STADA
Arzneimittel

The Health Company

Q1/2006

Report on the First Three Months of 2006

THE FIRST QUARTER OF 2006 AT A GLANCE

- Very successful start in the first quarter of 2006 – STADA's highest quarterly Group sales
- Group sales (+22%) and net income (+30% or adjusted for one-time special effects +36%) grow significantly
- Especially strong sales growth of 29% in international business
- Share price reaches new all-time high
- Executive Board provides unchanged optimistic outlook with a stronger increase in earnings than in sales

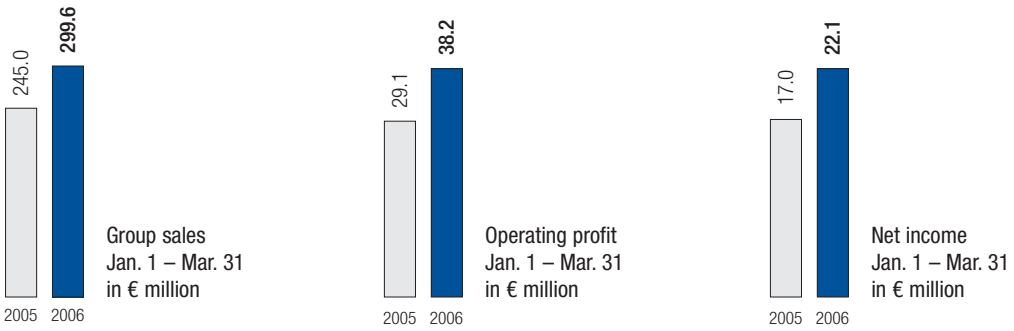
Key figures for the Group from Jan. 1 – Mar. 31 in € million	2006	2005	± %
Sales	299.6	245.0	+22%
Sales in core segments, total	275.3	233.5	+18%
• Generics	201.6	174.8	+15%
• Branded Products	67.0	52.8	+27%
• Specialty Pharmaceuticals	6.7	5.9	+13%
Operating profit	38.2	29.1	+32%
EBITDA (Earnings before interest, taxes, depreciation and amortization)	51.7	37.3	+39%
EBIT (Earnings before interest and taxes)	38.3	29.1	+32%
EBT (Earnings before taxes)	35.6	26.9	+32%
Net income[1]	22.1	17.0	+30%
Cash flow (gross)	35.7	30.1	+19%
Equity capital (March 31)	708.2	660.4	+7%
Capital expenditure	15.2	85.7	-82%
Depreciation/amortization	13.4	8.2	+63%
Average number of employees (Jan. 1 – March 31)	3,973	3,871	+3%

Key share figures Jan. 1 – Mar. 31	2006	2005	± %
Market capitalization in € million (as of March 31)	1,904.8	1,287.3	+48%
Closing price (XETRA®) in € on March 31	35.60	24.11	+48%
Average number of shares not including own shares (Jan. 1 – March 31)	53,383,627	53,269,061	0%
Basic earnings per share in €[2]	0.41	0.32	+28%
Diluted earnings per share in €[3]	0.38	0.30	+27%

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

2) In accordance with IAS 33.10.

3) In accordance with IAS 33.31.



Strong increase in sales

In the first quarter of 2006, STADA's **Group sales** rose by 22% to € 299.6 million (first quarter of 2005: € 245.0 million). The Group was thus able to record the highest quarterly sales in its history.

A one-time positive **special factor** in the form of significant sales from a tender business in Vietnam also contributed to this strong increase in sales which was greater than that planned for the first quarter of 2006. (see Regional Development in the STADA Group).

The share of initially consolidated sales included in this growth (acquisition-related effects) in particular through the staggered initial consolidation of product sales in the current fiscal year from the acquisition of the SANKYO product package in the fourth quarter of 2005 – amounted to € 3.4 million or 1 percentage point; the organic growth of the Group in the first quarter of 2006 was thus 21%.

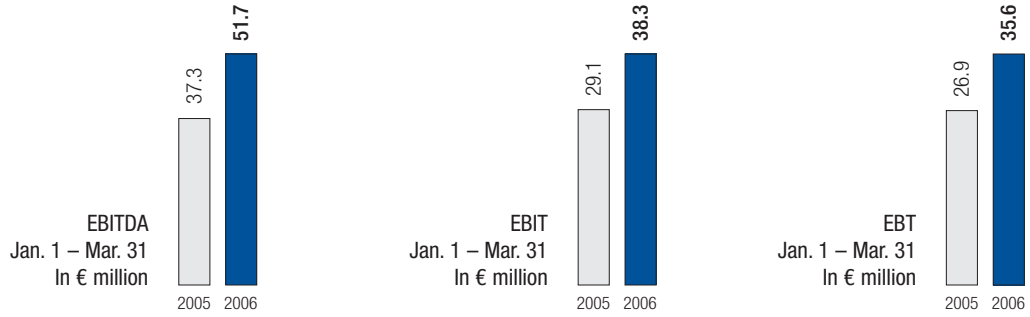
In the largest core segment **Generics** (share of Group sales 67.3%), sales in the first three months of 2006 were up strongly by 15% to € 201.6 million (first quarter of 2005: € 174.8 million). In the reporting period, the second largest core segment **Branded Products** (share of Group sales 22.4%), recorded sales growth of 27% to € 67.0 million (first quarter of 2005: € 52.8 million). The initial consolidation of the SANKYO product package also contributed 7 percentage points to this growth. By far the smallest core segment **Specialty Pharmaceuticals** (share of Group sales 2.2%), managed to raise sales in the first quarter of 2006 by 13% to € 6.7 million (first quarter of 2005: € 5.9 million).

STADA's **international business activities**, with an increase of 29%, again grew at a stronger rate as compared to the overall sales of the Group in the reporting period. Sales outside of Germany in the first three months of the current fiscal year contributed 57.5% to Group sales (first quarter of 2005: 54.5%).

For 2006, STADA's Executive Board expects this robust growth to continue, whereby the percentage of sales increase achieved in the first quarter of 2006 cannot be carried over to the full year, considering too that the effects of the regulatory changes in Germany as of May 1, 2006, cannot be conclusively assessed.

Pleasing increase in net income

On the basis of the strong sales development as well as ongoing cost optimization, particularly in the areas of procurement and production as well as sales and marketing, the earnings situation in the STADA Group in the first quarter of 2006 also developed very positively.



Net income in the reporting period rose by 30% to € 22.1 million (first quarter of 2005: € 17.0 million). Earnings per share[1] in the first quarter of 2006 thereby increased to € 0.41 (first quarter of 2005: € 0.32). Diluted earnings per share[2] in the reporting period amounted to € 0.38 (first quarter of 2005: € 0.30).

The other **key earnings figures** for the Group also showed high growth rates in the first three months of 2006. Operating profit in the reporting period went up by 32% to € 38.2 million (first quarter of 2005: € 29.1 million). Earnings before taxes (EBT) rose by 32% to € 35.6 million (first quarter of 2005: € 26.9 million). Earnings before interest and taxes (EBIT) recorded a plus of 32% to € 38.3 million (first quarter of 2005: € 29.1 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) was increased in the first three months of 2006 by 39% to € 51.7 million (first quarter of 2005: € 37.3 million).

This results in the following sales-related margins for the Group in the first quarter of 2006: gross profit margin 49.0% (first quarter 2005: 50.4%), EBIT margin 12.8% (first quarter 2005: 11.9%), EBT margin 11.9% (first quarter 2005: 11.0%) as well as net margin 7.4% (first quarter 2005: 6.9%). The partly significant margin increases as compared to the first quarter of 2005 mirror the excellent operating development in the STADA Group in the first quarter of 2006; STADA has thus made significant gains in terms of profitability.

These results include burdening one-time special effects which amounted to a total of € 5.8 million in the first quarter of 2006. Of this, among other things, € 3.8 million is accounted for by unscheduled depreciation on intangible assets in connection with the US business as well as € 1.9 million in compensation payments to an initial supplier due to the entry of a generic product prior to patent expiry, this because STADA could not assert its own legal interpretation of the day of patent expiry. The one-time special effects from the first quarter of 2005 burdened earnings before taxes at that time by a net of € 4.0 million. Adjusted for the one-time special effects of the first quarter of 2006, as well as the first quarter of 2005, earnings before taxes would have risen by 34% and net income by 36%.

Operating profits in the core segments developed in the reporting period as follows: the core segment of **Generics** was burdened in particular by the aforementioned one-time special effects as well as by the comprehensive regulatory-related price decreases in France and therefore showed a decrease as compared to the previous year of € 25.2 million (first quarter 2005: € 27.2 million). Operating profits in the **Branded Products** segment were up in the first quarter of 2006 due, among other things, to the effects of initial consolidation from the purchase of the SANKYO

1) In accordance with IAS 33.10, treasury shares held are not considered in the earnings per share (EPS) calculation. Calculation of earnings per share is thereby based on an average of 53,383,627 outstanding shares as of March 31, 2006 (corresponding number of outstanding shares as of March 31, 2005: 53,269,061).

2) In accordance with IAS 33.31.

product package in the fourth quarter of 2005, by 80% to € 14.8 million (first quarter of 2005: € 8.2 million) and the operating profits in the **Specialty Pharmaceuticals** segment increased by 168% to € 1.6 million (first quarter of 2005: € 0.6 million).

Thus, the following operating profit margins were achieved in the core segments in the first quarter of 2006: **Generics** 12.5% (first quarter of 2005: 15.5%), **Branded Products** 22.0% (first quarter of 2005: 15.5%) and **Specialty Pharmaceuticals** 24.3% (first quarter of 2005: 10.3%).

STADA continues to pursue the goal of increasing earnings stronger than sales in the Group.

Regional Development in the STADA Group

In **Germany**, which continues to be STADA's largest national market, sales in the first quarter of 2006 grew by 14% to € 127.3 million (first quarter of 2005: € 111.5 million). Sales in the German market thus contributed a share of 42.5% to Group sales in the reporting period (first quarter of 2005: 45.5%).

Currently, the German market is subject to significant and complex regulatory changes due to the Economic Optimization of Pharmaceutical Care Act (AVWG). The AVWG took effect in the current second quarter, on May 1, 2006. STADA's current assessment of the Act is preliminary because it depends for the most part on the competitive reaction of numerous different market participants (e.g. pharmacists, doctors, wholesalers, health insurance organizations, competitors). STADA continues to expect, however, that the effects for generics suppliers could, overall, balance each other out.

Indeed, regulations such as an additional mandatory discount of 10% of the ex-factory price for products in the generics market which are distributed at the expense of the public health care system (so-called “generics rebate”[1]) as well as new regulations for reference price determination with the goal of considerably reducing reference prices will, on the one hand, lead to significant earnings burdens, which are especially likely for generics suppliers.

On the other hand, however, a comprehensive ban on discounts outside of the drug price regulation leads to the expectation of considerable earnings improvements and additional earnings, particularly for generics suppliers.

For the time being, however, it remains to be seen what the competitive reaction to these regulatory interventions will be. This applies in particular to a planned provision of the AVWG which allows health insurance organizations to exempt patients from co-payment of especially low-priced generics when it can be proven that overall savings can be achieved by doing so. Also, for other planned aspects of the AVWG such as regulation of advertising opportunities for pharmaceutical companies in doctor's practice software or the introduction of bonus/malus regulations relating to the prescription volume of the individual doctor, it will depend largely on the competitive reaction whether these measures on the whole will prove to be stimulating or a burden for STADA.

Overall, at this point in time, STADA does not believe that the effects of the AVWG are likely to lead to an adjustment of the Group forecast. However, it remains to be seen over the course of the year whether the regulatory interven-

1) STADA expects a burden up to approx. € 40 million p.a. as a result of this detail of the AVWG regulation.

tions will indeed show the effects expected by the government and experts in practice and thus show manageable effects in balance for STADA.

Prior to the passing of the AVWG, in the current second quarter of 2006, there have apparently been bringing-forward effects through stockpiling on the part of distribution channels which STADA believes is significant, although the exact extent of this cannot be estimated. After the AVWG took effect on May 1, 2006, a more restrained sales development can be expected in the Generics core segment in the German market for several weeks or months until the distribution channels, in STADA's view, have once again depleted their stocks.

A further comprehensive health care reform is currently being discussed in Germany in which the focus, in particular, should be on the financing of the system. It remains to be seen to what extent new regulations are to be expected for the cost side and thereby at the same time for pharmaceutical companies.

Outside of Germany, the following markets in particular showed pleasing business development: In **Italy**, sales rose in the first quarter of 2006 by 22% to € 25.1 million (first quarter of 2005: € 20.6 million). In **Russia**, in the reporting period, STADA sales in the local currency increased especially strongly by 69% to RUB 699.0 million (first quarter of 2005: RUB 414.3 million) or in Euro by 83% to € 20.8 million (first quarter of 2005: € 11.4 million) – this mainly due to the expanded reimbursement possibilities for individual products in the range of the local sales company Nizhpharm. In **Belgium**, STADA recorded a sales plus in the first three months of the current fiscal year of 12% to € 23.7 million (first quarter of 2005: € 21.1 million). In **Spain**, STADA achieved sales growth in the reporting period of 17% to € 15.8 million (first quarter of 2005: € 13.5 million).

In **France** – despite regulatory measures which took effect on February 1, 2006 and which, among other things, aim to reduce the local price level for drugs – sales development in the first quarter of 2006 was nearly even with € 16.3 million (first quarter of 2005: € 16.1 million). However, the margin situation was significantly burdened by regulatory-related price decreases. In view of the expected strong increase in volumes as well as numerous planned new product introductions, STADA continues to expect, from today's perspective, to be able to achieve an overall increase in sales in France in fiscal year 2006 as compared to the previous year.

In the **USA**, sales in the reporting period in the local currency decreased by 1% to US-$ 9.5 million (first quarter of 2005: US-$ 9.5 million), whereas the figure in Euro rose by 8% to € 7.9 million (first quarter of 2005: € 7.3 million). Here, sales development of the local STADA sales company continued to be affected by price and margin pressure in the US pharmaceuticals market. For the US business, STADA continues to pursue the goal of significantly reducing the burden on the Group's operating profit and, in this regard, is investigating all options.

In **Asia**, sales in the first quarter of 2006 were increased by 157% to € 18.9 million (first quarter of 2005: € 7.3 million). Sales were up in the **Philippines** in particular, with a rise of 12% to € 1.8 million (first quarter of 2005: € 1.6 million) and in **Vietnam** with an increase of 686% to € 14.1 million (first quarter of 2005: € 1.8 million). In Vietnam, the special factor of a one-time tender business with a sales volume of approx. € 14 million, of that € 12.6 million in the first quarter of 2006[1], contributed to the positive development.

1) The remaining sales from this one-time tender business will probably apply to the current second quarter of 2006.

In addition, STADA achieved export sales to 30 further countries in the reporting period, thereby recording, with a plus of 68%, sales in the amount of € 4.6 million (first quarter of 2005: € 2.7 million).

Well-filled product pipeline ensures a continuous flow of new products

The comprehensive development and approval activities of the Group ensure that the individual STADA sales companies continue to have access to a constant flow of new products. In this way, 103 new products could be launched Group-wide in the first quarter of 2006 (first quarter of 2005: 95 new product launches). Among these was an analgesic patch containing Fentanyl in Germany. The corresponding expenses in the form of research and development costs in the Group rose in the first three months of the current fiscal year by 11% to € 7.9 million (first quarter of 2005: € 7.1 million). Due to the full product pipeline, a continuous flow of new product launches can also be expected in the years to come.

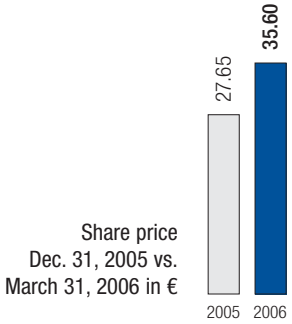
Within the framework of the development of the biosimilar products[1)2)] Erythropoietin[3)], Filgrastim[4)] and Interferon beta-1a[5)], which is being carried out by BIOCEUTICALS Arzneimittel AG, a company initiated by STADA and predominantly financed via venture capital, the development of the Erythropoietin biosimilar is at the forefront. The documents for submission of the application for approval are currently being compiled. In a “pre-submission meeting” held at the EMEA in February 2006, remaining questions regarding the approval application were cleared up. The approval application is to be submitted to the EMEA on June 30, 2006. In this regard, STADA is striving for approval for the indications dialysis and oncology. From today's perspective, STADA continues to assume that there is a chance to obtain an EU-wide approval for a biosimilar from Erythropoietin in 2007.

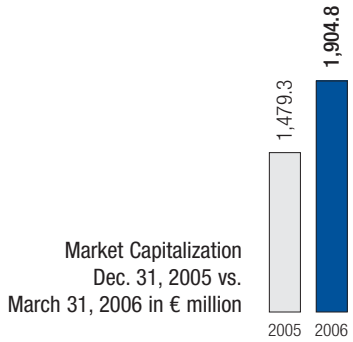
After the original investment volume of approx. € 75 million had, for the most part, been exhausted during the course of 2005, on January 23, 2006, BIOCEUTICALS Arzneimittel AG decided on a capital increase with net proceeds of approx. € 15 million and new authorized capital to ensure financing of the project until, from today's perspective, the first products are ready for market launch. The capital increase was carried out in the reporting period and recorded in the commercial registry. STADA contributed € 6.0 million to the capital increase; the further contributions came from other investors who are involved in the project.

Thus, STADA now holds 13.02% of shares in BIOCEUTICALS Arzneimittel AG for which total payments of € 11.0 million have been made. STADA continues to provide BIOCEUTICALS Arzneimittel AG with a credit line facility with an interest rate that is usual for risk capital and of which a total of € 16.4 million had been used as of March 31, 2006. In addition, a capital guarantee from STADA for the benefit of BIOCEUTICALS Arzneimittel AG exists, of which approx. € 11.1 million had been used as of March 31, 2006.

With an EU-wide market volume of approx. € 1.2 billion[6)] in 2005, the Group now views a sales potential of up to € 70 million per year for Erythropoietin alone as achievable. STADA has for some time been investigating whether this potential can be expanded by involving additional partners in the marketing. This will continue to be evaluated in discussions with various interested parties.

1) Biosimilars: Analogous for biogenerics.
2) STADA continues to hold worldwide distribution rights on the three development projects being carried out by BIOCEUTICALS Arzneimittel AG via a wholly-owned subsidiary, together with a so-called call-option which – from 2011 – entitles STADA to acquire the other investors' shares at a price which has already been defined via a formula.
3) Erythropoietin is used, among other things, for dialysis patients to stimulate hematopoieses as well as in cancer therapy.
4) Filgrastim is used, among other things, to treat neutropenia, e,g, following bone marrow transplants.
5) Interferon beta-1a is used in the treatment of multiple sclerosis.
6) Source: STADA estimate based on market data provided by various international market research institutes (at ex-factory prices).





Balance sheet, acquisitions and cash flow

With an equity-to-assets ratio of 50.9% as of March 31, 2006 (50.7% as of December 31, 2005) STADA continues to have a solid balance sheet structure.

This is also clear in view of net debt, which is with € 280.1 million as of March 31, 2006 (December 31, 2005: € 234.2 million) as compared to shareholders' equity of € 708.2 million as of March 31, 2006 (December 31, 2005: € 684.8 million), in the view of the Executive Board, moderate. STADA continues to be well positioned in terms of its balance sheet for an active acquisition policy.

As a consequence of this acquisition policy, the Group was able in the first quarter of 2006 to consolidate the first product sales from contractual agreements between various STADA subsidiaries and the SANKYO PHARMA Group Europe. The package of eleven European branded products, acquired in December 2005, calls for a staggered takeover of the various approvals and trademarks until April 2007. In the current fiscal year, STADA, as a rule, successively takes over sales responsibility for the products in the individual national markets as soon as the drug approvals have been transferred there. The consolidation of the respective product sales in the Group will be staggered accordingly. It has, however, been secured in the contract that STADA draws economic benefit from the entire product package from the signing of the agreements.

Cash flow from operating activities in the first quarter of 2006 amounted to € -31.5 million; this negative cash flow from operating activities is, with a rise in inventories and trade accounts receivable that is lower as compared to sales, primarily attributable to a significant reduction in current liabilities. This includes a one-time special effect in the amount of € 38.9 million for the partial payment of existing liabilities for the purchase of the SANKYO branded product package in the fourth quarter of 2005. Without this one-time special effect, cash flow from operating activities would have been positive with € 7.4 million in the first quarter of 2006.

Also in the future, STADA will continue to pursue the strategy of accelerating growth through appropriate acquisitions. Against this backdrop, the Group is continuously investigating suitable projects which, in view of the size the company has reached, can, in the view of the Executive Board, now include larger acquisitions than what was usual for STADA in the past.

STADA in the capital markets

In the first quarter of 2006, STADA's share continued to develop positively. As of March 31, 2006, STADA's restricted registered common share price was € 35.60 and thus reached a new all time high. Compared to the closing price from December 30, 2005 in the amount of € 27.65, STADA's share price rose by approx. 29%. As of March

31, 2006, STADA's market capitalization amounted to € 1.905 billion. As of December 30, 2005, STADA's enterprise value was € 1.479 billion. In the current second quarter, on May 3, 2006, the share once again reached a new all-time high of € 40.80. This represents a market capitalization of € 2.183 billion.

As of March 31, 2006, no investor held more than 5% of STADA's share capital. Over the course of the first quarter of 2006, DWS Investment held more than 5% of STADA Arzneimittel AG for several weeks.

In the first quarter of the current fiscal year, STADA did not purchase any of its own shares and sold 1,315 of its own shares at an average price of € 29.29. As of March 31, 2006, STADA thus held 118,600 of its own shares. In the first three months of 2006, 260 options from STADA warrants[1] were exercised, leading to the creation of 5,200 new STADA shares. STADA's capital stock thereby rose as of March 31, 2006 to € 139,114,300 (December 31, 2005: € 139,100,780),

Outlook: Continuation of the robust long-term growth course

In its prognosis[2] for the further business development of the Group, STADA's Executive Board continues to be optimistic.

STADA's business model is proven and sustainable; the operative positioning is aimed at leveraging structural growth potential in the individual national markets with a clear focus on Europe. Regardless of continued and not always calculable regulatory interventions as well as intensive competition in individual national markets, the Executive Board assumes that the many years of robust growth within the Group will proceed in the future. Thereby, a stronger increase in earnings than in sales is being targeted.

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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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Always up-to-date – STADA on the Internet: www.stada.com

1) The option terms and conditions are published on the company's website at www.stada.com.
2) A comprehensive description of the principal risks for business development can be found in the company's Annual Report 2005 which is published on the company's website at www.stada.com.
3) Employee representatives.

GROUP RESULTS

Consolidated Income Statement in € 000s	Q1 2006	Q1 2005[1]
01. Sales	299,627	244,997
02. Cost of sales	152,711	121,413
03. Gross profit	**146,916**	**123,584**
04. Other operating income	5,013	2,123
05. Selling expenses	72,279	64,430
06. General and administrative expenses	20,191	18,731
07. Research and development expenses	7,891	7,135
08. Other operating expenses	13,323	6,344
09. Operating profit	**38,245**	**29,067**
10. Investment income	52	0
11. Interest result	-2,666	-2,173
12. Financial result	**-2,614**	**-2,173**
13. Earnings before taxes	**35,631**	**26,894**
14. Taxes on income	13,383	9,818
15. Net income[2]	**22,248**	**17,076**
• thereof net income distributable to shareholders of STADA Arzneimittel AG	22,064	16,980
• thereof net income relating to minority interests	184	96
16. Earnings per share in € (in accordance with IAS 33.10)	0.41	0.32
17. Earnings per share in € (diluted) (in accordance with IAS 33.31)	0.38	0.30

1) In the first quarter of 2006, the following changes took place in the scope of consolidation: ALIUD PHARMA GmbH & Co. KEG, Vienna, and ALIUD PHARMA Verwaltungs-Ges.m.b.H., Vienna, were deconsolidated. Oy STADA Pharma AB, Helsinki, was consolidated for the first time. As of January 1, 2006, NPA New Pharmajani S.p.A., Milan, was merged into EG S.p.A., Milan. In addition, in the first quarter, contracts were completed for the takeover of outstanding minority interests (40%) in Croma Medic Inc., Manila at a price of € 1.6 million.

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.

Consolidated Cash Flow Statement in € 000s (excerpt)[3]	Q1 2006	Q1 2005
Cash flow (gross)	35,650	30,078
Cash from operating activities	-31,502	37,061
Cash from investing activities	-15,181	-85,692
Cash from financing activities	41,846	35,796
Other changes in shareholders' equity / currency translation	652	564
Net cash for the period	-4,185	-12,271

3) The figures for the previous year were adjusted due to structural changes in the cash flow statement within the framework of the annual financial statements 2005.

Consolidated Statement of Changes in Shareholders' Equity in € 000s	Q1 2006	Q1 2005
Shareholders' equity	684,811	638,995
Net income distributable to shareholders of STADA Arzeimittel AG	22,064	16,980
Capital increase through the exercising of warrants	86	11
Change in the provision for cash flow hedges	0	1,676
Other changes/currency translation	1,287	2,727
Shareholders' equity	708,248	660,389

Segment Reporting in € 000s		Q1 2006	Q1 2005
1. Generics	Sales	201,617	174,758
	Operating profit	25,154	27,156
	Contribution to net income for the period	12,819	16,051
	Segment assets (March 31)	411,071	372,272
	Liabilities (March 31)	139,493	109,010
2. Branded Products	Sales	66,996	52,849
	Operating profit	14,753	8,186
	Contribution to net income for the period	10,161	4,370
	Segment assets (March 31)	138,569	115,286
	Liabilities (March 31)	94,373	27,203
3. Specialty Pharmaceuticals	Sales	6,659	5,871
	Operating profit	1,616	602
	Contribution to net income for the period	1,003	336
	Segment assets (March 31)	68,717	68,947
	Liabilities (March 31)	2,380	2,487
4. Commercial business	Sales	21,487	10,184
	Operating profit	380	1,041
	Contribution to net income for the period	158	637
	Segment assets (March 31)	4,498	4,001
	Liabilities (March 31)	14,078	9,611
5. Group holding company/other	Sales	2,868	1,335
	Operating profit[4]	-3,658	-7,918
	Contribution to net income for the period	-2,077	-4,414
	Segment assets (March 31)	73,192	90,419
	Liabilities (March 31)	373,798	253,772

4) Including eliminations within the segments.

The consolidated interim statements of STADA Arzneimittel AG as of March 31, 2006 (like the consolidated financial statements as of December 31, 2005) 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 2005 were applied to these interim financial statements. The notes to the consolidated financial statements for 2005 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, 2006	Dec. 31, 2005
A. Non-current assets	781,787	783,806
1. Intangible assets	614,495	612,205
2. Property, plant and equipment	95,645	94,540
3. Financial assets	31,384	32,702
4. Non-current trade accounts receivable	3,499	1,065
5. Other non-current assets	24,563	31,912
6. Deferred tax assets	12,201	11,382
B. Current assets	609,112	565,967
1. Inventories	245,854	224,042
2. Current trade accounts receivable	257,828	230,254
3. Other current assets	36,834	38,902
4. Current securities	25	13
5. Cash and cash equivalents	68,571	72,756
Total assets	1,390,899	1,349,773
Equity and Liabilities		
A. Shareholders' equity[1)]	708,248	684,811
1. Share capital	139,114	139,101
2. Reserves and unappropriated retained earnings	566,705	543,438
3. Minority interests	2,429	2,272
B. Non-current liabilities and provisions	319,691	316,856
1. Non-current provisions	17,455	17,362
2. Non-current financial liabilities	260,983	258,723
3. Non-current trade accounts payable	1,287	827
4. Other non-current liabilities	4,205	2,797
5. Deferred tax liabilities	35,761	37,147
C. Current liabilities and provisions	362,960	348,106
1. Current provisions	5,313	3,985
2. Current financial liabilities	87,714	48,214
3. Current trade accounts payable	115,386	124,614
4. Other current liabilities	154,547	171,293
Total equity and liabilities	1,390,899	1.349,773

1) In the time between January 1 and March 31, 2006, a total of 260 options from the STADA warrant (ISIN DE000 7251845) were exercised, leading to 5,200 new shares. Registered capital as of March 31, 2006 thereby includes 53,505,500 shares.

Consolidated sales by region[2)] in € 000s	Q1 2006	Q1 2005	±%
Europe	272,384	230,323	+18%
• Belgium	23,690	21,130	+12%
• Denmark	6,003	4,256	+41%
• Germany	127,284	111,547	+14%
• Finland	758	-	-
• France	16,283	16,115	+1%
• United Kingdom	9,175	9,009	+2%
• Ireland	4,267	3,707	+15%
• Italy	25,119	20,576	+22%
• Lithuania	222	223	-0%
• The Netherlands	9,470	9,654	-2%
• Austria	2,086	2,856	-27%
• Portugal	2,192	149	+1,371%
• Russia	20,803	11,370	+83%
• Switzerland	2,198	1,459	+51%
• Spain	15,776	13,456	+17%
• Czech Republic	1,805	1,609	+12%
• Ukraine	2,132	1,275	+67%
• Rest of Europe	3,121	1,932	+62%
The Americas	7,978	7,303	+9%
• USA	7,886	7,303	+8%
• Rest of the Americas	92	0	0%
Asia	18,908	7,350	+157%
• China	907	1,870	-51%
• Kazakhstan	625	632	-1%
• The Philippines	1,801	1,601	+12%
• Thailand	425	676	-37%
• Vietnam	14,142	1,799	+686%
• Rest of Asia	1,008	772	+31%
Rest of World	357	21	+1,600%

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

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