Half-Year Report 2009

Key highlights

- **Revenue** in the first six months of 2009 decreased as expected by 6%. Net sales went down by 10% as a consequence of the generic competition to Keppra® in the U.S., partially compensated by the good performance of Keppra® in Europe and by the new product launches of Vimpat® and Cimzia®. Royalty income & fees was up by 35% driven by the launch of Toviaz® and biotechnology IP. Other revenue increased by 44% due to the good performance of Xyzal® in the U.S. and higher contract manufacturing sales.
- **Recurring EBITDA** reached € 363 million compared to € 358 million in 2008, increasing 1%, reflecting the revenue decrease compensated by lower operating expenses following the implementation of the SHAPE programme and increased amortisation.
- **Net profit** increased from € 108 million in the first half of 2008 to € 516 million in the first half of 2009, reflecting after-tax deterioration of recurring EBITDA and higher non-recurring income stemming from capital gains. Net profit **adjusted** for one-time and non-recurring items reached € 135 million compared to € 143 million in 2008.

For the six months ended 30 June[1]	Actual		Variance	
€ million	2009	2008	Actual rates	Cst rates
Revenue	**1 596**	**1 691**	**-6%**	**-9%**
Net sales	1 379	1 535	-10%	-14%
Royalty income & fees	114	84	35%	38%
Other revenue	103	72	44%	37%
Gross profit	**1 087**	**1 214**	**-10%**	**-16%**
Marketing & selling expenses	(421)	(455)	-7%	-14%
Research & Development expenses	(323)	(370)	-13%	-14%
General & administrative expenses	(99)	(119)	-17%	-18%
Other operating income/(expenses)	2	(6)		
Recurring EBIT (REBIT)	**246**	**263**	**-7%**	**-18%**
Non recurring income/(expenses)	461	(39)		
EBIT (operating profit)	**707**	**224**	**215%**	**189%**
Net financial expenses	(55)	(69)		
Profit before income taxes	**652**	**155**	**321%**	**283%**
Income tax expenses	(137)	(48)		
Profit from continuing operations	**515**	**107**	**381%**	**339%**
Profit from discontinuing operations	1	1		
Net profit (after minority interests)	**516**	**108**	**376%**	**335%**
Recurring EBITDA	**363**	**358**	**1%**	**-8%**
Adjusted net profit [2]	**135**	**143**	**-6%**	**-21%**
Capital expenditures (including intangible assets)	34	73		
Net financial debt	2 166	2 443		
Cash flow from operating activities	(45)	185		
Number of shares - non-diluted	**180**	**180**		
EPS (€ per non-diluted share)	**2.86**	**0.59**		
Adjusted EPS (€ per non-diluted share)	**0.75**	**0.79**		

[1] Except for the net financial debt, where 2008 relates to the situation as published in the audited consolidated financial statements as at 31 December 2008.

[2] Adjusted for after- tax impact of one-off items and after-tax contribution from discontinued operations.

Table of contents

Half-year 2009 management report[1]

The financial information included in this management report should be read in conjunction with the condensed consolidated interim financial statements and the consolidated financial statements as at 31 December 2008. These condensed consolidated interim financial statements have been reviewed, not audited.

Scope change: UCB pursued its transformation towards becoming the next generation biopharma leader by acquiring Schwarz Pharma in 2006. UCB has consolidated the balance sheet of the Schwarz Pharma Group since 31 December 2006. The results of the Schwarz Pharma group of companies have been consolidated as from 1 January 2007 onwards. UCB announced on 8 May 2009 that it intended to acquire the outstanding Schwarz Pharma shares held by the minority shareholders by way of a "squeeze-out" procedure. UCB owns 99.6% of outstanding shares as of 30 June 2009.

As a result of the divestment of the remaining non-Pharma activities (i.e. Surface Specialties) in February 2005, UCB reports the results from those activities as a part of profit from discontinued operations.

Recurring and non-recurring: Transactions and decisions of a one-time nature that affect UCB's results are shown separately, ("non-recurring" items). Besides EBIT (earnings before interest and taxes or operating profit), a line for "recurring EBIT" (REBIT or recurring operating profit), reflecting the ongoing profitability of the company's biopharmaceutical activities, is included. The recurring EBIT is equal to the line "operating profit before impairment, restructuring and other income and expenses" reported in the consolidated financial statements.

Adjusted net profit: Transactions and decisions of a one-time nature that are impacting UCB's results for both periods under review are highlighted separately ("non-recurring items" and "one-off items"). For like-for-like comparison purposes, a line with "adjusted net profit", reflecting the ongoing after-tax profitability of the biopharmaceutical activities, is included. Adjusted net profit is equal to the line "profit" reported in the consolidated financial statements, adjusted for discontinued operations and the after-tax impact of non-recurring items and one-off items.

1. Net sales by product[1]

€ million	Actual June YTD		Variance %	
	2009	2008	Actual rates	Cst rates
Keppra® (includ. Keppra® XR)	465	597	-22%	-24%
Zyrtec® (includ. Zyrtec-D®/Cirrus®)	169	132	28%	13%
Xyzal®	82	104	-21%	-19%
Tussionex™	67	73	-8%	-20%
Metadate™ CD/Equasym™ XL	42	36	15%	3%
venlafaxine XR	41	-		
Nootropil®	37	46	-20%	-14%
omeprazole	30	45	-33%	-41%
Neupro®	27	35	-25%	-23%
Cimzia®	24	1		
Vimpat®	23	-		
Other products	372	465	-20%	-22%
Total net sales	**1 379**	**1 535**	**-10%**	**-14%**

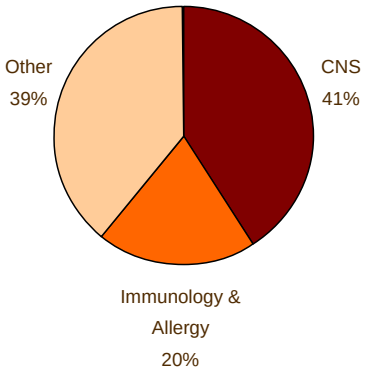
Net sales amount to € 1 379 million or 10% lower than the period before.

- **Keppra®** (*levetiracetam*), for epilepsy, reached net sales of € 465 million which is 22% lower than last year in euro, due to post-patent expiry erosion in North America (-50%), extending market leadership in Europe (+26%), and an increase of 9% in the Rest of World.
- **Zyrtec®** (*cetirizine*, including Zyrtec®-D/Cirrus®), for allergy, increased net sales by € 37 million or 28% from € 132 million to € 169 million, reflecting a decrease of 16% in European sales due to further genericisation, an increase of 65% in Japanese sales from a severe pollen season and the successful launch of the pediatric indications and new formulations. The Emerging Markets sales were negatively impacted due to the GlaxoSmithKline (GSK) deal.
- **Xyzal®** (*levocetirizine),* for allergy, made net sales of € 82 million, a decrease of 21% compared to 2008, with a less severe pollen season compared to last year in most European countries. Xyzal® U.S. sales are not consolidated. UCB's part of the profit-sharing agreement with sanofi-aventis in the U.S. is reported under the line "other revenue".
- **Tussionex™** (*hydrocodone polistirex and chlorpheniramine polistirex*), the anti-tussive, made net sales of € 67 million, a decline of 8% compared to last year due to a market shift to codeine-based products and a weak cough and cold season.

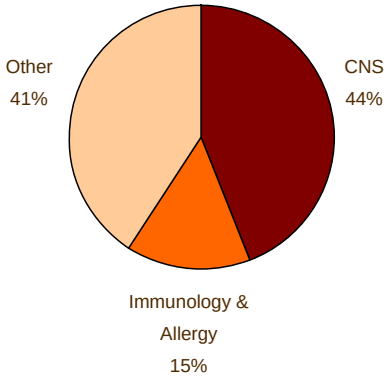
[1] Due to roundings, some financial data may not appear to add-up in the tables included in this Management Report.

- **Metadate™ CD** (*methylphenidate HCl*), for attention deficit and hyperactivity disorder, made net sales of € 42 million, an increase of 15% due to sustained in-market performance. This product is sold under the trademark Metadate™ CD in the U.S. (€ 39 million) and was sold under the trademark Equasym™ XL in Europe and Rest of World (€ 3 million in total, a decrease of 59% due to the sale of Equasym® IR and Equasym® XL to Shire early 2009).
- ***Venlafaxine XR,*** a generic product to treat major depressive and social anxiety disorders, reached net sales of € 41 million in the U.S. UCB holds exclusive rights from Osmotica to market and sell *venlafaxine hydrochloride XR* in the U.S.
- **Nootropil®** (*piracetam*), for cognitive disorders, saw a decline in net sales of 20% from € 46 million to € 37 million, in both Europe and the Rest of World.
- ***omeprazole*,** a generic product for hyperacidity disease, made net sales of € 30 million, 33% lower than last year, mainly as a result of further generic entries into the U.S. market.
- **Neupro®** (*rotigotine*), for Parkinson's disease, showed net sales decreasing from € 35 million in 2008 to € 27 million in 2009 as a result of a U.S. recall announced in March of 2008 and, since June 2008, the Neupro® supply in Europe limited to patients already established on the drug. To address this issue, UCB has implemented a cold-chain storage and distribution system in Europe. Since end of June 2009, Neupro® is available again to all patients with idiopathic Parkinson's disease and also newly available as a treatment option for the symptomatic treatment of adult patients with idiopathic moderate to severe restless legs syndrome (RLS).
- **Cimzia®** *(certolizumab pegol*), approved in the U.S. in April 2008 to reduce signs and symptoms of Crohn's disease (CD) and approved in the U.S. in May 2009 for patients suffering from moderately to severely active rheumatoid arthritis (RA), reached net sales of € 24 million (€ 23 million for CD and € 1 million for RA).
- **Vimpat®** (*lacosamide*), for epilepsy, available in Europe since September 2008 and launched in the U.S. in May 2009 as an add-on therapy for the treatment of partial-onset seizures reached net sales of € 23 million.
- **Other products**: net sales for other products decreased 20% from € 465 million to € 372 million, with the main negative factors being U.S. products facing generic competition and product divestments early in the year.

Net sales - H1 2009



Net sales - H1 2008



2. Net sales by region[2]

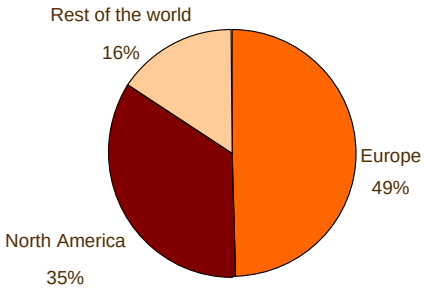
€ million	Actual June YTD		2009 / 2008 variance			
			At actual rates		At constant rates	
	2009	2008	€ million	%	€ million	%
Net sales North America	**484**	**583**	**(99)**	**-17%**	**(107)**	**-27%**
Keppra® (including Keppra® XR)	184	371	(187)	-50%	(208)	-56%
Tussionex™	67	73	(6)	-8%	(14)	-20%
venlafaxine XR	41	-	41		36	
Metadate™ CD	39	28	10	37%	5	19%
omeprazole	30	44	(14)	-33%	(18)	-41%
Cimzia®	23	1	22		19	
Vimpat®	18	-	18		16	
Neupro®	-	5	(5)	-99%	(5)	-102%
Other products	83	62	21	34%	63	100%
Net sales Europe	**681**	**734**	**(52)**	**-7%**	**(24)**	**-4%**
Keppra®	255	202	53	26%	61	30%
Xyzal®	72	91	(19)	-21%	(18)	-20%
Zyrtec® (including Cirrus®)	43	51	(8)	-16%	(6)	-12%
Nootropil®	28	35	(6)	-18%	(4)	-11%
Neupro®	26	30	(4)	-13%	(3)	-11%
Vimpat®	5	-	5		5	
Other products	252	325	(73)	-23%	(59)	-18%
Net sales Rest of World	**219**	**189**	**30**	**16%**	**6**	**3%**
Zyrtec® (including Cirrus®)	113	77	35	46%	15	20%
Keppra®	27	25	2	9%	4	15%
Xyzal®	10	11	(1)	-11%	(1)	-10%
Nootropil®	9	12	(3)	-25%	(3)	-23%
Other products	61	64	(3)	-5%	(9)	-14%
Unallocated	**(5)**	**29**				
Total net sales	**1 379**	**1 535**	**(156)**	**-10%**	**(216)**	**-14%**

- **North America** net sales reported by UCB amounted to € 484 million in the first six months of 2009, down by 17% from the year before. The Keppra® franchise, after loss of exclusivity late 2008 of Keppra IR and partially offset by the launch of Keppra® XR, declined to € 184 million in the first half year 2009, down by 50% year-over-year. Tussionex™ net sales represented € 67 million, a decrease of 8% compared to last year due to a market shift to codeine-based products and a weak cough and cold season. *Venlafaxine XR* accounted for € 41 million. Net sales of the attention deficit and hyperactive disorder drug, Metadate™ CD, increased by 37%. Cimzia®, approved since April 2008 to reduce the signs and symptoms of Crohn's disease (CD) and approved since May 2009 for patients suffering from moderately to severely active rheumatoid arthritis (RA), reached net sales of € 23 million. The antiepileptic drug Vimpat®, available as an add-on therapy for the treatment of partial-onset seizures, was launched in May 2009 and reached net sales of € 18 million. No Neupro® net sales were recorded in the U.S. since the product recall announced in March of 2008. The net sales of other products amounted to € 83 million, an increase of € 21 million in comparison with 2008.
- **Europe** net sales totalled € 681 million in 2009, down by 7% compared to 2008. Keppra® net sales represented € 255 million, an increase of 26% compared to the same period of last year. The decrease in the allergy drugs Xyzal® and Zyrtec® was due to a less severe pollen season compared to last year in most European countries. Nootropil® still accounted for € 28 million of Europe net sales. Neupro® net sales of € 26 million are stable compared to the previous year due to the limitation of drug supply in Europe to patients already established on the drug. Net sales of € 5 million were contributed by the new anti-epileptic drug Vimpat® which was launched in the first two European countries during the fourth quarter 2008 with further national launches during the first half 2009. All other products contributed € 252 million to European net sales, a reduction of 23% versus the previous year.

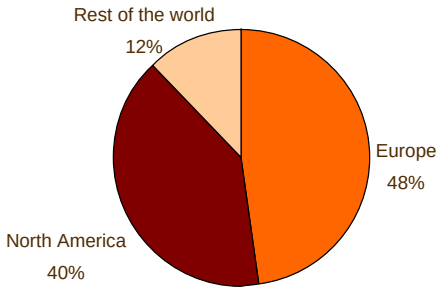
[2] Due to roundings, some financial data may not appear to add-up in the tables included in this Management Report.

- **Rest of World** net sales amounted to € 219 million in 2009, an increase of 16%, mainly related to the Zyrtec® net sales increase from € 55 million to € 91 million, or 65%, in Japan. Zyrtec® net sales in the other Rest of World countries remained stable and amounted to € 22 million in the first half of 2009 and Keppra® net sales grew 9% year-over-year. Net sales of other products decreased by 5% due to the sale of certain distribution activities and affiliates in selected emerging markets to GSK as per 31 March 2009.

Net sales - H1 2009



Net sales - H1 2008



3. Royalty income & fees[3]

€ million	Actual June YTD		Variance %	
	2009	2008	Actual rates	Cst rates
Biotechnology IP	58	44	33%	55%
Zyrtec® U.S.	14	15	-8%	-20%
Toviaz®	14	-		
Other	27	25	7%	43%
Royalty income & fees	**114**	**84**	**35%**	**38%**

Royalty income & fees for the first half of 2009 amounted to € 114 million, up by € 30 million or 35% compared to the same period last year, essentially as a result of the royalties paid by Pfizer for the overactive bladder treatment Toviaz® (*fesoterodine*) and royalties for UCB's biotechnology intellectual property. The Zyrtec® U.S. royalty income received on the over-the-counter sales amounted to € 14 million in June 2009 compared to € 12 million in the same period last year. Royalty expenses are reported as part of cost of sales.

4. Other revenue

€ million	Actual June YTD		Variance %	
	2009	2008	Actual rates	Cst rates
Contract manufacturing sales	44	20	120%	104%
Xyzal® U.S. milestones / profit sharing	24	19	28%	12%
Otsuka	17	-		
Provas™ profit sharing	12	12	4%	4%
Other	6	21	-73%	-76%
Other revenue	**103**	**72**	**44%**	**37%**

[3] Due to roundings, some financial data may not appear to add-up in the tables included in this Management Report.

Other revenue for the first half of 2009 amounted to € 103 million, up by 44% or € 31 million. The increase of contract manufacturing sales to € 44 million, 120% higher compared to the same period last year, was essentially the result of the agreements with GSK and Shire announced early this year.

Profit-sharing with sanofi-aventis on Xyzal® in the U.S. generated € 24 million which represents UCB's 40% share of the gross profit from the U.S.$92 million Xyzal® sales in the U.S. The Otsuka-related other revenue pertains to milestones recognised as part of the agreements entered into by Otsuka and UCB in June 2008 for Keppra® and Cimzia® in Japan whereby UCB and Otsuka will co-promote Keppra® for the adjunctive treatment of partial-onset seizures and Cimzia® for the treatment of Crohn's disease. The profit-sharing agreement with Novartis on the cardiovascular drug Provas® in Germany represents € 12 million, up by 4%.

5. Gross profit[4]

€ million	Actual June YTD		Variance %	
	2009	2008	Actual rates	Cst rates
Revenue	**1 596**	**1 691**	**-6%**	**-9%**
Net sales	1 379	1 535	-10%	-14%
Royalty income	114	84	35%	38%
Other revenue	103	72	44%	37%
Cost of sales	**(509)**	**(477)**	**7%**	**7%**
Cost of sales products & services	(390)	(402)	-3%	-2%
Royalty expenses	(62)	(35)	76%	77%
Amortisation of intangible assets linked to sales	(58)	(40)	45%	43%
Gross profit	**1 087**	**1 214**	**-10%**	**-16%**
of which				
Products & services	1 093	1 205	-9%	-15%
Net royalty income	52	50	5%	11%
Amortisation of intangible assets linked to sales	(58)	(40)		

Gross profit of € 1 087 million is 10% lower than 2008 following the decrease of net sales and burdened by royalties for the newly launched products and amortisation of these products.

Cost of sales has three components, the cost of sales for products and services, royalty expenses, and the amortisation of intangible assets linked to sales:

- **Cost of sales for products & services**: the cost of sales for products and services decreased by € 12 million from € 402 million in 2008 to € 390 million in 2009
- **Royalty expenses**: royalties paid-out increased from € 35 million in 2008 to € 62 million in 2009, mainly due to Biotechnology Intellectual Property and royalties relating to the newly launched products (Cimzia®, *venlafaxine XR,* and Vimpat®).

€ million	Actual June YTD		Variance %	
	2009	2008	Actual rates	Cst rates
Biotechnology IP	(17)	(9)	102%	161%
Other	(44)	(26)	68%	50%
Royalty expenses	**(62)**	**(35)**	**76%**	**77%**

- **Amortisation of intangible assets linked to sales**: under IFRS 3 (*Business Combinations*), UCB has reflected on its balance sheet a significant amount of intangible assets relating to the Celltech and Schwarz Pharma acquisitions (in-process Research & Development, manufacturing know-how, royalty streams, trade-names, etc.), which gave rise to amortisation expenses of € 58 million in 2009, compared to € 40 million in 2008, reflecting the amortisation of the intangible assets relating to newly-launched products.

[4] Due to roundings, some financial data may not appear to add-up in the tables included in this Management Report.

6. Recurring EBIT & recurring EBITDA[5]

€ million	Actual June YTD		Variance %	
	2009	2008	Actual rates	Cst rates
Revenue	**1 596**	**1 691**	**-6%**	**-9%**
Net sales	1 379	1 535	-10%	-14%
Royalty income & fees	114	84	35%	38%
Other revenue	103	72	44%	37%
Gross profit	**1 087**	**1 214**	**-10%**	**-16%**
Marketing & selling expenses	(421)	(455)	-7%	-14%
Research & Development expenses	(323)	(370)	-13%	-14%
General & administrative expenses	(99)	(119)	-17%	-18%
Other operating income/(expenses)	2	(6)		
Total operating expenses	**(841)**	**(951)**	**-11%**	**-15%**
Recurring EBIT (REBIT)	**246**	**263**	**-7%**	**-18%**
Add: Amortisation of intangible assets	64	50		
Add: Depreciation charges	53	45		
Recurring EBITDA (REBITDA)	**363**	**358**	**1%**	**-8%**

Operating expenses, encompassing marketing & selling expenses, Research & Development expenses, general & administrative expenses and other operating income/expenses, reached € 841 million in 2009, 11% lower than last year, reflecting:

- € 34 million lower marketing & selling expenses, or a reduction of 7%, driven substantially by the SHAPE programme.
- € 47 million lower research & development expenses, or a 13% reduction, reflecting the pipeline progress leading to approvals and launches of new products like Vimpat® and Cimzia®.
- € 20 million lower general & administrative expenses, or a reduction of 17%, reflecting the impact of the SHAPE programme.

Recurring EBIT is down by 7% due to the increase of amortisation of intangible assets.

Recurring EBITDA, is up by 1% to € 363 million compared to 2008, reflecting the decrease in revenue and gross profit off-set by a corresponding reduction in operating expenses.

7. Net profit & adjusted net profit[5]

€ million	Actual YTD June		Variance %	
	2009	2008	Actual rates	Cst rates
Recurring EBIT	**246**	**263**	**-7%**	**-18%**
Impairment charges	(95)	0		
Restructuring expenses	(5)	(34)		
Other non recurring income/(expenses)	561	(5)		
Total non recurring income/(expenses)	461	(39)		
EBIT (operating profit)	**707**	**224**	**215%**	**189%**
Net financial expenses	(55)	(69)	-21%	-21%
Profit before income taxes	**652**	**155**	**321%**	**283%**
Income tax expenses	(137)	(48)	185%	160%
Profit from continuing operations	**515**	**107**	**381%**	**338%**
Add: Profit from discontinued operations	1	1		
Less: Minority interests	(1)	(0)		
Net profit	**516**	**108**	**376%**	**335%**
Less: After-tax non-recurring items & financial one-offs	(380)	36		
Less: Profit from discontinued operations	(1)	(1)		
Adjusted net profit (after minority interests)	**135**	**143**	**-6%**	**-21%**

[5] Due to roundings, some financial data may not appear to add-up in the tables included in this Management Report.

- **Total non-recurring income / (expenses)** amounted to € 461 million pre-tax income, € 500 million higher than last year. The 2008 non-recurring items predominantly include restructuring and integration charges of € 34 million pre-tax, mainly from the closure of the Cambridge, United Kingdom, research site and severance charges. The 30 June 2009 non-recurring items include SHAPE programme restructuring charges of € 5 million, impairment on intangible assets of € 95 million mainly reflecting the already announced impairment on the development project CDP323 and € 563 million before tax or € 455 million net after tax gains on the divestitures of commercial operations and product distribution rights for selected smaller markets to GlaxoSmithKline, the divestiture of Equasym® to Shire, and the divestiture of Somatostatine-UCB™ to Eumedica, all announced in February this year.
- **Net financial expenses** were € 55 million compared to € 69 million in 2008, a decrease of € 14 million due to lower interest rates and some foreign exchange gains.
- The average **tax** rate on recurring activities is 29% in the first half of 2009 compared to 26% in the same period of last year. When including non-recurring items, the average tax rate decreases to 21% as a result of the lower taxes which apply to the divestiture of certain distribution activities and affiliates.
- **Net profit** after minority interest for the year reached € 516 million, i.e. € 408 million above prior year, reflecting the higher non-recurring income.
- Adjusting for the after-tax impact of non-recurring items and financial one-offs and for the after-tax contribution from discontinued operations, **adjusted net profit** reached € 135 million, which is 6% below the € 143 million of adjusted net profit for 2008.

8. Balance sheet (see balance sheet section hereafter)

- **Intangible assets:** further to the ongoing amortisation of the intangible assets related to the acquisition of Celltech and Schwarz Pharma (€ 58 million), the impairment (€ 95 million) mainly on the development project CDP323, the divestitures of product distribution rights for selected smaller markets to GSK and the impact of the declining U.S. dollar and increasing British pound, intangible assets decreased by € 118 million from € 2 169 million at 31 December 2008 to € 2 051 million at 30 June 2009.
- **Goodwill**: a € 32 million increase in goodwill between 31 December 2008 and 30 June 2009 reflects the impact of the declining U.S. dollar and increasing British pound.
- **Other non-current assets**: other non-current assets reduced by € 38 million, driven mainly by a decrease of deferred tax assets.
- **Current assets**: the increase from € 1 837 million as of 31 December 2008 to € 1 876 million as of 30 June 2009 reflects the seasonality of working capital as well as inventory for new product launches.
- **Shareholders' equity**: UCB's shareholders' equity, at € 4 396 million, increased by € 379 million between 31 December 2008 and 30 June 2009. Whilst equity increased by the amount of net profit (€ 516 million), equity decreased by € 166 million as the result of dividends declared on the 2008 results, € 25 million caused by cumulative translation adjustments due to the declining U.S. dollar and increasing British pound, and positive fair value adjustments recognised in equity.
- **Non-current liabilities**: the decrease in non-current liabilities from € 2 953 million to € 2 753 million stems from a reduction in long-term financial debt resulting from the impact of the declining U.S. dollar on the U.S. dollar denominated portion of the syndicated bank loan, repayment of the borrowings, a decrease in the financial liability related to the Domination and Profit Transfer Agreement and a decrease in the derivative financial instruments.
- **Current liabilities**: the decrease in current liabilities from € 2 554 million to € 2 290 million results from a decrease in the provisions related to the SHAPE programme, repayment of the debt and a decrease in the trade and other liabilities.
- **Net debt**: the net debt of (€ 2 166) million represents a reduction of € 277 million compared to (€ 2 443) million as per end December 2008.

9. Cash flow statement (see cash flow section hereafter)

The evolution of cash flow generated by biopharmaceuticals activities is affected by the following:

- **Cash flow from operating activities**: the decrease in cash flow from operating activities from € 185 million in the first half of 2008 to (€ 45) million in the same period of 2009 results from a reduction of underlying net profitability, payments related to the SHAPE programme, inventory for new product launches and a reduction of trade and other payables.
- **Cash flow from investing activities**: the improvement of the cash flow from investing activities from € 65 million outflow in the first six months of 2008 to € 477 million inflow in the corresponding period of 2009 results from the divestitures of commercial operations and product distribution rights for selected smaller markets to GSK, the divestiture of Equasym® to Shire,the divestiture of Somatostatine-UCB™ to Eumedica. The cash outflows are related to the acquisition of remaining Schwarz Pharma shares of € 72 million in the first half of 2009, partially compensated by lower spending in tangible and intangible fixed assets.

- **Cash flow from financing activities**: the payment of the dividend relating to the 2008 results amounted to € 163 million out of the € 166 million declared. New short-term gross debt was raised for € 142million, partially compensated by an increase in cash & cash equivalents.

10. R&D update

Central Nervous System

- UCB launched **Vimpat®** in the U.S. for add-on treatment of **epilepsy** in adults in the first week of June 2009. This new antiepileptic drug with a novel mechanism of action helps address a critical unmet medical need for many people living with uncontrolled epilepsy. Vimpat® monotherapy Phase III trial is ongoing in the U.S. in the treatment of partial-onset seizures with headlines results expected mid 2011.
- The path forward for **Vimpat® in diabetic neuropathic pain** has still to be confirmed. UCB is finalising a new Phase III trial design and intends to discuss it with the regulatory authorities during the second half of 2009.
- At the end of May 2009, UCB received a CHMP positive opinion recommending that the European Commission lifts the treatment restrictions for **Neupro®** in Europe and allows Neupro® to be available to all patients with **Parkinson's disease** and to be launched for the treatment of moderate to severe restless legs syndrome **(RLS).** The Commission's decision confirming this recommendation was received on 29 June 2009. In the U.S., a dialogue is ongoing with the U.S. FDA to bring Neupro® back to U.S. patients. At the end of June, UCB has submitted extensive information on Neupro® and the cold chain to the FDA. UCB is in continuous dialogue with the FDA and subject to FDA approval, Neupro® is expected to be made available to U.S patients during 2010.
- At the end of April 2009, UCB announced first results from its Phase III **studies of brivaracetam in epilepsy**. One study met its primary efficacy endpoint while the second study did not meet its primary efficacy endpoint. A third safety and tolerability study confirmed brivaracetam was well tolerated. Further analysis will be conducted and regulatory authorities will be consulted to determine next steps to bring brivaracetam to patients. An update on the path forward is expected by the end of 2009.
- UCB has no immediate plans for further development of lacosamide in fibromyalgia or migraine prophylaxis as well as rotigotine in fibromylagia (all in clinical Phase IIa) since the respective proof of concept studies did not achieve statistical significance for the primary endpoints.
- In June 2009, Jazz Pharmaceuticals, Inc. and UCB announced positive preliminary top-line results from the second of two Phase III clinical trials of **sodium oxybate** (JZP-6) for the treatment of fibromyalgia. UCB will consult with the European Medicines Agency (EMEA) to define the path forward. UCB has the exclusive marketing and distribution rights to sodium oxybate for fibromyalgia in Europe and some other countries outside North America and will manage registrations accordingly.
- The Phase II clinical trial for CDP323, an oral small molecule VLA4 inhibitor, for the treatment of relapsing multiple sclerosis (MS) has been discontinued on June 30. Preliminary interim efficacy analysis showed that patients enrolled in this clinical trial did not benefit as expected from CDP323 compared to placebo after a six month treatment period.

Inflammation

- **Cimzia®** for adult patients suffering from moderate to severe **rheumatoid arthritis (RA)**, was approved by the U.S. FDA in May 2009. Cimzia® was immediately made available for patients in an exclusively designed, patient-friendly prefilled syringe resulting from the UCB partnership with OXO®. In June 2009, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMEA) issued a positive opinion on the use of Cimzia® in moderate to severe active rheumatoid arthritis in adults. Confirmation by the European Commission is expected in the following three months.
- The Phase IIb dose-ranging study for **epratuzumab** in **systemic lupus erythematosus (SLE)** is ongoing. UCB expects to see first Phase IIb results during the third quarter of 2009.
- UCB's collaboration with Amgen to develop **CDP7851** ("sclerostin antibody" also known as AMG 785), a novel anabolic therapy for **bone loss disorders** is progressing. Following encouraging first-in-human data, UCB and Amgen initiated a Phase II study in postmenopausal osteoporosis (PMO) investigating the effect of the drug compared to placebo in the treatment of approximately 400 postmenopausal women with low bone mineral density. UCB and Amgen are also initiating a phase II study to investigate the effect of the drug compared to placebo in fracture healing Phase II is expected to complete in 2012.

Other

- **Toviaz®** (fesoterodine fumarate) was launched by Pfizer in the U.S. in the first week of April for the treatment of **overactive bladder**, following FDA approval in October 2008. In Europe, Toviaz® was launched by Pfizer mid-2008. UCB is entitled to receive royalties on the combined sales of Toviaz® and Pfizer's tolterodine product franchise.

11. Agreements / initiatives

- **Strategic alliance with Wilex:** in January 2009, UCB and Wilex AG announced a strategic alliance to develop the UCB preclinical oncology portfolio, comprising two small-molecule programmes and three antibody programmes.
- **Divestment of UCB business in selected emerging markets:** in the first quarter of 2009, UCB concluded a transaction with GSK for the divestiture of selected smaller emerging markets.
- **Divestment of gastro-intestinal drug to Eumedica:** UCB announced in February 2009 the sale of the world-wide rights to its gastro-intestinal product, Somatostatine-UCB™, to Eumedica.
- **Divestment of Equasym™ to Shire:** UCB announced in February 2009 the sale of the world-wide rights, except for the U.S., Canada and Barbados, and relevant staff, for Equasym™ IR/XL to Shire plc.
- **Biologic pilot plant:** in February 2009, UCB announced plans to build a biologics pilot plant on its site at Braine-l'Alleud in Belgium. This planned investment should amount to € 65 million and is supported by the Walloon Government.

12. Outlook 2009: confirmed

Full year total revenue expected to reach between € 3.1 - 3.3 billion;

Underlying profitability (recurring EBITDA) expected to end the year greater than € 680 million;

Net profit increased to € 550 million.

Condensed consolidated income statement

For the six months ended 30 June € million	Note	**2009 Reviewed**	2008 Unaudited
Continuing operations			
Net sales		1 379	1 535
Royalty income		114	84
Other revenue		103	72
Revenue		**1 596**	**1 691**
Cost of sales		(509)	(477)
Gross profit		**1 087**	**1 214**
Marketing & selling expenses		(421)	(455)
Research & development expenses		(323)	(370)
General & administrative expenses		(99)	(119)
Other operating income/(expenses)	9	2	(6)
Operating profit before impairment, restructuring and other income and expenses		**246**	**263**
Impairment of non-financial assets	8	(95)	-
Restructuring expenses	10	(5)	(34)
Other income/(expenses)	11	561	(5)
Operating profit		**707**	**224**
Financial income/(expenses)		9	(21)
Financing costs		(64)	(48)
Profit before income taxes		**652**	**155**
Income tax expense	12	(137)	(48)
Profit for the period from continuing operations		**515**	**107**
Discontinued operations			
Profit for the period from discontinued operations	7	1	1
Profit for the period		**516**	**108**
Attributable to:			
Equity holders of UCB S.A.		517	108
Minority interests		(1)	0
Earnings per share for profit attributable to the equity holders of the Company during the period			
• **basic (€)**	*	**2.86**	**0.59**
• **diluted (€)**	**	**2.79**	**0.58**

* The weighted average number of shares in issue during the interim period, for the purposes of the basic earnings per share calculation, is 180 185 726 (2008: 180 104 991).

** The weighted average number of shares during the interim period, for the purposes of the diluted earnings per share calculation, is 184 450 703 (2008: 183 259 737).

Condensed consolidated statement of comprehensive income

For the six months ended 30 June € million	Note	**2009 Reviewed**	2008 Unaudited
Profit for the period		**516**	**108**
Other comprehensive income			
Net gain/(loss) on available for sale financial assets	13	0	0
Income tax		0	0
		0	0
Exchange differences on translation of foreign operations		(25)	(119)
Effective portion of gains/(losses) on cash flow hedges	13	46	36
Income tax		4	(2)
		50	34
Net gain/(loss) on hedge of net investment in foreign operation	13	0	0
Income tax		0	0
		0	0
Other comprehensive income/(loss) for the period, net of tax		**25**	**(85)**
Total comprehensive income for the period, net of tax		**541**	**23**
Attributable to:			
Equity holders of UCB S.A.		541	23
Minority interests		0	0
Total comprehensive income for the period, net of tax		**541**	**23**

Condensed consolidated statement of financial position

€ million	Note	30 June 2009 Reviewed	31 December 2008 Audited
ASSETS			
Non-current assets			
Intangible assets	14	2 051	2 169
Goodwill		4 611	4 579
Property, plant and equipment	15	600	623
Deferred income tax assets		141	161
Employee benefits		9	8
Financial and other assets (including derivative financial instruments)	16	151	147
Total non-current assets		**7 563**	**7 687**
Current assets			
Inventories	17	430	363
Trade and other receivables		868	859
Income tax receivables		3	11
Financial and other assets (including derivative financial instruments)		38	104
Cash and cash equivalents		534	463
		1 873	**1 800**
Assets of disposal group classified as held for sale	6	3	37
Total current assets		**1 876**	**1 837**
Total assets		**9 439**	**9 524**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to UCB shareholders	18	4 395	4 015
Minority interests		1	2
Total equity		**4 396**	**4 017**
Non-current liabilities			
Borrowings	20	1 846	1 996
Other financial liabilities (including derivative financial instruments)		47	103
Deferred income tax liabilities		444	441
Employee benefits		101	106
Provisions	21	256	251
Other liabilities		59	56
Total non-current liabilities		**2 753**	**2 953**
Current liabilities			
Borrowings	20	858	917
Other financial liabilities (including derivative financial instruments)		103	129
Provisions	21	161	257
Trade and other liabilities		998	1 159
Income tax payables		170	87
		2 290	**2 549**
Liabilities of disposal group classified as held for sale		-	5
Total current liabilities		**2 290**	**2 554**
Total liabilities		**5 043**	**5 507**
Total equity and liabilities		**9 439**	**9 524**

Condensed consolidated statement of cash flows

For the six months ended 30 June € million	2009 Reviewed	2008 Unaudited
Profit attributable to equity holders of UCB SA	**517**	**108**
Minority interest	(1)	-
Depreciation of property, plant and equipment	40	34
Amortisation of intangible assets	64	50
Impairment of non-financial assets	95	-
Loss/(gain) on disposals of property, plant and equipment	-	2
Loss/(gain) on disposals other than property, plant and equipment	(78)	-
Equity settled share-based payment expense	5	8
Profit from discontinued operations	(1)	(1)
Profit from disposed operations, other than discontinued operations	(485)	(1)
Net interest (income)/expense	60	52
Impairment of financial assets	2	(3)
Net non-cash financing costs	(86)	51
Financial instruments – change in fair value	48	(18)
Dividend income	-	-
Income tax expense	137	48
Cash flows from operating activities before changes in working capital, provisions and employee benefits	**317**	**330**
Decrease/(increase) in inventories	(53)	(49)
Decrease/(increase) in trade & other receivables and other assets	22	113
Increase/(decrease) in trade & other payables	(144)	(22)
Net movement in provisions and employee benefits	(97)	(15)
Net cash generated from operating activities	**45**	**357**
Interest received	45	39
Interest paid	(106)	(107)
Income taxes paid	(29)	(104)
CASH FLOWS FROM OPERATING ACTIVITIES	**(45)**	**185**
Acquisition of intangible assets	(17)	(14)
Acquisition of property, plant and equipment	(17)	(59)
Acquisition of subsidiaries, net of cash acquired	(82)	(9)
Acquisition of other investments	-	-
Proceeds from sale of intangible assets	-	2
Proceeds from sale of property, plant and equipment	1	9
Proceeds from sale of businesses, net of cash disposed	518	6
Proceeds from sale of other investments	74	-
Proceeds from/(payments of) loans granted	-	-
Dividends received	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	**477**	**(65)**
Proceeds from issuing shares	-	-
Proceeds from borrowings	142	152
Repayment of borrowings	(334)	(101)
Payment of finance lease liabilities	(1)	(1)
Purchase of treasury shares	0	1
Dividend paid to UCB shareholders net of dividend paid on own shares	(163)	(130)
CASH FLOWS FROM FINANCING ACTIVITIES	**(356)**	**(79)**
CASH FLOWS FROM DISCONTINUED OPERATIONS	**(1)**	**19**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**75**	**60**
Cash and cash equivalents less bank overdrafts at 1 January	434	444
Effect of exchange rate fluctuations	(1)	(2)
CASH AND CASH EQUIVALENTS LESS BANK OVERDRAFTS AT 30 JUNE	**508**	**502**

€ million	Attributed to equity holders of UCB S.A.										
For the six months ended 30 June 2009	Share capital & share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Available for sale financial assets	Cash flow hedges	Net investment hedge	Total	Minority interests	Total stockholders' equity
Balance at 1 January 2009	**2 151**	**(125)**	**2 276**	**232**	**(469)**	**0**	**(105)**	**55**	**4 015**	**2**	**4 017**
Profit for the period			517						517	(1)	516
Other comprehensive income/(loss)					(25)	0	50		25		25
Total comprehensive income			517		(25)	0	50			(1)	541
Dividends			(166)						(166)		(166)
Share-based payments			4						4		4
Treasury shares		0							0		0
Capital increase											
Balance at 30 June 2009 (reviewed)	**2 151**	**(125)**	**2 631**	**232**	**(494)**	**0**	**(55)**	**55**	**4 395**	**1**	**4 396**

€ million	Attributed to equity holders of UCB S.A.										
For the six months ended 30 June 2008	Share capital & share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Available for sale financial assets	Cash flow hedges	Net investment hedge	Total	Minority interests	Total stockholders' equity
Balance at 1 January 2008	**2 151**	**(127)**	**2 393**	**232**	**(482)**	**0**	**41**	**55**	**4 263**	**1**	**4 264**
Profit for the period			108						108	0	108
Other comprehensive income/(loss)					(119)	0	34	0	(85)		(85)
Total comprehensive income			108		(119)	0	34	0	23	0	23
Dividends			(166)						(166)		(166)
Share-based payments			6						6		6
Treasury shares		0							0		0
Capital increase	0								0		0
Balance at 30 June 2008 (unaudited)	**2 151**	**(127)**	**2 341**	**232**	**(601)**	**0**	**75**	**55**	**4 126**	**1**	**4 127**

Notes to the condensed consolidated interim financial statements

1. General information

UCB S.A, the parent company, (hereafter "UCB" or "the Company") is a limited liability company incorporated and domiciled in Belgium. These condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2009 (hereafter "the interim period") comprise the Company and its subsidiaries (together referred to as "the Group").

UCB S.A. is listed on Euronext Brussels. The Group is a global biopharmaceutical company focusing on severe diseases in two therapeutic areas – CNS and Immunology. UCB also has a selective presence in primary care.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on 30 July 2009.

These condensed consolidated interim financial statements have been reviewed, not audited.

The consolidated financial statements of the Group as at and for the year ended 31 December 2008 are available upon request from the Company's registered office at 60, Allée de la Recherche, B-1070 Brussels, Belgium, or at www.ucb.com/investors.

2. Summary of significant accounting policies

2.1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting) as adopted by the European Union.

These interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting period. If in the future such estimates and assumptions, which are based on management's best estimates and judgement, deviate from the actual circumstances, the original estimates and assumptions will be modified and the effects of the revisions will be reflected in the period in which the circumstances change.

Where necessary, the comparatives have been reclassified in order to enhance inter-period comparability of information presented in current and prior years.

The consolidated financial statements are presented in euros and all values are rounded to the nearest million except when otherwise indicated.

2.2. Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008, except for the adoption of new Standards and Interpretations as of 1 January 2009, noted below:

- IFRS 8, *Operating segments* introduces the `management approach´ to segment reporting. This standard requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group Chief Operating Decision Maker (CODM) in order to assess each segment's performance and to allocate resources to them and replaces the requirement to determine primary (geographical) and secondary (business) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. Under the management approach, UCB decided to present a single operating segment, that being Biopharmaceuticals (refer to Note 3).
- IAS 23 (Revised), *Borrowing Costs*. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The Group has amended its accounting policy accordingly by removing the option of immediately expensing those borrowing costs. In accordance with the transitional requirements of the Standard this has been adopted as a prospective change. Therefore, borrowing costs have been capitalised on qualifying assets with a commencement date on or after 1 January 2009. No changes have been made for borrowing costs incurred prior to this date that have been expensed. The adoption of this amendment has had no financial impact for the six months ended 30 June 2009.

- IAS 1 (Revised), *Presentation of financial statements*. The revised standard prohibits the presentation of items of income and expenses (that is, `non-owner changes in equity´) in the statement of changes in equity, requiring `non-owner changes in equity´ to be presented separately from owner changes in equity. All `non-owner changes in equity´ are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).

  The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.
- IFRS 7 (Amendment), *Financial instruments: Disclosures*. The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. These requested disclosures will be presented in the year-end report of 2009.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- IFRS 2 (Amendment), *Share-based payment – Vesting Conditions and Cancellations*.
- IAS 32 (Amendment), *Financial instruments: Presentation*, and IAS 1 (Amendment), *Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation*.
- IFRS 1 (Amendment), *First time adoption of IFRS* and IAS 27 *Consolidated and separate financial statements*.
- *2008 Improvements to IFRS's*.
- IFRIC 13, *Customer Loyalty Programmes*.
- IFRIC 15, *Agreements for construction of real estates*.
- IFRIC 16, *Hedges of a net investment in a foreign operation*.

The standards and interpretations issued but not yet effective in 2009 have not been early adopted by the Group.

2.3. Exchange rates

The following important exchange rates were used in preparing these condensed consolidated interim financial statements:

Equivalent of € 1	Closing rate		Average rate	
	2009	2008	**2009**	2008
U.S.D	1.405	1.574	1.331	1.530
JPY	135.314	167.091	126.911	160.586
GBP	0.853	0.790	0.894	0.775
CHF	1.524	1.606	1.506	1.606

The closing rates represent spot rates as at 30 June 2009 and 30 June 2008, while the average rates represent averages over the first six months of the year.

3. Segment reporting

The Group's activities are in one segment, Biopharmaceuticals. There are no other significant classes of business, either singularly or in aggregate. The Chief Operating Decision Makers, that being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis, therefore UCB operates as one segment. Enterprise-wide disclosures about product sales, geographic areas and revenues from major customers are presented below.

3.1. Product sales information

Net sales consist of the following:

For the six months ended 30 June € million	**2009 Reviewed**	2008 Unaudited
Keppra® (includ. Keppra® XR)	465	597
Zyrtec® (includ. Zyrtec-D®/Cirrus®)	169	132
Xyzal®	82	104
Tussionex™	67	73
Metadate™ CD/Equasym™ XL	42	36
venlafaxine XR	41	-
Nootropil®	37	46
omeprazole	30	45
Neupro®	27	35
Cimzia®	24	1
Vimpat®	23	-
Other products	372	465
Total net sales	**1 379**	**1 535**

3.2. Geographic information

The table below shows sales in each geographic market in which customers are located:

For the six months ended 30 June € million	**2009 Reviewed**	2008 Unaudited
North America	484	583
Germany	145	143
France	97	98
Italy	77	78
Spain	71	71
U.K. and Ireland	74	67
Belgium	24	31
Rest of the world	407	464
Total net sales	**1 379**	**1 535**

The table below illustrates the property, plant and equipment in each geographic market in which the assets are located:

	Property, plant and equipment	
For the six months ended 30 June € million	**2009 Reviewed**	2008 Unaudited
U.K. and Ireland	148	267
Germany	70	78
North America	102	99
Belgium	191	212
France	2	3
Italy	5	6
Spain	0	2
Rest of the world	82	87
Total	**600**	**754**

3.3. Information about major customers

UCB has no large customers which individually account for more than 10% of total net sales at the end of June 2009 (2008: two large customers).

In the U.S., sales to 3 wholesalers accounted for approximately 87% of U.S. sales (2008: 89%).

4. Seasonality of operations

The Group's revenue in the Biopharmaceutical segment is somewhat seasonal. The revenue derived from the Allergy franchise fluctuates as a result of the severity of the different pollinic seasons in the various geographic areas where it operates.

However, on a consolidated basis, the different effects show no systematic or easily predictable seasonal pattern.

5. Group organisation and significant events / transactions

During the interim period, no significant changes were made to the composition of the Group, except for the disposals mentioned below. There were no business combinations during the period. Notes 7 and 10 provide further information on discontinued operations and restructuring activities.

Disposal of businesses other than discontinued operations

- Divestiture of certain products and affiliates in selected emerging markets to GlaxoSmithKline.

  On 23 January 2009, UCB announced its decision to sell certain distribution activities and affiliates in selected emerging markets to GlaxoSmithKline. The sale was substantially completed on 30 June 2009. The total consideration received amounted to € 515 million. The determination of the capital gain on this disposal is outlined below:

€ million	30 June 2009
Property, plant and equipment	1
Intangible assets	19
Inventories	1
Current assets	10
Total assets	**31**
Trade payables	5
Other current liabilities	5
Total liabilities	**10**
Total cash consideration	**515**
Initial price adjustment	3
Net assets disposed of	(21)
Provisions, liabilities and curtailment gain remaining with UCB	(12)
Gain on disposal	**485**

The gain on disposal is presented under the heading "other income and expenses" (Note 11).

- Divestiture of the anti-haemorrhagic product Somatostatine-UCBTM to Eumedica

  On 11 February 2009, UCB announced the sale of the world-wide rights to its anti-haemorrhagic product Somatostatine-UCB™ to Eumedica. The sale was substantially completed on 30 June 2009. The consideration received amounted to € 19.7 million out of a total of € 21.8 million. The gain on disposal is presented under the heading "other income and expenses" (Note 11).

- Divestiture of Equasym® to Shire

  On 20 February 2009, UCB agreed to the sale of Equasym® IR and Equasym® XL (methylphenidate HCl) for the treatment of attention deficit hyperactivity disorder (ADHD) to Shire, a specialty biopharmaceutical company. The sale was completed on 1 April 2009. The total consideration received amounted to € 56 million. The gain on disposal is presented under the heading "other income and expenses" (Note 11).

6. Non-current assets held for sale

Non-current assets held for sale amounted to € 3 million (2008: € 37 million). The comparative amount comprised mainly of assets that were sold to GSK (refer to Note 5).

7. Discontinued Operations

The profit from discontinued operations of € 1 million (2008: € 1 million) arose due to the partial reversal of provisions related to the legacy chemicals activities of the Group.

8. Impairment of non-financial assets

At the end of each reporting period, management assesses whether there is any indication that an asset may be impaired. If such an indication exists, management then estimates the recoverable amount of the asset in order to assess whether an impairment loss needs to be recognised. Impairment losses recognised in previous interim periods for certain financial assets are not reversed. In the first half of 2009, management reviewed the non-financial assets (including intangible assets and goodwill) for impairment on the basis of external and internal indicators, and concluded that impairment charges of € 95 million (2008:Nil), mainly on the development project CDP323, should be recognised in the interim period.

9. Other operating income and expenses

Other operating income/(expenses) amounted to € 2 million income in 2009 (2008: € 6 million expenses) mainly as a result VAT adjustments and reimbursements from insurers.

10. Restructuring expenses

Restructuring expenses amounting to € 5 million (2008: € 34 million) were attributable to the SHAPE programme. The comparative amount relates to restructuring costs incurred upon the closure of the Cambridge research site in 2008.

11. Other income and expense

Other income/(expenses) amounted to € 561 million income in 2009 (2008: € 5 million expenses) and is mainly the result of the disposal of businesses other than discontinued operations. Refer to Note 5 for further details.

Upon the divestiture of certain distribution activities and affiliates in selected emerging markets to GSK (refer to Note 5), a capital gain of € 485 million was recognised. Additionally, a capital gain of € 22 million on the sale of the world-wide rights to its anti-haemorrhagic product Somatostatine-UCB™ to Eumedica, as well as a capital gain of € 56 million on the disposal of Equasym® IR and Equasym® XL (methylphenidate HCl) for the treatment of attention deficit hyperactivity disorder (ADHD) to Shire, have been recorded.

12. Income tax expense

The income tax expense for the six months ended 30 June is accrued using the tax rate that would be applicable to expected total annual earnings, being an estimated average annual effective income tax rate applied to the pre-tax income at 30 June.

For the six months ended 30 June € million	**2009 Reviewed**	2008 Unaudited
Current income taxes	(120)	(87)
Deferred income taxes	(17)	39
Total income tax expense	**(137)**	**(48)**

The Group's consolidated effective tax rate in respect of continuing operations for the six months is 21.0% (2008: 30.9%). The lower tax rate in 2009 is the result of certain tax exempt gains on divestitures.

The Group's effective tax rate excluding the tax impact on the one-off capital gains amounts to 29.3% (2008: 26.3%). The 2008 lower tax rate was due to a one-off tax gain resulting from the utilisation of previously unrecognised tax losses.

13. Components of other comprehensive income

For the six months ended 30 June € million	**2009 Reviewed**	2008 Unaudited
Available for sale financial assets:		
Gains/(losses) arising during the year	0	0
Less: Reclassification adjustment for gains/(losses) included in the income statement	0	0
	0	0
Cash flow hedges:		
Gains/(losses) arising during the year	32	54
Less: Reclassification adjustment for gains/(losses) included in the income statement	(14)	18
	46	36
Net investment hedge:		
Gains/(losses) arising during the year	0	0
Less: Reclassification adjustment for gains/(losses) included in the income statement	0	0
	0	0

14. Intangible assets

During the period, the Group spent approximately € 5 million (2008: € 3 million) acquiring intangible assets through in-licencing deals. Additionally, the Group capitalised € 12 million (2008: € 11 million) of software development costs.

In the first half of the year, the Group recognised total impairment charges of € 95 million on its intangible assets, mainly on the development project CDP323. The impairment charges are detailed in Note 8 and have been presented in the income statement under the caption 'impairment of non-financial assets'.

No material disposals of intangible assets were undertaken during the interim period.

The amortisation charge for the period amounted to € 64 million (2008: € 50 million).

15. Property, plant and equipment

During the period, the Group spent approximately € 17 million (2008: € 59 million) in acquiring new property, plant and equipment, of which leasehold improvements amounting to € 3 million were incurred with respect to a new R&D facility in the United Kingdom.

The Group also disposed of certain of its property, plant and equipment with a carrying amount of approximately € 1 million (2008: € 7 million).

No impairment charge resulted after the review of the property, plant and equipment for any indication of impairment.

The depreciation charge for the period amounted to € 40 million (2008: € 34 million).

No borrowing costs were capitalised during the six months ended 30 June 2009 as there was no expenditure incurred with respect to qualifying assets during the period. The weighted average rate to be used when determining the amount of the borrowing costs eligible for capitalisation is 4.62%.

16. Financial and other assets

Non-current financial and other assets amounted to € 151 million at 30 June 2009 (2008: € 221 million).

On 9 January 2009, UCB and Wilex, a specialist oncology development company, entered into a strategic partnership. Under the terms of the deal, Wilex acquired worldwide rights to develop UCB entire pre-clinical oncology portfolio and UCB became a strategic investor in Wilex by acquiring a 13% equity stake for € 10 million after completion of the contribution in kind. This financial asset has been classified as available for sale and measured at fair value upon initial recognition.

The overall decrease is mainly attributable to the following: a decrease in the payments advanced by UCB to Lonza with regards to the construction of a biological manufacturing plant (€ 15 million); a decrease in the fair value of the interest rate hedge (€ 46 million) and a decrease in debt securities (€ 7 million).

17. Write-down of inventories

Included in cost of sales for the six months ended 30 June 2009 is an amount of € 13 million (2008: € 9 million) in respect of allowances recognised to reduce the carrying amount of inventories to their net realisable value.

18. Capital and reserves

18.1. Share capital and share premium

The issued share capital of the Company amounted to € 550 million at 30 June 2009 (2008: € 550 million), represented by 183 365 052 shares (2008:183 365 052 shares).

The Company's shares have no par value. At 30 June 2009, 72 425 060 shares (2008:69 429 260) were registered and 110 939 992 (2008:113 935 792) were bearer/dematerialised shares. The holders of UCB shares are entitled to receive dividends as declared and are also entitled to one vote per share at the Shareholders' meeting of the Company. There is no authorised, unissued share capital.

18.2. Treasury shares

The Group acquired 85 754 shares of UCB SA for a total amount of € 2 million and reissued 97 968 treasury shares for a total amount of € 2 million in the first half of the year. The Group retained 3 175 050 treasury shares at 30 June 2009 (31 December 2008: 3 187 264 shares). The treasury shares have been acquired in order to honour the exercise of stock options and share awards granted to the Board of Directors and certain categories of employees.

18.3. Other reserves

Other reserves amounted to € 232 million (2008: € 232 million) and relate to the IFRS acquisition value surplus that arose during the Schwarz Pharma business combination.

18.4. Cumulative translation adjustments

The cumulative translation adjustments reserve represents the cumulative currency translation differences arising upon consolidation of Group companies that use functional currencies other than the euro.

19. Dividends

The Board of Directors' proposal of a gross dividend of € 0.92 per share (2008: € 0.92) or € 169 million (2008: € 169 million) for the business year 2008 was approved by the UCB shareholders at their annual general meeting on 30 April 2009, and was thus reflected in the first half of 2009.

20. Borrowings

During the current interim period, UCB did not conclude any significant new loan arrangements or renegotiate any of the existing loan arrangements.

The evolution of the Group's net indebtedness (non-current and current, including finance lease liabilities) is shown below:

€ million	**2009 Reviewed**	2008 Audited
Balance at 1 January	**2 913**	**2 420**
Bank overdrafts	29	35
Bank loans	2 858	2 356
Finance lease	26	29
Loans drawn	**142**	**530**
Repayments	**(335)**	**(88)**
Bank Loans	(334)	(85)
Finance lease	(1)	(3)
Net change in bank overdrafts	**(3)**	**(6)**
Foreign currency impacts	**(13)**	**57**
Net investment hedge	**-**	**-**

As at reporting date[6]	**2 704**	**2 913**
Bank overdraft	26	29
Bank loans	2 653	2 858
Finance lease	25	26

21. Provisions

21.1. Environmental provisions

The environmental provisions decreased by € 2 million during the current interim period, due to the release of certain environmental provisions related to the divestiture of the Surface Specialties business.

21.2. Restructuring provisions

The restructuring provisions decreased by € 94 million during the current interim period mainly due to payments related to the SHAPE programme announced in August 2008.

21.3. Other provisions

The other provisions increased by € 5 million during the current interim period and relate mainly to tax risks, product liability and litigation claims.

22. Related parties

There were no changes with respect to the related parties identified and disclosed in the 2008 Annual Report.

23. Commitments and contingencies

23.1. Contingent assets and liabilities

No significant events have taken place in the first half of the year, hence there have been no material changes in the contingent assets and liabilities disclosed in the 2008 Annual Report.

23.2. Capital commitments

At 30 June 2009, the Group has committed to spend approximately € 11 million principally relating to capital expenditure on property, plant and equipment in Belgium.

The Group has entered into several in-licensing agreements with different counterparties. At 30 June 2009, the Group had commitments payable within the coming half year of approximately € 10 million with respect to intangible assets. These payments are usually due upon achievement of specified milestone events for products under development and in-licensed from third parties.

24. Events after balance sheet date

Upon request of UCB SP GmbH (the major shareholder of Schwarz Pharma AG) the Schwarz Pharma AG shareholders during their ordinary annual shareholders' meeting held on July 8, 2009 passed (with 99.8% of represented votes) the request to transfer the shareholding rights of the minority shareholders to UCB SP GmbH for a cash compensation of € 111.44 per share. To become effective the decision of the annual shareholders' meeting has to be registered in the commercial register of Schwarz Pharma AG. As of June 30, 2009 UCB SP GmbH held 99.6% of the Schwarz Pharma shares outstanding.

[6] The reporting date for the comparative period is 31 December 2008

Auditors Report on the review of the interim condensed consolidated financial statements

We have reviewed the accompanying consolidated statement of financial position of UCB S.A. and its subsidiaries, as of 30 June 2009 and the related consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the six month period then ended, as well as the condensed explanatory notes. The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

We conducted our review in accordance with the recommendation of the Belgian Institute of Company Auditors related to the performance of reviews. Accordingly, it involved principally analysis, comparison and discussion of the condensed consolidated interim financial information and, accordingly, was less extensive in scope than an audit of that information.

Our review did not reveal any matters requiring correction of the condensed consolidated interim financial information for it to have been prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Brussels, 30 July 2009

The statutory auditor

PricewaterhouseCoopers Bedrijfsrevisoren / Réviseurs d'Entreprises

Represented by

Bernard Gabriëls

Bedrijfsrevisor / Réviseur d'Entreprises

Responsibility statement

We hereby confirm that, to the best of our knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2009, which has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and that the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

On behalf of the Board of Directors

Roch DOLIVEUX,
Chairman of Executive Committee & CEO

Detlef THIELGEN,
Executive Vice President & CFO