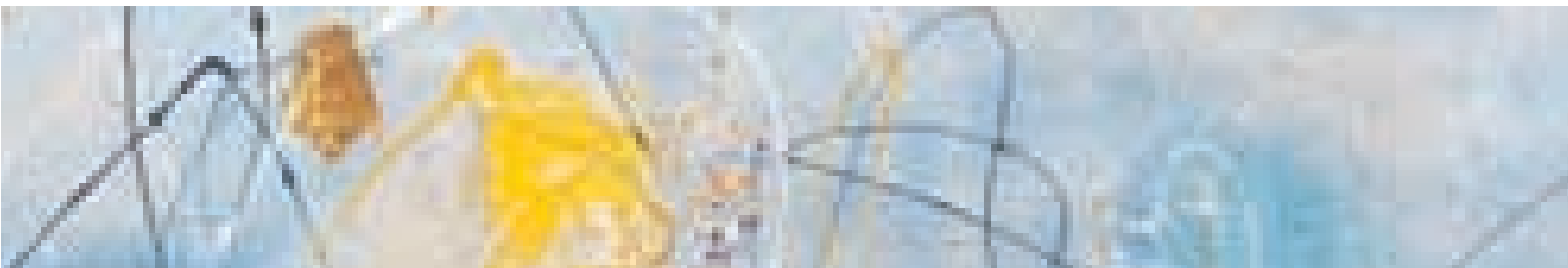




The Health Company



Report on the  
First Three Months of 2005

## The First Quarter of 2005 at a Glance

- Successful start to the first quarter of 2005: sales +21%, net income<sup>1)</sup> +11%
- International business increased to 54% of total sales (first quarter of 2004: 49%)
- Nizhpharm acquisition successfully concluded
- Share price rose approx. 21% to € 24.11 in the first quarter of 2005
- Positive outlook confirmed: 2005 will be STADA's tenth record year in a row in sales and earnings

1) Unless otherwise stated, "net income" in this 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.

Key figures for the Group from Jan. 1 – Mar. 31 in € million	2005	2004	± %
Sales	245.0	202.4	+21%
Total sales in core segments	233.5	192.8	+21%
• Generics	174.8	147.5	+18%
• Branded Products	52.8	39.4	+34%
• Special Pharmaceuticals	5.9	5.9	-1%
Operating profit	29.1	26.7	+9%
EBITDA	37.3	36.4	+2%
EBIT	29.1	26.7	+9%
EBT	26.9	24.1	+11%
Net income <sup>1)</sup>	17.0	15.3	+11%
Cash flow (gross)	30.1	25.7	+17%
Shareholders' equity	660.4	630.9 <sup>2)</sup>	+5%
Capital expenditure	84.9	31.3	+171%
Depreciation / amortization	8.2	9.7	-15%
Average number of employees (Jan. 1 – Mar. 31)	3,871	2,537	+53%

Adjusted for one-time special effects

+32%

+31%

+32%

+38%

2) The previous year's figure was adjusted based on the allocation of minority interests to shareholders' equity.

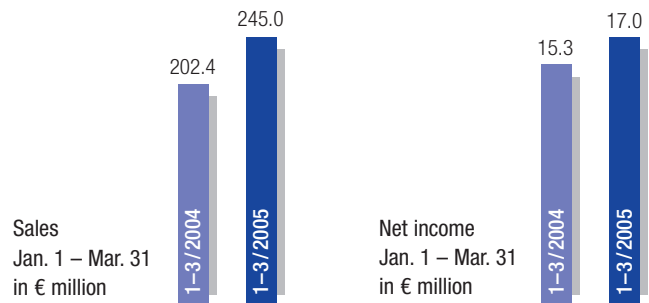
Key share data (Jan. 1 – Mar. 31)	2005	2004	± %
Market capitalization in € million (as of Mar. 31)	1,287.3	1,104.4	+17%
Closing price (XETRA®) in € on Mar. 31	24.11	20.69 <sup>3)</sup>	+17%
Average number of shares (Jan. 1 – Mar. 31) <sup>4)</sup>	53,269,061	53,354,545 <sup>3)</sup>	0%
Basic earnings per share in € <sup>5)</sup>	0.32	0.29 <sup>3)</sup>	+10%
Diluted earnings per share in € <sup>6)</sup>	0.30	0.28 <sup>3)</sup>	+7%

3) Adjusted for the de facto 1:1 stock split on July 30, 2004

4) Not including the Company's own shares

5) In accordance with IAS 33.10

6) In accordance with IAS 33.31



### Successful start to 2005

STADA's start to fiscal year 2005 was successful as planned. Sales increased 21% and net income rose 11% in comparison with the first quarter of 2004, which had already seen remarkably good results. STADA expects this positive trend to continue during the rest of the year as well. From today's perspective, this should make 2005 the tenth record year in a row in sales and earnings.

### Clear double-digit percentage growth in Group sales

**Sales** of the STADA Group grew by 21% to € 245.0 million in the first quarter of 2005 (first quarter of 2004: € 202.4 million), resulting in the highest quarterly sales in the history of the Company. This sales figure includes acquisition-related effects – mainly based on the purchase of the Russian company Nizhpharm – totaling € 12.8 million, or 6 percentage points. **Generics** increased 18% to € 174.8 million in the first quarter of 2005 (first quarter of 2004: € 147.5 million). **Branded Products** recorded growth of 34% in sales to € 52.8 million in the first three months of 2005 (previous year: € 39.4 million). Even without including the Nizhpharm acquisition, sales in this segment would have seen a clear increase of 14%. Despite an increase in unit sales, sales in the **Special Pharmaceuticals** segment stagnated at € 5.9 million in comparison with the high level of the previous year (first quarter of 2004: € 5.9 million). This decrease was the result of intense price pressure in the hospital business.

### Sales performance in national markets

In **Germany**, Group sales for the first three months of the current fiscal year rose 8% to € 111.5 million (first quarter of 2004: € 103.1 million). In this market, STADA will benefit in sales and especially in earnings in 2005 due to the reduction of mandatory discounts from 16% to 6% for products not covered by reference prices as well as from the introduction of moderate reference prices for STADA's two best-selling active ingredients, Omeprazole and Simvastatin, as of January 1, 2005. While mandatory discounts in the first quarter of 2004 totaled € 4.6 million, this figure was only € 1.3 million in the first quarter of 2005.

The STADA Group performed particularly well on an **international** level with growth of 34% in the first quarter of 2005. At € 133.4 million (first quarter of 2004: € 99.4 million), sales outside of Germany now contribute 54.5% to Group sales (first quarter of 2004: 49.1%).

STADA achieved clear increases in sales in nearly all national European markets in the first quarter of 2005. In **Belgium**, Group sales rose 53% to € 21.1 million in the first quarter of 2005 (first quarter of 2004: € 13.8 million). In **Italy**, Group sales grew

31% to € 20.6 million in the first three months of 2005 (first quarter of 2004: € 15.7 million) despite continuing intense competition. The branded products acquired in 2004 made a significant contribution to this increase. The Group's business in **France** also performed well in the reporting period with sales growth of 27% to € 16.1 million (first quarter of 2004: € 12.7 million). STADA continued to expand its position in **Spain** in the first quarter of 2005 with a sales increase of 26% to € 13.5 million (first quarter of 2004: € 10.6 million). In **Russia**, sales of RUB 414.3 million, or € 11.4 million, were generated in the first quarter of 2005 following the acquisition of Nizhpharm, which was consolidated into the Group accounts as of January 1, 2005.<sup>1)</sup> The operational integration of Nizhpharm into the STADA Group, which began after the takeover, is making good progress and will most likely be essentially completed as early as the end of the year. In **The Netherlands**, the sales level of the first quarter of the previous year was not attained in the reporting period, as competition remained intense in that country. Sales decreased 9% to € 9.7 million in the first three months of 2005 (first quarter of 2004: € 10.6 million). By contrast, Group sales developed positively in the first quarter of 2005 in the **United Kingdom** with growth of 27% to € 9.0 million (first quarter of 2004: € 7.1 million), in **Denmark** with an increase of 100% to € 4.3 million (first quarter of 2004: € 2.1 million), in **Ireland** with growth of 11% to € 3.7 million (first quarter of 2004: € 3.4 million), and in **Austria** with a rise of 45% to € 2.9 million (first quarter of 2004: € 2.0 million). In addition, a positive trend was seen in the **Czech Republic** with growth of 40% to € 1.6 million (first quarter of 2004: € 1.2 million) and in **Switzerland** with an increase of 50% to € 1.5 million (first quarter of 2004: € 1.0 million). As a consequence of the Nizhpharm acquisition, STADA now has its own sales unit in the **Ukraine**, where sales of UAH 9.1 million, or € 1.3 million, were achieved in the first quarter of 2005.<sup>2)</sup>

1) Nizhpharm sales in the first quarter of 2004 under the former owners: RUB 349.3 million; STADA exports to Russia: € 0.2 million

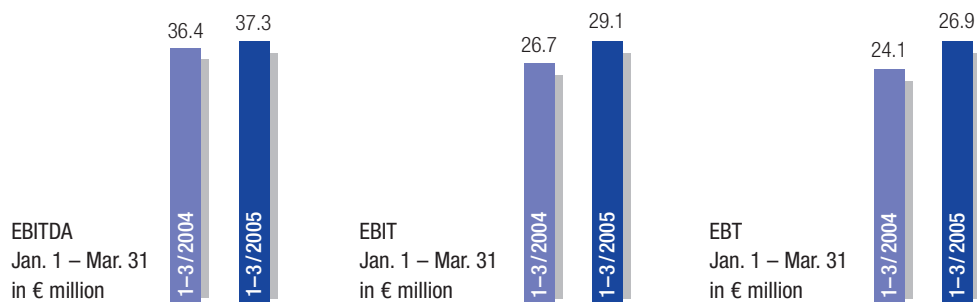
2) Nizhpharm sales in the first quarter of 2004 under the former owners: UAH 6.3 million; STADA exports to the Ukraine: € 0.2 million

In the **USA**, STADA registered a decrease in sales of 33% in local currency to USD 9.5 million in the first quarter of 2005 (first quarter of 2004: USD 14.2 million) or 36% in euros to € 7.3 million (first quarter of 2004: € 11.4 million). This was above all due to the pressure on prices and margins faced by STADA's US business, whose product portfolio is still relatively small, in the current local market environment. STADA is therefore making efforts to steadily expand its US portfolio. The introduction of a medical patch<sup>3)</sup> containing Fentanyl is expected as early as the current year. Additional product launches and – if suitable targets are found – acquisitions are intended to advance the continuous expansion of the US business. For the purpose of long-term portfolio expansion, STADA has so far in the current fiscal year entered into agreements with two pharmaceutical companies in India: Strides Arcolab Ltd., Bangalore, and Orchid Chemicals & Pharmaceuticals Ltd., Chennai. The agreements cover the development and manufacture of various generics that STADA intends to launch in the US promptly after expiration of the relevant commercial property rights.

3) Medical patch containing a pain-relieving active ingredient that acts transdermally, i.e. through the skin

In **Asia**, STADA sales developed positively on the whole during the period under review, with sales up 32% to € 7.3 million. To be sure, sales in **Thailand** declined 8% to € 0.7 million in the first three months of 2005 (first quarter of 2004: € 0.7 million), and sales in **China** fell 8% to € 1.9 million (first quarter of 2004: € 2.0 million). However, sales in **Vietnam** increased 80% to € 1.8 million in the first quarter of 2005 (first quarter of 2004: € 1.0 million). In **The Philippines**, sales grew by 68% to € 1.6 million in the first three months of 2005 (first quarter of 2004: € 1.0 million). In **Kazakhstan**, sales reached € 0.6 million in the first quarter of 2005<sup>4)</sup>, in part due to the acquisition of Nizhpharm.

4) Nizhpharm sales in the first quarter of 2004 under the former owners: RUB 7.0 million; STADA exports to Kazakhstan: € 0.3 million



STADA also exported products to an additional 27 countries, generating sales of € 3.1 million in the first quarter of 2005 (first quarter of 2004: € 2.3 million).

STADA expects the Group's positive sales trend to continue in the course of the year, making clear double-digit percentage growth in Group sales likely for 2005.

#### Net income continues to grow

**Net income** amounted to € 17.0 million in the first quarter of 2005 (first quarter of 2004: € 15.3 million). This represented an increase of 11% over the comparable period of the previous year. While the average number of shares outstanding remained nearly unchanged, quarterly earnings per share rose to € 0.32 in the first three months of 2005 (first quarter of 2004: € 0.29<sup>1)</sup>). Diluted quarterly earnings per share in accordance with IAS 33.31, which also depend on the share price, increased to € 0.30 in the first quarter of 2005 (first quarter of 2004: € 0.28<sup>1)</sup>).

1) Adjusted for the de facto 1:1 stock split on July 30, 2004

Other key figures also increased in the first quarter of 2005 over the comparable period of the previous year: Earnings before taxes (EBT) rose 11% to € 26.9 million (first quarter of 2004: € 24.1 million), earnings before interest and taxes grew 9% to € 29.1 million (first quarter of 2004: € 26.7 million), and earnings before interest, taxes, depreciation and amortization (EBITDA) were up 2% to € 37.3 million (first quarter of 2004: € 36.4 million).

2) Peter Niemann left STADA's Executive Board in the course of the first quarter of 2005. The one-time expenses for severance payments also include severance payments to other managers, including two managing directors of subsidiaries.

The earnings figures for the first quarter of 2005 include one-time special effects in the form of severance payments<sup>2)</sup> amounting to € 3.5 million as well as write-downs to fair value on intangible assets in the amount of € 0.5 million, which reduced earnings before taxes by € 4.0 million. Corresponding special effects in the first quarter of 2004 had increased earnings by a net amount of € 1.7 million. If these one-time special effects had not been included in the respective quarterly results, EBT would have risen by 38%, EBIT by 32% and EBITDA by 31% in the first quarter of 2005.

With respect to earnings in the core segments, operating profit for the **Generics** segment increased to € 27.2 million in the first quarter of 2005 (first quarter of 2004: € 15.1 million). The operating profit of **Branded Products** increased to € 8.2 million (first quarter of 2004: € 5.5 million). Operating profit in the **Special Pharmaceuticals** segment decreased to € 0.6 million (first quarter of 2004: € 1.1 million); the effect of the declining sales trend was also seen in earnings for this segment.

In connection with earnings performance in the segments, it should be noted that the Group's holding company is allocated a higher portion of profits due to internal licensing payments.



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The operating profit margins of the individual core segments were thus as follows in the first quarter of 2005: 15.5% for Generics (first quarter of 2004: 10.3%), 15.5% for Branded Products (first quarter of 2004: 14.0%), and 10.3% for Special Pharmaceuticals (first quarter of 2004: 19.3%).

This good earnings performance is due in part to the successful implementation of the “STADA – Fit for Future” cost-optimization program in 2004, which will continue to positively impact earnings during the course of 2005 as well. A significant rise in profits over the comparable period of the previous year is anticipated for the current second quarter of 2005, given that the second quarter of 2004 showed profits well below the annual average for 2004. On the whole, STADA continues to believe that the Company will be able to increase net income by at least approx. 25% in fiscal year 2005.

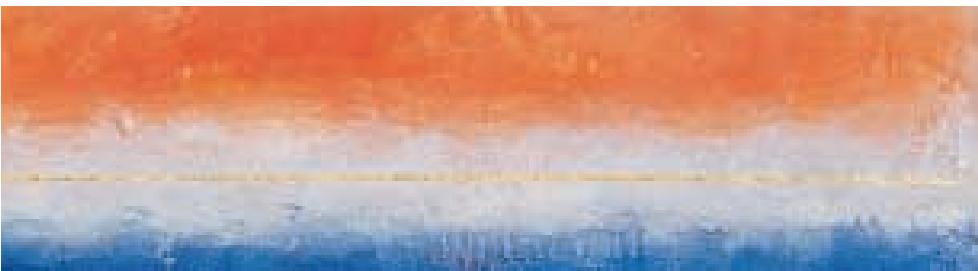
#### Development activities ensure steady flow of new product launches

The Group's extensive development activities assure that STADA's sales companies have a full product pipeline. In the first quarter of 2005, for instance, the STADA Group as a whole introduced 95 new products to the market (first quarter of 2004: 90 new products). The corresponding expenses for investments in product development, i.e. research and development costs, rose significantly in the reporting period, increasing by 34% to € 7.1 million (first quarter of 2004: € 5.3 million).

STADA's product pipeline remains well filled and is expected to generate numerous product launches over the next few years as well. This applies to generics in the EU in particular. From today's perspective, STADA's estimate of the sales volume for the pharmaceutical active ingredients/dosage forms that will become available for generics competition in the years from 2005 to 2010 in the four EU markets with the highest sales (Germany, France, Italy, Spain) remains unchanged at more than € 10 billion.

In cooperation with partners, STADA also conducts a number of special development projects, which, if successful, will offer additional growth perspectives for the Group.

In connection with the strategic partnership entered into with LipoNova GmbH in 2004, STADA expects to receive notification in the next few months from EMEA, the European drug-approval agency, as to whether Reniale® (an autologous tumor vaccine for a special type of kidney cancer) is capable of approval based on the documents submitted. Several subsequent requests from EMEA are currently being processed by LipoNova. STADA is supporting these activities by means of loans to LipoNova totaling approx. € 5.4 million to date. LipoNova considers it possible to obtain European approval for Reniale® at the beginning of 2006 based on the approval process underway since the end of 2003.



1) STADA holds 10% in BIOCEUTICALS AG, which has been furnished with share capital of € 50 million. STADA also has the distribution rights to the products developed by BIOCEUTICALS AG.

The development of the biogenerics erythropoietin, filgrastim and interferon beta-1a is currently being conducted by BIOCEUTICALS AG<sup>1)</sup>, which was initiated by STADA and financed largely by venture capital. Of these biogenerics, the erythropoietin project has the highest priority. From today's perspective, STADA continues to expect clinical studies to be completed in the second half of 2005. This means that an application for approval could be filed in the first quarter of 2006, and approval could be expected in 2007. STADA continues to support these development activities by providing a capital guarantee/financial guarantee of up to € 25 million in total.

#### Balance sheet

STADA's balance sheet figures remains sound. Although the equity-to-assets ratio decreased slightly in the first quarter of 2005 due to expenses for the Nizhpharm acquisition, it remains high at 59.4% (December 31, 2004: 62.6%). The Group's net debt increased by € 49.9 million to € 153.5 million in the reporting period (December 31, 2004: € 103.6 million), above all based on the acquisition of Nizhpharm in the first quarter of 2005.

Current trade accounts receivable rose to € 183.4 million (December 31, 2004: € 159.1 million), and inventories amounted to € 208.1 million as of March 31, 2005 (December 31, 2004: € 206.0 million). However, these items increased at a lower rate than sales in the first quarter of 2005. As a result of STADA's active working capital management, the need for working capital for business expansion with regard to these two balance sheet items was reduced in the first quarter of 2005.

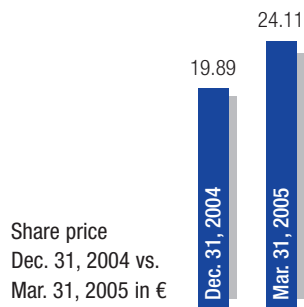
#### Active acquisition policy continues at STADA

Based on these strong balance sheet figures, STADA will continue to pursue an active acquisitions policy in the current fiscal year of 2005 as well.

In January 2005, for example, STADA successfully concluded negotiations to acquire the Russian pharmaceuticals company Nizhpharm OJSC, Nizhny Novgorod, after signing the relevant agreements in the fourth quarter of 2004.

The purchase price for the 97.47% stake in Nizhpharm amounted to € 80.5 million. In 2004, the Nizhpharm Group increased sales in local currency by 17% to RUB 1,626.7 million, or 13% in euros to € 45.4 million. Net income rose by 65% in local currency to RUB 382.5 million, or 60% in euros to € 10.7 million, according to the figures available to date<sup>2)</sup>. Nizhpharm employed an average of 1,242 people in total in 2004, including 793 in its own production facilities. Nizhpharm's product portfolio consists of more than 40 branded products with off-patent active ingredients. The Russian market accounts for the major share – 87% – of Nizhpharm's business. Outside of Russia, Nizhpharm generates substantial sales in Ukraine and Kazakhstan.

2) The audit opinion is expected to be issued in the second quarter of 2005.



From STADA's perspective, the acquisition of Nizhpharm is an important strategic step in expanding Group activities in the CIS states within STADA's framework of ongoing internationalization. The integration of Nizhpharm is proceeding as planned.

In addition, in the current second quarter (on April 11, 2005), STADA concluded an agreement on the purchase of 100% of the shares in the Portuguese generics supplier, Ciclum Farma, Unipessoal LDA, Amadora. The purchase price amounted to approx. € 31 million. The acquisition was able to be finalized in May after completing the usual contract implementation procedure and receiving approval from the antitrust authorities. Ciclum was thus consolidated into the STADA Group as of May 1, 2005.

Ciclum is currently ranked number 6 in the Portuguese generics market, with sales of approx. € 7.3 million in 2004. Ciclum is a sales company that does not have its own production facilities. It offers a comprehensive product portfolio of currently 18 INN generics (i.e. generics sold under the name of the active ingredient with the company name as a suffix). Ciclum has a nationwide sales presence, with approx. 25 sales representatives who focus on doctors. In 2004, Ciclum achieved sales growth of approx. 3%. Due to the addition of approx. 15 products to the portfolio in 2005, significant growth is anticipated in the future.

So far, STADA has not had its own sales presence in Portugal. The acquisition of Ciclum will enable the Group to leverage existing or targeted EU-wide product approvals for generics through its own sales structures in Portugal as well.

STADA has also acquired smaller branded products in Ireland, Italy and Slovakia in the current year of 2005.

#### STADA in the capital markets

STADA's share price performed satisfactorily in the first quarter of 2005. As of March 31, 2005, STADA's share price was € 24.11. This represents a 21% increase over the closing price of € 19.89 on December 31, 2004. By contrast, the MDAX rose only approx. 5% in the first quarter of 2005. STADA's market capitalization amounted to € 1.287 billion as of March 31, 2005. On March 31, 2004, the corporate value of STADA was € 1.062 billion.

STADA held 121,839 of its own shares as of March 31, 2005. In the first quarter of 2005, the company did not acquire any of its own shares and sold 1,330 shares at an average price of € 22.60. DWS Investment again held more than 5% of the shares in STADA Arzneimittel AG for several weeks in the first quarter of 2005. As of March 31, 2005, no investor had reported holding more than 5% of STADA Arzneimittel AG's share capital.

So far in fiscal year 2005, i.e. in the first quarter and the current second quarter, STADA has presented itself to capital investors in the context of external corporate presentations and conferences for institutional investors in Denmark, Germany, Great Britain, Italy, Canada, Austria, Sweden, Switzerland, Spain and the US. STADA will continue communicating actively with the capital markets in the further course of fiscal year 2005 as well.

#### Positive outlook confirmed for 2005

The first quarter of 2005 proceeded well, as expected. Given that business risks<sup>1)</sup> have remained unchanged in principle, the Executive Board is standing by its optimistic forecast of double-digit percentage growth in sales and earnings not only for 2005, but for the following fiscal years too.

From today's perspective, STADA expects to significantly accelerate its sustained growth trend in fiscal year 2005 in comparison with the previous year. This applies to earnings growth in particular, where the Executive Board continues to expect that the Company will be able to increase net income to at least € 60 million in fiscal year 2005. In all likelihood, 2005 will therefore be STADA's tenth record year in a row in sales and earnings.

H. Retzlaff

W. Jeblonski

Dr. K.-P. Reich

1) The Group's business risks are described in detail in the Annual Report 2004 of STADA Arzneimittel AG on pages 88 to 95.

2) Employee representatives.

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**Members of the Executive Board:** Hartmut Retzlaff (Chairman), Wolfgang Jeblonski, Dr. Klaus-Peter Reich

**Members of the Supervisory Board:** Dr. med. Eckhard Brüggemann (Chairman), Karl Hertle<sup>2)</sup> (Vice Chairman), Dr. Martin Abend, Ms. Heike Ebert<sup>2)</sup>, Uwe E. Flach, Dr. K. F. Arnold Hertzsch, Dieter Koch, Constantin Meyer, Adolf Zissel<sup>2)</sup>

Forward-looking statements: This quarterly 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 quarterly 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 quarterly report is published in German (original version) and English (non-binding translation) and is subject to German law.

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# Group results

Consolidated Income Statement for the period from Jan. 1 to Mar. 31 in € 000s <sup>1)</sup>		Q1 2005	Q1 2004
01. Sales		244,997	202,442
02. Cost of sales		121,413	99,710
<b>03. Gross profit</b>		<b>123,584</b>	<b>102,732</b>
04. Other operating income		2,123	7,565
05. Selling expenses		64,430	59,156
06. General and administrative expenses		18,731	12,749
07. Research and development expenses		7,135	5,331
08. Other operating expenses		6,344	6,327
<b>09. Operating profit</b>		<b>29,067</b>	<b>26,734</b>
10. Investment income		0	0
11. Interest result		-2,173	-2,600
<b>12. Financial result</b>		<b>-2,173</b>	<b>-2,600</b>
<b>13. Earnings before taxes</b>		<b>26,894</b>	<b>24,134</b>
14. Taxes on income		9,818	8,759
<b>15. Net income<sup>2)</sup></b>		<b>17,076</b>	<b>15,375</b>
• thereof net income distributable to shareholders of STADA Arzneimittel AG		16,980	15,320
• thereof net income relating to minority interests		96	55
16. Earnings per share in € (in accordance with IAS 33.10)		0.32	0.29 <sup>3)</sup>
17. Earnings per share in € (diluted) (in accordance with IAS 33.31)		0.30	0.28 <sup>3)</sup>

## Consolidated Cash Flow Statement in € 000s (excerpt)

Cash flow (gross)	30,078	25,729
Cash from operating activities	36,970	5,158
Cash from investing activities	-84,945	-31,333
Cash from financing activities	35,796	763
Other changes in shareholders' equity / currency translation	-92	971
Net cash for the period	-12,271	-24,441

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

Shareholders' equity	638,995	614,498
Net income distributable to shareholders of STADA Arzneimittel AG	16,980	15,320
Capital increase	11	4
Change in the provision for cash flow hedges	1,676	0
Other changes/currency translation	2,727	1,028
Shareholders' equity	660,389	630,850

## Segment Reporting in € 000s<sup>4)</sup>

1. Generics	Sales	174,758	147,478
	Operating profit	27,156	15,129
	Contribution to net income for the period	16,051	9,915
	Segment assets (Mar. 31)	372,272	338,517
	Liabilities (Mar. 31)	109,010	78,703
2. Branded Products	Sales	52,849	39,429
	Operating profit	8,186	5,518
	Contribution to net income for the period	4,370	3,233
	Segment assets (Mar. 31)	115,286	106,379
	Liabilities (Mar. 31)	27,203	18,208
3. Special Pharmaceuticals	Sales	5,871	5,910
	Operating profit	602	1,140
	Contribution to net income for the period	336	644
	Segment assets (Mar. 31)	68,947	68,940
	Liabilities (Mar. 31)	2,487	6,718
4. Commercial business	Sales	10,184	8,120
	Operating profit	1,041	492
	Contribution to net income for the period	637	360
	Segment assets (Mar. 31)	4,001	3,924
	Liabilities (Mar. 31)	9,611	3,709
5. Group holding company / other	Sales	1,335	1,505
	Operating profit <sup>5)</sup>	-7,918	4,455
	Contribution to net income for the period	-4,414	1,168
	Segment assets (Mar. 31)	90,419	102,375
	Liabilities (Mar. 31)	253,772	227,334

1) The following changes were made in the scope of consolidation in the first quarter of 2005: Bioline Naturheilmittel Ges.m.b.H., Vienna, was removed from the group of companies included in STADA's Group accounts. The companies taken over in connection with the acquisition of Nizhpharm (Nizh-pharm OJSC, Nizhny Novgorod, Russia; Nizhpharm Ukraine, Kiev, Ukraine; Nizhpharm Kazakhstan, Almaty, Kazakhstan and Trand Russia) were included in the Group accounts for the first time. Group companies considered by the Group to be of minor importance (including Eurovax GmbH, Bad Vilbel, and Eurovax SAS, Paris) were not included in the Group accounts.

2) Unless otherwise stated, "net income" in this 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) Adjusted for the de facto 1:1 stock split on July 30, 2004

4) Segment assets figures for the previous year were adjusted based on the allocation of minority interests to shareholders' equity.

5) Including eliminations within segments

The consolidated interim statements of STADA Arzneimittel AG as of March 31, 2005 (like the consolidated financial statements as of December 31, 2004) were prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB), which are known as International Financial Reporting Standards (IFRS). The same accounting policies applied in the consolidated financial statements for fiscal year 2004 were applied to these interim financial statements. The notes to the consolidated financial statements for 2004 also apply to these interim financial statements where appropriate. The present quarterly report fulfills the requirements for interim financial reports set out in IAS 34.

## Consolidated Balance Sheet in € 000s

Assets	Mar. 31, 2005	Dec. 31, 2004
<b>A. Non-current assets</b>	<b>621,378</b>	<b>551,850</b>
1. Intangible assets	487,255	447,577
2. Property, plant and equipment	90,580	60,663
3. Financial assets	16,166	16,063
4. Non-current trade accounts receivable	3,984	4,934
5. Other non-current assets	13,929	12,944
6. Deferred tax assets	9,464	9,669
<b>B. Current assets</b>	<b>490,036</b>	<b>468,584</b>
1. Inventories	208,059	206,012
2. Current trade accounts receivable	183,412	159,090
3. Other current assets	34,142	24,918
4. Current securities	919	2,789
5. Cash and cash equivalents	63,504	75,775
<b>Total assets</b>	<b>1,111,414</b>	<b>1,020,434</b>
<b>Equity and Liabilities</b>		
<b>A. Shareholders' equity</b>	<b>660,389</b>	<b>638,995</b>
1. Share capital	138,818	138,816
2. Reserves and unappropriated retained earnings	519,559	500,082
3. Minority interests	2,012	97
<b>B. Non-current liabilities and provisions</b>	<b>152,700</b>	<b>141,070</b>
1. Non-current provisions	14,165	13,377
2. Non-current financial liabilities	103,726	103,109
3. Non-current trade accounts payable	894	879
4. Other non-current liabilities	2,644	2,322
5. Deferred tax liabilities	31,271	21,383
<b>C. Current liabilities and provisions</b>	<b>298,325</b>	<b>240,369</b>
1. Current provisions	3,506	3,183
2. Current financial liabilities	114,245	79,064
3. Current trade accounts payable	99,914	86,211
4. Other current liabilities	80,660	71,911
<b>Total equity and liabilities</b>	<b>1,111,414</b>	<b>1,020,434</b>

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

Consolidated sales by region <sup>1)</sup> in € 000s	Q1 2005	Q1 2004	±%
Europe	230,323	185,232	+24%
• Belgium	21,130	13,843	+53%
• Denmark	4,256	2,126	+100%
• Germany	111,547	103,089	+8%
• France	16,115	12,672	+27%
• United Kingdom	9,009	7,089	+27%
• Ireland	3,707	3,350	+11%
• Italy	20,576	15,650	+31%
• The Netherlands	9,654	10,639	-9%
• Austria	2,856	1,971	+45%
• Russia	11,370	213	+5,249%
• Switzerland	1,459	973	+50%
• Spain	13,456	10,643	+26%
• Czech Republic	1,609	1,151	+40%
• Ukraine	1,275	198	+543%
• Rest of Europe	2,304	1,625	+42%
The Americas	7,303	11,451	-36%
• USA	7,303	11,442	-36%
• Rest of the Americas	0	9	-100%
Asia	7,350	5,579	+32%
• China	1,870	2,033	-8%
• Kazakhstan	632	334	+89%
• The Philippines	1,601	953	+68%
• Thailand	676	736	-8%
• Vietnam	1,799	997	+80%
• Rest of Asia	772	526	+47%
Rest of World	21	180	-88%

