germany thereby contributed to the market share increase. STADApHarm GmbH, Bad Vilbel, which continues to place its focus on a strongly service-oriented concept of support for doctors with a country-wide sales force, increased its sales by 7% to € 62.7 million in the first quarter of 2007 and thus continues to occupy position 3 in the German generics market. STADA's second generics sales line in the German market is ALIUD PHARMA GmbH & Co. KG, Laichingen, which traditionally operates in the market without a sales force, solely based on mailing concepts and thus, due to low-price cost structures, is also able to pursue more price-aggressive sales strategies. By doing so, ALIUD PHARMA is currently very successful in the German market. With growth by 39% as compared to the first quarter of 2006, ALIUD PHARMA achieved sales of € 39.9 million in the first quarter of 2007; based on data provided by independent market research institutes, ALIUD PHARMA, in the first quarter of 2007, for the first time occupies position 4 in the total German generics market.

As of April 1, 2007, with the Act for strengthening competition in public health insurance (GKV-WSG), an additional law to regulate the German health care system took effect which, due to comprehensive regulations¹⁾, will probably lead to significant structural changes of the German health care system and the market structures which depend on it.

Elements of the GKV-WSG, which are of substantial relevance for the pharmaceutical area, target among other areas a stimulation of direct contractual discount agreements between pharmaceutical companies, in particular generics suppliers, and health insurance organizations; the products, which are subject to such – so far generally non-exclusive – discount agreements, should thereby benefit from a preferred prescription by doctors or a preferred sale in pharmacies as compared to competitive products not covered by a discount agreement containing the same active ingredient.

Within the STADA Group's sales structures in Germany, ALIUD PHARMA in particular, which operates without a sales force, makes use of such discount contracts as a sales instrument. On April 1, 2007, when the GKV-WSG took effect, ALIUD PHARMA had signed 13 discount contracts, some of which had already been active for longer periods – mostly covering respectively the entire ALIUD range – with various health insurance organizations comprising a total of approx. 25 million insured persons; since then, the number of discount agreements signed by ALIUD PHARMA has risen to 19 with a total of approx. 39 million persons insured.

But STADApHarm too signed, as of April 1, 2007, a Germany-wide cooperation contract with the BARMER Ersatzkasse, with over 7 million insured persons Germany's biggest health insurance organization, for the entire generics range of this STADA subsidiary.

Overall, not only the consequences of such discount contracts, but also the complex effects of the GKV-WSG as a whole in the German generics market will depend on the medium and long-term competitive reactions of all market participants; they can therefore not be accurately assessed at this point in time.

From today's perspective, STADA continues to expect that, notwithstanding the GKV-WSG, the Group's sustainable growth course can be continued. In the current fiscal year 2007, STADA will also react to a possible permanent

1) On April 1, 2007, STADApHarm GmbH submitted a constitutional complaint to the Federal Constitutional Court against a detail regulation of the GKV-WSG (Section 130 Paragraph 3b sentences 5 and 6 of the SGB V in the version of the Art. 1 No. 97 e) bb), under which generics companies must, under certain circumstances, grant an additional compulsory discount of 2% for one year to the health insurance organization.

burden of earnings due to structural market changes by means of appropriate measures to secure earnings, if required, which can particularly also include reductions in personnel in the German sales companies. Currently, in this connection, positions in the Generics sales force remain unoccupied to a large extent.

The Group's Branded Products business in Germany remains mostly unaffected by the GKV-WSG. Here, with € 28.9 million in the first quarter of 2007, the strong sales level of the corresponding period in the previous year (first quarter of 2006: € 29.4 million) was nearly achieved.

In **Serbia**, STADA's now – after the successful takeover of the Serbian Hemofarm Group in the third quarter of 2006¹⁾ – second largest national market, the Group achieved sales in the amount of RSD 2,512.1 million²⁾ or € 31.7 million in the first three months of 2007. Hemofarm thus remains the clear market leader in the overall Serbian pharmaceutical market.

Thereby, the structural integration of the Hemofarm Group into the STADA Group continues to develop as planned. For all essential administrative functions such as strategic planning and budget process, reporting and accounting, finance and cash flows as well as risk management, the integration has already been completed successfully. The wider focus of operating integration continues to be placed on cost-optimizing transfer processes of production and development activities, which have so far been awarded to external third parties, into the low-cost structures in Serbia that are now available in the Group; from today's perspective, due to the complexity of these processes, for which, among other things, all drug-related regulations must also be observed, a completion in 2008 and 2009 has been set as a target for most of these transfers. Overall, STADA continues to expect from the operating integration of the Hemofarm Group into the STADA Group an additional positive profit contribution in the amount of clear double-digit euro millions within the first three full fiscal years after the acquisition.

In **Belgium**, STADA, with the local sales companies³⁾, was able – regardless of the known stockpiling activities on the part of the pharmacy and wholesaler distribution channels in the fourth quarter of 2006 due to the change in local sales concepts – to increase sales in the reporting period by a total of 10% to € 26.1 million (first quarter of 2006: € 23.7 million). The position as the clear market leader in the Belgian generics market was thereby further strengthened.

In **Russia**, due the inclusion of the Russian Hemofarm sales line, local sales achieved there in the first quarter of 2007 by STADA as a Group were increased by 3% to € 21.4 million as compared to the same period in the previous year (first quarter of 2006: € 20.8 million). It must be noted that the high sales volume of the second Russian sales line Nizhpharm in the first quarter of 2006 was fallen short of by 26% in the reporting period. The reason for this is the, as compared to the corresponding period of the previous year, clear reduction in sales of the biggest local Nizhpharm product Chondroxide⁴⁾, which, as is known, has not been part of the Russian reimbursement program since June 1, 2006; the inclusion of Chondroxide into this program had indeed stimulated demand, but was no longer attractive in terms of earnings due to required significant price reductions.

1) Comprehensive information on the acquisition of the Hemofarm Group can be found in the STADA annual report 2006, which is published on the company's website at www.stada.de and www.stada.com.

2) In the first quarter of 2006, Hemofarm in Serbia achieved, under its former owners and adjusted for disposals carried out since then, sales in the amount of RSD 2,052.9 million.

3) Since January 1, 2007, in addition to the previous local generics sales line Eurogenerics, STADA operates in the Belgian market with a second local sales line Neocare S.A., which is focused on branded products.

4) Product for the treatment of degenerative joint diseases.

In **Italy**, STADA achieved, with a minimal reduction in sales of 1% to € 25.0 million (first quarter of 2006: € 25.1 million), almost the same sales level in the reporting period as in the corresponding quarter of the previous year. Here, a clear decrease in sales of the commercial business, which is not part of the core business, was noticeable; sales in the core segments Generics and Branded Products, however, continued to grow with 6% and 2%, respectively. The Italian generics market continues to lack regulatory structures which stimulate the demand for generics on a sustainable basis.

In **Spain**, sales in the first quarter of 2007 grew despite significant price reductions due to regulatory measures in the local generics market as of March 1, 2007, by 6% to € 16.8 million (first quarter of 2006: € 15.8 million). Here, it must be taken into account that, furthermore, the sales licenses for two local branded products with a sales volume of € 2.3 million p.a. expired at the end of 2006; adjusted for this sales disposal, the Spanish Group business grew by 12% in the first quarter of 2007.

In **France**, STADA's local sales went down by 4% to € 15.6 million in the first quarter of 2007 (first quarter of 2006: € 16.3 million). Here, the known comprehensive stockpiling activities on the part of the pharmacy and wholesaler distribution channels in the fourth quarter of 2006 in advance of the regulatory restrictions for the granting of discounts by manufacturers to the distribution channels as of January 1, 2007 were noticeable as a diminishing effect.

STADA recorded strong sales growth in the **United Kingdom** in the first quarter of 2007; there, sales went up by 29% to € 11.8 million (first quarter of 2006: € 9.2 million). In most other European countries too, the local sales companies achieved sales growth; by comparing the first quarter of 2007 and the first quarter of 2006, double-digit growth rates were reported in **the Netherlands** (+13%), in **Ireland** (+13%), in **Austria** (+65%) and in **Portugal** (+48%).

In the **Asian markets**, sales achieved by STADA declined by 52% to € 9.1 million in the first quarter of 2007 (first quarter of 2006: € 18.9 million). It must be taken into account here that STADA had shown in Vietnam, in 2006, due to a one-time tender business, focused on the first quarter of 2006 with a sales volume of € 12.6 million, exceptionally high one-time sales in the first three months of 2006.

In the first three months of 2007 the Group generated **export sales** in 30 countries, thereby recording, with a decrease of 20%, sales in the total amount of € 11.2 million (first quarter of 2006: € 14.1 million).

Well-filled product pipeline

Due to the Group's comprehensive development and approval activities, STADA was able to launch 116 new products into the market in the first quarter of 2007 (first quarter of 2006: 103 product launches). From the Executive Board's point of view, STADA's product pipeline continues to be well-filled, so that the Group can provide the STADA subsidiaries with numerous products for launches in the future, too. This applies in particular with regard to generics in the countries of the EU. Research and development costs amounted to € 8.8 million in the first quarter of 2007 (first quarter of 2006: € 7.9 million).

In addition, via **BIOCEUTICALS Arzneimittel AG**, a company initiated by STADA and predominantly financed via venture capital, STADA continues to pursue the development of two biosimilar products.

For Erythropoietin-zeta (Epo-zeta)¹⁾, for which in November 2006, as is known, extensive international distribution rights were transferred to the clinic specialist Hospira²⁾, STADA and BIOCEUTICALS continue to assume, based on information and interim reports provided by the responsible EU approval agency EMEA in the course of the regulatory drug approval process, which has been going on since June 30, 2006, that there is a chance to obtain an approval for the indication "dialysis" by the end of the current fiscal year 2007. For the indication "oncology", BIOCEUTICALS is currently carrying out complimentary studies, and also continues to strive for an EMEA approval for Epo-zeta for this in the foreseeable future. The so-called Assessment Report, which was set up by the EMEA in the scope of the approval process for Epo-zeta, was answered in due time by BIOCEUTICALS in the course of the second quarter of 2007.

For the second biosimilar project Filgrastim³⁾, first clinical studies were begun in the current second quarter of 2007.

Financial position and cash flow

In the Executive Board's view, the STADA Group's financial position continues to be healthy and stable.

As of March 31, 2007, the equity-to-assets ratio was 40.1% (December 31, 2006: 40.1%). Net debt amounted to € 756.2 million on this date (December 31, 2006: € 773.0 million).

In the first quarter of 2007, due to the improved earnings situation and higher depreciation and amortization as compared to the same quarter of the previous year, a clearly higher gross cash flow of € 44.6 million (first quarter of 2006: € 35.7 million) was achieved. With € 30.6 million in the first quarter of 2007, operating cash flow was also clearly above the value of the first quarter of 2006 (€ -31.5 million or € 7.4 million adjusted for the burdening one-time special effect at that time for the partial payment of existing liabilities from the purchase of the SANKYO branded product package in the fourth quarter of 2005).

Active acquisition policy to be pursued

STADA continues to pursue an active acquisition policy to accelerate Group growth and thereby also constantly examines its own positioning in the scope of international consolidation processes within the pharmaceutical and especially the generics market.

In doing so, essential acquisition goals for STADA remain the further extension of its international sales presence as well as the generation of economies of scale in the areas of procurement, production, product development and/or sales. Therefore, in the Executive Board's view, appropriate capital measures continue to be imaginable to create a sufficient financial framework.

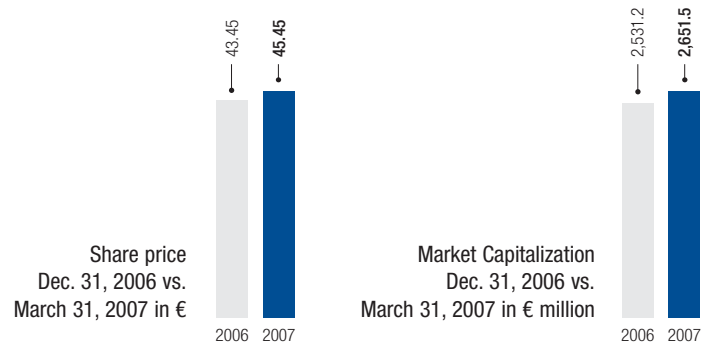
STADA share

On March 31, 2007, the price of STADA's registered common share was € 45.45, whereas it had still been listed at € 43.45 on December 31, 2006. On February 19, 2007, the STADA share price reached a new all-time high of € 46.48.

1) Erythropoietin is used, among other things, for dialysis patients to stimulate hematopoieses as well as in cancer therapy.

2) Ad hoc release from November 20, 2006, published on the company's website at www.stada.com.

3) Filgrastim is used, among other things, to treat neutropenia, e.g. following cytotoxic chemotherapy and bone marrow transplants.



As of March 31, 2007, share capital of the STADA Arzneimittel AG consisted of 58,338,520 restricted¹⁾ registered common shares, each with an arithmetical portion of share capital of € 2.60 (December 31, 2006: 58,256,400 registered common shares). As of March 31, 2007, the number of shares increased by 82,120 shares to 58,338,520 shares and share capital by approx. 0.1% to € 151,680,152. This increase is entirely due to the exercise of 4,106 options from STADA warrants 2000/2015²⁾. Thus, as of March 31, 2007, 202,585 warrants 2000/2015 for the subscription of 4,051,700 STADA registered common shares were still outstanding.

In particular due to the increase of the share price STADA's enterprise value grew to € 2.652 billion at the end of the first quarter of 2007. As of December 31, 2006 STADA's market capitalization amounted to € 2.531 billion.

In the first three months of the current fiscal year, STADA did not purchase any of its own shares and sold 1,519 of its own shares at an average price of € 41.12. As of March 31, 2007, STADA thereby held 115,827 of its own shares compared to 117,346 shares which the company had held as of December 31, 2006. Taking into account these non-voting own shares, 58,222,693 STADA common shares were entitled to vote as of March 31, 2007.

Over the entire first quarter, no investor had reported to STADA to hold more of STADA Arzneimittel AG's capital stock than the thresholds subject to reporting under the German Securities Trading Act (WpHG). In the current second quarter of 2007, UBS AG, Zurich, Switzerland, announced that it had exceeded the threshold of 3% of shareholdings, which by law is subject to reporting.

The Executive Board and Supervisory Board would like to update the existing resolutions of previous Annual Shareholders' Meetings with regard to the STADA share and capital structure and expand them with additional options for action. Thus, the contents of the agenda of STADA's Annual Shareholders' Meeting on June 20, 2007, for which shareholders were invited in due time in the current second quarter, comprise, among other things, the extension in time by one further year of the authorization for the purchase and use of own shares, the adjustment of the authorized capital of 50% of the capital stock to the increased number of shares as well as the creation of conditional capital with authorization of issuing bonds with warrants and/or convertible bonds³⁾.

1) Under the company's statutes, STADA's restricted registered common shares can only be transferred in the share register with the consent of the company and, pursuant to the statutes, grant one vote each in the Shareholders' Meeting. Shareholders are exclusively persons who are listed in the share register as such, and only such persons are entitled to participate in the company's Annual Shareholders' Meeting and to exercise their voting rights.

2) The legally binding option terms and conditions are published on the company website under www.stada.de and www.stada.com.

3) Wording and reasons for the individual items of the agenda can be found in the invitation for STADA's Annual Shareholders' Meeting on June 20, 2007, which was published on the company website under www.stada.de and www.stada.com prior to the Annual Shareholders Meeting 2007.

Unchanged optimistic outlook

The Executive Board's outlook on the STADA Group's further development of business is optimistic; as compared to the overall assessment of the Group's further development of business presented in the Annual Report 2006¹⁾ (in particular in the Risk Report and Prognosis Report) at this point of time, in the Executive Board's view, no significant changes beyond the developments presented in this quarterly report have occurred.

Accordingly, the Executive Board assumes, among other things, that significant regulatory measures and intensive competition, in particular also price wars, will always occur in individual national markets in which STADA is active. Due to its strategic positioning and the Group's operative alignment, the Executive Board, however, also continues to assume that the STADA Group, also in the future, will have the opportunity to benefit from structural growth potentials of the relevant markets and to continue the Group's sustained growth course; thereby, the continued goal of an ongoing improvement in the operating profit margin is being pursued.

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Members of the Supervisory Board: Dr. med. Eckhard Brüggemann (Chairman), Karl Hertle²⁾ (Vice Chairman), Dr. Martin Abend, Heike Ebert²⁾, Uwe E. Flach, Dr. K. F. Arnold Hertzsch, Dieter Koch, Constantin Meyer, Adolf Zissel²⁾

Forward-looking statements: This three months report of STADA Arzneimittel AG contains certain statements regarding future events (as understood in the U.S. Private Securities Litigation Reform Act of 1995) that express the beliefs and expectations of management. Such statements are based on current expectations, estimates and forecasts on the part of company management and imply various known and unknown risks and uncertainties, which may result in actual earnings, the financial situation, growth or performance to be materially different from the estimates expressed or implied in the forward-looking statements. Statements with respect to the future are characterized by the use of words such as "expect", "intend", "plan", "anticipate", "believe", "estimate" and similar terms. STADA is of the opinion that the expectations reflected in forward-looking statements are appropriate; however, it cannot guarantee that these expectations will actually materialize. Risk factors include in particular: The influence of regulation of the pharmaceutical industry; the difficulty in making predictions concerning approvals by the regulatory authorities and other supervisory agencies; the regulatory environment and changes in the health-care policy and in the health care system of various countries; acceptance of and demand for new drugs and new therapies; the 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 Arzneimittel AG does not assume any obligation to update these forward-looking statements or adapt them to future events and developments.

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

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

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1) Published on the company website at www.stada.de and www.stada.com.

2) Employee representatives.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2007 (CONDENSED)

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Consolidated Income Statement

in € 000s	Q1 2007	Q1 2006
01. Sales	360,088	299,627
02. Cost of sales	181,246	152,711
03. Gross profit	178,842	146,916
04. Other operating income	7,735	5,013
05. Selling expenses	87,871	72,279
06. General and administrative expenses	29,063	20,191
07. Research and development expenses	8,780	7,891
08. Other operating expenses	11,874	13,323
09. Operating profit	48,989	38,245
10. Investment income	-	52
11. Interest result	-8,360	-2,666
12. Financial result	-8,360	-2,614
13. Earnings before taxes	40,629	35,631
14. Taxes on income	13,308	13,383
15. Net income¹⁾	27,321	22,248
• thereof net income distributable to shareholders of STADA Arzneimittel AG	26,883	22,064
• thereof net income relating to minority interests	438	184
16. Earnings per share in € (in accordance with IAS 33.10)	0.46	0.41
17. Earnings per share in € (diluted) (in accordance with IAS 33.31)	0.44	0.38

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

Consolidated Balance Sheet

Assets € 000s	Mar. 31, 2007	Dec. 31, 2006
A. Non-current assets	1,279,760	1,294,672
1. Intangible assets	942,875	944,675
2. Property, plant and equipment	256,019	260,351
3. Financial assets	38,726	39,027
4. Non-current trade accounts receivable	938	1,002
5. Other non-current assets	25,015	36,214
6. Deferred tax assets	16,187	13,403
B. Current assets	928,278	855,551
1. Inventories	310,169	295,610
2. Current trade accounts receivable	385,480	355,063
3. Other current assets	89,111	75,416
4. Current securities	34	33
5. Cash and cash equivalents	143,484	129,429
Total assets	2,208,038	2,150,223

Equity and Liabilities	Mar. 31, 2007	Dec. 31, 2006
A. Shareholders' equity	886,078	863,086
1. Share capital	151,680	151,467
2. Reserves and unappropriated retained earnings	714,336	691,960
3. Minority interests	20,062	19,659
B. Non-current liabilities and provisions	794,419	795,038
1. Non-current provisions	29,695	28,230
2. Non-current financial liabilities	701,193	701,345
3. Non-current trade accounts payable	224	1,088
4. Other non-current liabilities	3,175	3,133
5. Deferred tax liabilities	60,132	61,242
C. Current liabilities and provisions	527,541	492,099
1. Current provisions	8,521	6,787
2. Current financial liabilities	198,541	201,157
3. Current trade accounts payable	168,745	156,850
4. Other current liabilities	151,734	127,305
Total equity and liabilities	2,208,038	2,150,223

Consolidated Cash Flow Statement

in € 000s (excerpt)	Q1 2007	Q1 2006
Cash flow (gross)	44,621	35,650
Cash from operating activities	30,554	-31,502
Cash from investing activities	-9,402	-15,181
Cash from financing activities	-1,417	41,846
Other changes in shareholders' equity / currency translation	-5,680	652
Net cash for the period	14,055	-4,185

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Statement of Recognized Income and Expenses

in € 000s	Q1 2007	Q1 2006
Currency translation differences	-5,086	1,097
Cash flow hedges	-99	0
Actuarial gains (+) and losses (-) from provisions for pensions (based on internal estimates for the current fiscal year)	-903	-180
Deferred taxes	401	72
Income and expenses recognized directly in shareholders' equity	-5,687	989
Net income	27,321	22,248
<i>thereof</i>		
• net income distributable to shareholders of STADA Arzneimittel AG	26,883	22,064
• net income relating to minority interests	438	184
Total of all recognized income and expenses	21,634	23,237

Appendix

1. General

1.1. Accounting policies

The quarterly report as of March 31, 2007 is prepared in accordance with the International Financial Reporting Standards (IFRS).

In the quarterly report, the same accounting policies were applied as in the consolidated financial statements for the fiscal year 2006. For further information, you are referred to the Group's consolidated financial statements as of December 31, 2006, which was the basis for this quarterly report. In accordance with IAS 34, a condensed scope of reporting as compared to the financial statements was selected for the presentation of the consolidated financial statements of STADA Arzneimittel AG as per December 31, 2006.

For provisions for pensions, the same interest rates and remuneration assumptions as on December 31, 2006 were used.

1.2. Scope of consolidation

The consolidated financial statement of STADA has been prepared for STADA Arzneimittel AG as parent company. As of the balance sheet date, 60 companies, as on December 31, 2006 continue to be consolidated fully and three on a pro rata basis.

Effective January 1, 2007, the non-consolidated LETTER SHOP AKURAT, s.r.o. was merged into the consolidated ALIUD PHARMA CZ, s.r.o. (both Czech Republic).

2. Consolidated Income Statement: Summary

2.1. Sales

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

2.2. Research and development expenses

In the case of research and development expenses, it must be considered that it is only a matter of development expenses because STADA, due to its business model, does not carry out any research into new active pharmaceutical ingredients.

2.3. Taxes on income

Taxes on income are recognized in each reporting period based on the best estimate of the weighted average annual income tax rate expected for the full year. This tax rate is applied to the earnings before taxes of the Group's consolidated financial statements for the first quarter of 2007.

3. Consolidated balance sheet: Summary

3.1. Intangible assets

The intangible assets include € 288.5 million (December 31, 2006: € 289.3 million) goodwill.

3.2. Consolidated statement of changes in shareholders' equity

Shareholders' equity developed as follows:

in € 000s	Q1 2007	Q1 2006
Shareholders' equity	863,086	684,811
Net income distributable to shareholders of STADA Arzneimittel AG	26,883	22,064
Capital increase through the exercising of warrants	1,351	86
Change in the provision for cash flow hedges	-59	0
Other changes/currency translation	-5,183	1,287
Shareholders' equity	886,078	708,248

3.3. Financial liabilities

Financial liabilities include current and non-current financial liabilities of STADA Arzneimittel AG in the amount of € 162.7 million and € 637.0 million (December 31, 2006: € 154.9 million and € 637.0 million).

3.4. Other financial obligations

Other financial obligations mainly relate to liabilities from bank guarantees and warranty contracts; as compared to December 31, 2006, they decreased by € 11.2 million to € 206.4 million.

4. Cash flow statement: Summary

4.1. Cash flow from operating activities

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

4.2. Cash flow from investing activities

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

4.3. Cash flow from financing activities

Cash flow from financing activities encompasses changes in financial liabilities, as well as dividend payments or capital increases or related transaction costs.

4.4. Net cash flow for the period

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

5. Segment reporting

5.1. Primary segmentation

in € 000s		Q1 2007	Q1 2006
1. Generics ¹⁾	Sales	267,149	207,228
	Operating profit	46,208	26,681
	Contribution to net income for the period	26,687	13,766
	Segment assets (March 31)	592,264	456,244
	Liabilities (March 31)	239,007	141,873
2. Branded Products ¹⁾	Sales	74,072	68,044
	Operating profit	10,764	14,842
	Contribution to net income for the period	5,909	10,217
	Segment assets (March 31)	221,794	162,113
	Liabilities (March 31)	107,925	94,373
3. Commercial business	Sales	15,221	21,487
	Operating profit	508	380
	Contribution to net income for the period	68	158
	Segment assets (March 31)	9,397	4,498
	Liabilities (March 31)	9,350	14,078
4. Group holding company / other	Sales	3,646	2,868
	Operating profit	-8,491	-3,658
	Contribution to net income for the period	-5,781	-2,077
	Segment assets (March 31)	46,436	73,192
	Liabilities (March 31)	867,330	373,798

1) Taking effect for the first time in the full fiscal year 2006, the former core segment Specialty Pharmaceuticals, due to its low significance for sales (share of Group sales in 2006: 2%), was allocated to the two other core segments Generics and Branded Products in accordance with the respective market positioning of the individual products; simultaneously, the segment definitions of these primary segments were updated (see STADA annual report 2006). In this quarterly report, all previous year figures for the primary segment reporting from have been retrospectively adjusted.

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5.2. Secondary segmentation: Regional sales²⁾

in € 000s	Q1 2007	Q1 2006	± %
Europe	347,589	272,384	+28%
• Belgium	26,126	23,690	+10%
• Bosnia-Herzegovina ³⁾	4,739	64	-
• Denmark	5,532	6,003	-8%
• Germany	144,737	127,284	+14%
• Finland	1,819	758	+140%
• France	15,556	16,283	-4%
• UK	11,841	9,175	+29%
• Ireland	4,822	4,267	+13%
• Italy	24,960	25,119	-1%
• Lithuania	265	222	+19%
• Macedonia ³⁾	689	-	-
• Montenegro ³⁾	2,733	-	-
• The Netherlands	10,698	9,470	+13%
• Austria	3,443	2,086	+65%
• Portugal	3,238	2,192	+48%
• Rumania ³⁾	4,535	490	-
• Russia	21,426	20,803	+3%
• Serbia ³⁾	31,678	38	-
• Spain	16,776	15,776	+6%
• Czech Republic	2,363	1,805	+31%
• Ukraine	3,395	2,132	+59%
• Rest of Europe	6,218	4,727	+32%
Africa	1,115	356	+213%
Americas	2,283	7,978	-71%
Asia	9,101	18,908	-52%
• China	1,654	907	+82%
• Kazakhstan	966	625	+55%
• The Philippines	2,137	1,801	+19%
• Thailand	690	425	+62%
• Vietnam	2,033	14,142	-86%
• Rest of Asia	1,621	1,008	+61%
Rest of World	0	1	-100%

2) Broken down according to the national market in which the sales were achieved.

3) Hemofarm consolidated since August 1, 2006.

