Wendy, living with lupus

2015 half-year management report

31 July 2015

Inspired by **patients.**
Driven by **science.**

UCB TODAY

Cimzia®

- Crohn's disease
- rheumatoid arthritis
- psoriatic arthritis
- axial spondyloarthritis / ankylosing spondylitis

€ **490 million**
H1 2015 net sales

€ **1.5 billion**
expected peak sales[3]

- Astellas (Japan - 2012)
- Dermira (psoriasis - 2014)

Phase 3
- juvenile idiopathic arthritis
- psoriasis

Vimpat®

Epilepsy POS[1]

€ **323 million**
H1 2015 net sales

€ **1.2 billion**
expected peak sales[3]

Daiichi Sankyo (Japan - 2014)

Phase 3
- Epilepsy POS[1] – mono (EU)
- Epilepsy PGTCS[2]
- Epilepsy POS[1] pediatric

Neupro®

- Parkinson's disease
- restless legs syndrome

€ **129 million**
H1 2015 net sales

€ **400 million**
expected peak sales[3]

Ostuka (Japan - 2002)

Phase 3
- Parkinson's disease (China)

Keppra®

- epilepsy POS[1]
- epilepsy PGTCS[2]
- epilepsy myoclonic seizures

€ **385 million**
H1 2015 net sales

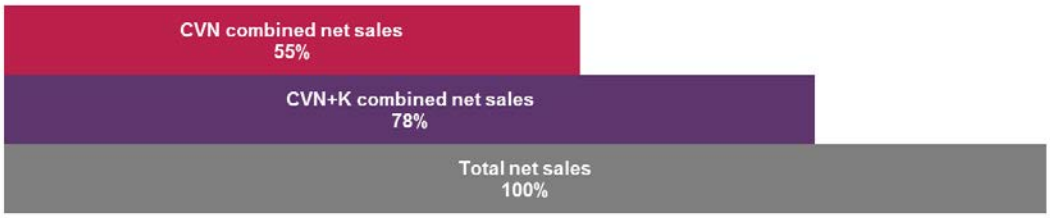
€ **1.2 billion**
peak sales (2008)

Ostuka (Japan - 2008)

Status of exclusivity:
- Japan - until 2018
- U.S.[4] - Nov. 2008
- Europe - Sep. 2010

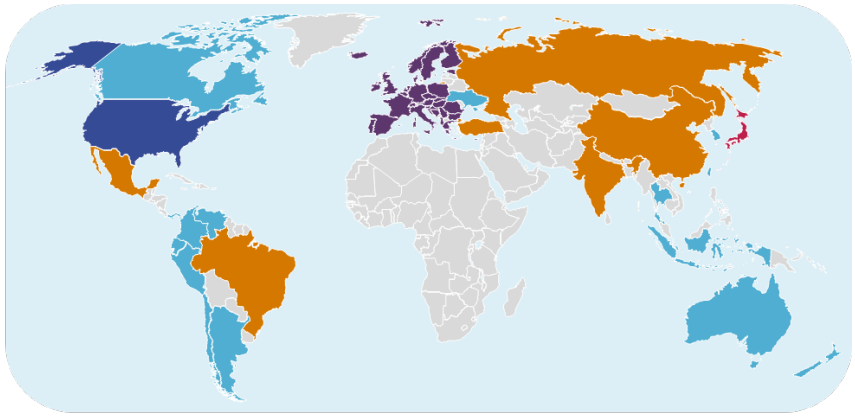
1 POS : partial-onset seizures
2 PGTCS: primary generalized tonic-clonic seizures
3 By the end of the decade
4 Keppra® XR expired in September 2011

2015 HY net sales: € 1 704 million (+21% or +13% CER)



U.S.
€ 775 million
% 45 net sales
1 801 employees

Europe
€ 603 million
% 35 net sales
4 171 employees



Emerging markets
€ 172 million
% 10 net sales
1 924 employees

Japan
€ 124 million
% 7 net sales
321 employees

Int'l markets
€ 76 million
% 2 net sales
190 employees

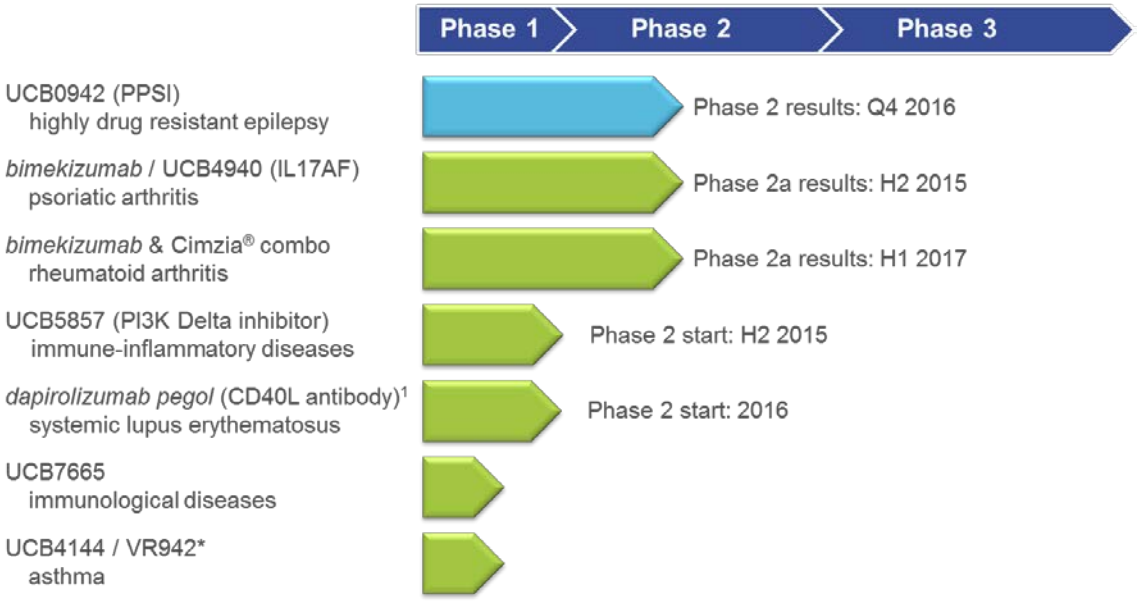
UCB TOMORROW

Late stage pipeline

neurology	bone	immunology
brivaracetam	**romosozumab**	**epratuzumab**
Epilepsy POS[1]	Osteoporosis	Systemic lupus erythematosus (SLE)
5 million people (across 7 major pharma markets)[2]	**75 million** people (across 7 major pharma markets)[3]	**650 000** people (across 7 major pharma markets)[4]
	Amgen (2002)	Immunomedics (2006)
Filing (U.S. & EU – Jan. 2015)	Phase 3 • Osteoporosis in post-menopausal women (H1 2016) • Osteoporosis in men (H2 2016)	Phase 3 SLE (July 2015) Did not meet primary endpoint
Study • N° 1252 • N° 1253 • N° 1253 • N° 1358	Studies • Arch • Frame • Bridge	Study • Embody™ 1 • Embody™ 2

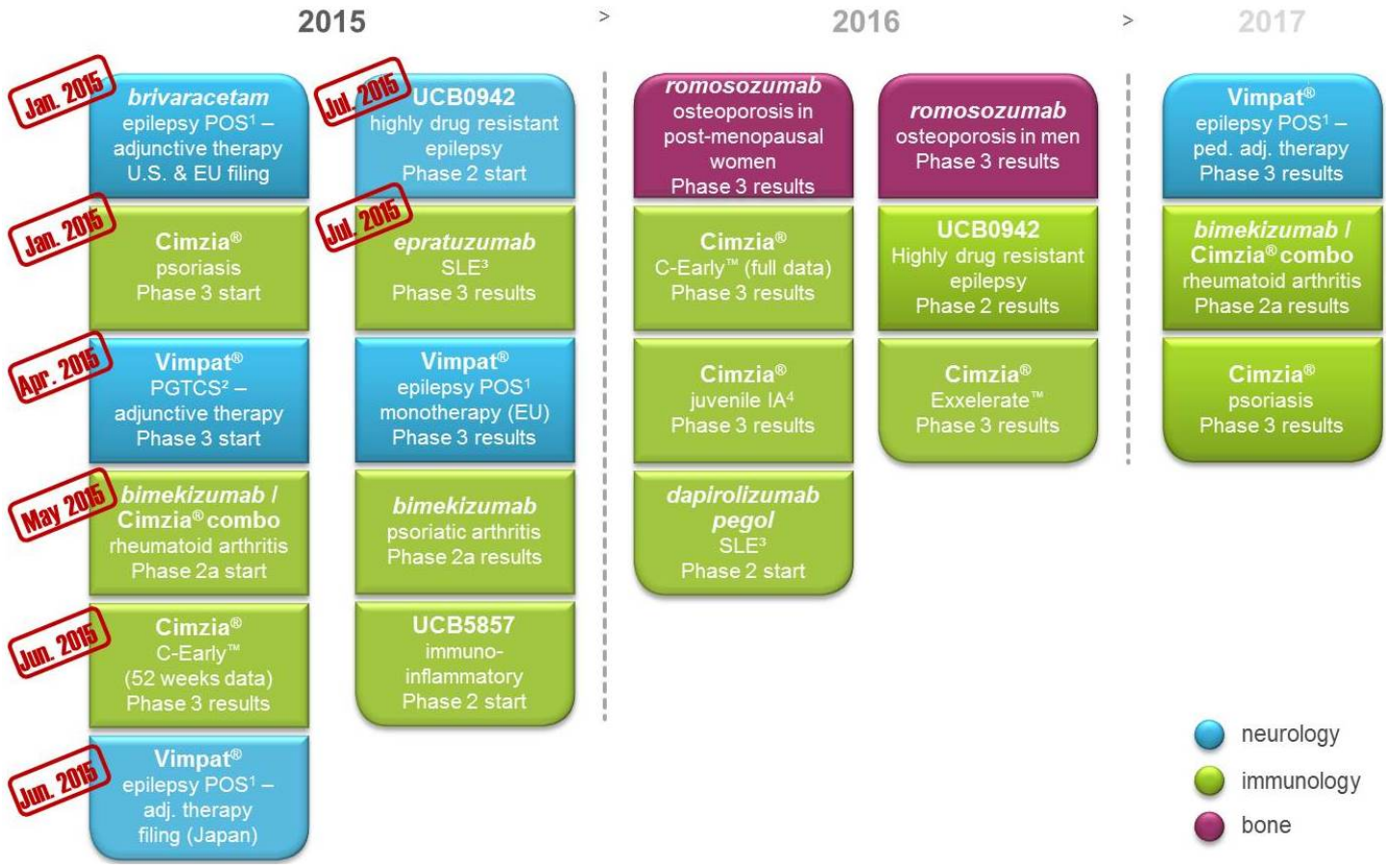
1 POS: partial-onset seizures
2 Decision Resource – December 2014 – Number of diagnosed prevalent cases of epilepsy in the major pharmaceutical markets – 2014
3 International Osteoporosis Foundation. "Facts and Statistics." Accessed 10 February 2015 from www.iofbonehealth.org/facts-statistics#category-16
4 Decision Resource – December 2014 – Number of diagnosed prevalent cases of systemic lupus erythematosus in the major pharmaceutical markets – 2014

Early stage pipeline



1 Partnership with Biogen
2 Partnership with Vectura

R&D MILESTONES



1 POS: partial-onset seizures
2 PGTCS: primary generalized tonic-clonic seizures
3 SLE: systemic lupus erythematosus
4 IA: idiopathic arthritis

Table of content

1. Business performance review[1]

1.1. Key highlights

- In the first six months of 2015, revenue went up to € 1 917 million by 21% or by 12% at constant exchange rates (CER). Net sales grew to € 1 704 million by 21% (+13% CER). This growth was driven by the performance of the core medicines Cimzia®, Vimpat® and Neupro®, now accounting for 55% of UCB's total net sales.
  Royalty income and fees reached € 85 million. Other revenue reached € 128 million (+22%; +17%CER) driven by payments received from Daiichi, the allergy franchise in China and the European Investment Bank.
- Recurring EBITDA increased to € 464 million by 49% (+31% CER), driven by tailwind from foreign exchange rates, reflecting strong net sales growth and a sub-proportional growth of operating expenses.
- Net profit increased from € 113 million to € 289 million.
- Core earnings per share went up to € 1.18 from € 0.96 in the first half of 2014.

For the six months ended 30 June[1]	Actual		Variance	
€ million	**2015**	2014	Actual rates	CER
Revenue	**1 917**	**1 591**	**21%**	**12%**
Net sales	1 704	1 406	21%	13%
Royalty income and fees	85	80	6%	-3%
Other revenue	128	105	22%	17%
Gross profit	**1 369**	**1 103**	**24%**	**13%**
Marketing and selling expenses	-433	-371	-17%	-7%
Research and development expenses	-472	-439	-8%	-1%
General and administrative expenses	-99	-99	1%	6%
Other operating income / expenses (-)	-31	4	> 100%	> 100%
Recurring EBIT (REBIT)	**335**	**198**	**69%**	**45%**
Non-recurring income / expenses (-)	80	-47	> -100%	> -100%
EBIT (operating profit)	**415**	**152**	**> 100%**	**> 100%**
Net financial expenses (-)	-47	-67	30%	34%
Profit before income taxes	**369**	**85**	**>100%**	**>100%**
Income tax expenses (-) / credit	-108	-23	> -100%	>-100%
Profit from continuing operations	**261**	**62**	> 100%	>100%
Profit / loss (-) from discontinued operations	28	51	-44%	-51%
Net profit	**289**	**113**	**> 100%**	**>100%**
Attributable to UCB shareholders	267	137	94%	66%
Attributable to non-controlling interest	22	-24	> -100%	>-100%
Recurring EBITDA	**464**	**311**	**49%**	**31%**
Capital expenditures (including intangible assets)	97	91	6%	n.a.
Net financial debt[2]	1 813	1 611	12%	n.a.
Cash flow from operating activities	136	174	-22%	n.a.
Weighted average number of shares (non-diluted)	**192**	**191**	1%	n.a.
EPS (€ per weighted average number of shares - non diluted)	**1.39**	**0.72**	**93%**	**65%**
Core EPS (€ per weighted average number of shares - non diluted)	**1.18**	**0.96**	**23%**	**7%**

1 Due to rounding, some financial data may not add up in the tables included in this management report. The 2014 financials have been restated for Kremers Urban divestiture decision.
2 Except for the net financial debt, where 2014 relates to balance as at 31 December 2014.

There have been a number of key events that have affected or will affect UCB financially:

Important agreements / initiatives

- January 2015 - **UCB and Neuropore enter into world-wide collaboration and agreement** to develop and commercialize therapeutic products aiming at slowing the progression of Parkinson's disease and related disorders. This includes NPT200-11, Neuropore's novel small molecule that targets pathogenic alpha-synuclein which is currently in preclinical development and is expected to enter clinical Phase 1 later in 2015.
- March 2015 - **UCB completed the offering of € 350 million senior unsecured bonds**, due April 2022, to be issued under its € 3 billion EMTN Program.
- April 2015 - **UCB entered an agreement with Dr. Reddy's** to sell its established brands in India, including its franchises in the areas of allergies and respiratory disorders. The transaction amounts to INR 8 000 million The transaction closed in June at ~ € 110 million.
- April 2015 - **UCB entered an agreement with Biogen** to distribute their neurology (multiple sclerosis) products in India, Tecfidera®, Tysabri® and Avonex®. Strengthening UCB's neurology portfolio in India, providing innovative solutions to patients living with severe diseases.
- May 2015 - **UCB partnered with Pfizer** in China for the market rights to UCB's allergy franchise (Zyrtec® and Xyzal®).

Regulatory update and pipeline progress

Neurology

- January 2015 - Neuropore and UCB entered into world-wide collaboration in the development of a small molecule disease modifying treatment option for people living with **Parkinson's disease**. A Phase 1 study is scheduled by Neuropore to start in 2015.
- January 2015 – ***Brivaracetam*** as adjunctive therapy for the treatment of partial-onset seizures in patients from 16 years of age with **epilepsy** was filed with the U.S. and EU regulatory authorities.
- February 2015 - UCB announced positive top-line results from two Phase 3 studies evaluating **Neupro®** (*rotigotine* transdermal patch) in the treatment of patients living with **Parkinson's disease** in China. Regulatory submission is planned in 2015.
- February 2015 - The Japanese regulatory authorities approved **E Keppra®** (*levetiracetam*) as monotherapy in the treatment of partial-onset seizures (POS) in people living with **epilepsy** aged four years and above.
- March 2015 – **E Keppra®** was filed with the Japanese regulatory authorities as adjunctive therapy for primary generalized tonic-clonic seizures (**PGTCS**).
- April 2015 - The Phase 3 program for **Vimpat®** (*lacosamide*) in primary generalized tonic-clonic seizures (**PGTCS**) has started; first headline results are expected in 2019.

- June 2015 – **Vimpat**® as adjunctive therapy in the treatment of adult patients with partial-onset seizures (**POS**) was filed with the Japanese agency. To support this expansion, in November 2014, UCB entered into an agreement with Daiichi Sankyo to jointly commercialize *lacosamide* in Japan.
- July 2015 - **UCB0942** (PPSI), a small molecule in development for **highly drug resistant epilepsy**, started the Phase 2 proof of concept study; first results are expected Q4 2016.

All other clinical development programs in neurology are continuing as planned.

Immunology

- January 2015 - Dermira and UCB announced the start of the Phase 3 program for **Cimzia**® (*certolizumab pegol*) in **psoriasis**. Top-line data from this program are expected in 2017.
- May 2015 – An additional Phase 2a study started to evaluate ***bimekizumab*** (UCB4940) in combination with Cimzia® to investigate whether patients suffering from **rheumatoid arthritis** (RA) and who are uncontrolled with biologics could further benefit by adjunct *bimekizumab* therapy. Headline results are expected H1 2017.
- May 2015 – **Cimzia**® approved in Japan for **RA** patients without previous treatment with disease-modifying anti-rheumatic drugs (DMARD-naïve) when they present a high risk for progression of structural joint destruction.
- June 2015 – The C-EARLY™ first phase (at 52 weeks) showed that adding **Cimzia**® to optimized *methotrexate* achieved sustained remission and low disease activity in this at risk patient population. Based on the results of this study, UCB submitted a regulatory application to the European Medicines Agency for an extension of the Cimzia® indication in **RA**.
- June 2015 – UCB partnership with Vectura moved forward. The new molecular entity **VR942 / UCB4144** entered Phase 1 in healthy volunteers and patients with **asthma**.
- July 2015 – UCB announced that the Phase 3 studies for ***epratuzumab*** in **systemic lupus erythematosus** (SLE) did not meet the primary clinical efficacy endpoints. Treatment response in patients who received *epratuzumab* in addition to standard therapy was not statistically significantly higher than those who received placebo in addition to standard therapy. A high level review of the safety data did not identify any new safety concerns.

All other clinical development programs in immunology (including bone) are continuing as planned.

2. Operating and financial review[1]

The financial information included in this management report should be read in conjunction with the condensed consolidated interim financial information and the consolidated financial statements as at 31 December 2014. This condensed consolidated interim financial information has been reviewed, not audited.

Scope change: As a result of the divestment of the remaining non-pharma activities, i.e. Films (in September 2004), Surface Specialties (in February 2005), and the decision to divest Kremers Urban Pharmaceuticals Inc. (November 2014), UCB reports the results from those activities as a part of profit from discontinued operations. Kremers Urban is treated as "discontinued operations" since 1 January 2013.

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 on-going 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.

Core EPS is the core net profit, or the net profit attributable to the UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization linked to sales, per non-dilutive weighted average number of shares.

2.1. Net sales by product

Total net sales went up to € 1 704 million, 21% higher than last year or +13% at constant rates. This was driven by the strong growth (+40%; +23% CER) of the core medicines, Cimzia®, Vimpat® and Neupro®, to combined net sales of € 942 million – representing 55% of UCB's total net sales.

€ million	Actual June YTD		Variance %	
	2015	2014	Actual rates	CER[2]
Core medicines	**942**	**672**	**40%**	**23%**
Cimzia®	490	353	39%	31%
Vimpat®	323	217	49%	27%
Neupro®	129	102	26%	18%
Established brands	**762**	**733**	**4%**	**4%**
Keppra® (including Keppra® XR)	385	339	14%	2%
Zyrtec® (including Zyrtec-D® / Cirrus®)	92	93	-1%	-3%
Xyzal®	60	48	25%	14%
venlafaxine ER	34	17	>100%	69%
Nootropil®	27	26	3%	-5%
Other	164	211	-22%	-2%
Total net sales	**1 704**	**1 406**	**21%**	**13%**

1 Due to rounding, some financial data may not add up in the tables included in this management report. The 2014 financials have been restated for Kremers Urban divestiture decision.

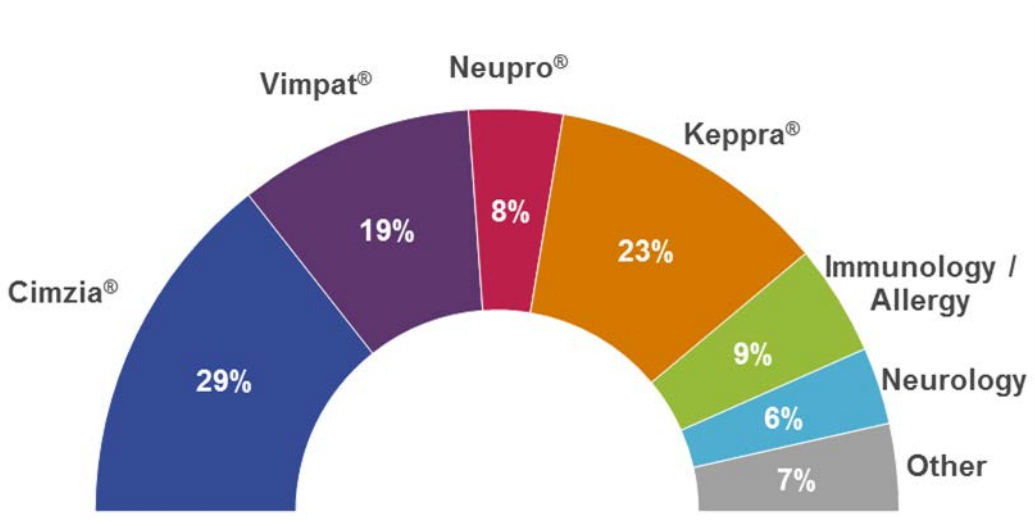
2 CER: Constant exchange rate

Core products

- **Cimzia®** (*certolizumab pegol*) reached net sales of € 490 million, +39% (+31% CER), serving more and more patients with inflammatory TNF mediated diseases.
- **Vimpat®** (*lacosamide*), for epilepsy, reached net sales of € 323 million, +49% (+27% CER). Since September 2014 and in the U.S., Vimpat® is also available for monotherapy treatment of partial onset seizures.
- **Neupro®** (*rotigotine*) net sales reached € 129 million, +26% (+18% CER), reaching more and more patients with Parkinson's disease or restless legs syndrome.

Other products

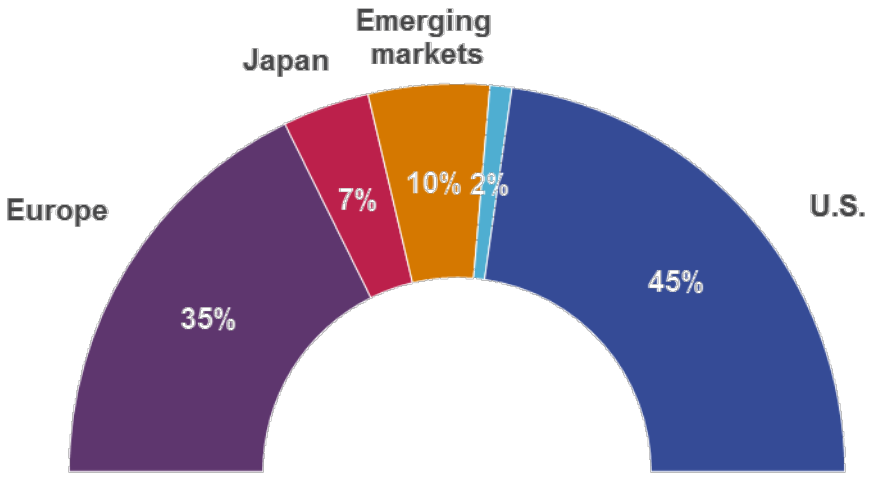
- **Keppra®** (*levetiracetam*), for epilepsy, reached net sales of € 385 million, +14% (+2% CER). The continued post-exclusivity erosion in Europe was compensated by growth in the other markets.
- **Zyrtec®** (*cetirizine*, including Zyrtec®-D/Cirrus®), for allergy, had stable net sales of € 92 million, mainly due to generic competition in Japan which was compensated by the other markets.
- **Xyzal®** (*levocetirizine*), for allergy, reached net sales of € 60 million (+25%; +14% CER) mainly due to stronger net sales in Japan.
- ***Venlafaxine ER*** (*venlafaxine hydrochloride* extended release) for the treatment of depressive and anxiety disorders reached net sales of € 34 million after € 17 million.
- **Nootropil®** (*piracetam*), for cognitive disorders, had stable net sales of € 27 million.
- **Other products**: Net sales for other established brands decreased to € 164 million (-2% CER) due to the unallocated net sales.



2.2. Net sales by geographical area

€ million	Actual June YTD		Variance - actual rates		Variance - CER	
	2015	2014	€ million	%	€ million	%
Net sales – U.S.	**775**	**499**	**276**	**55%**	**132**	**26%**
Cimzia®	321	208	112	54%	53	25%
Vimpat®	244	154	90	58%	45	29%
Neupro®	36	24	13	53%	6	24%
Keppra® (including Keppra® XR)	124	94	30	32%	7	7%
venlafaxine ER	34	16	18	> 100%	11	70%
Other	15	3	13	> 100%	10	>100%
Net sales - Europe	**603**	**572**	**30**	**5%**	**22**	**4%**
Cimzia®	137	106	31	29%	29	27%
Vimpat®	64	52	12	23%	12	22%
Neupro®	73	67	6	9%	5	8%
Keppra®	127	141	-14	-10%	-16	-11%
Zyrtec® (including Cirrus®)	41	39	2	6%	2	5%
Xyzal®	22	24	-2	-7%	-2	-9%
Other	138	144	-6	-4%	-8	-6%
Net sales - Japan	**124**	**114**	**10**	**9%**	**3**	**3%**
Cimzia®	4	19	-16	-81%	-16	-82%
Neupro®	15	8	7	80%	7	80%
E Keppra®	51	39	12	30%	10	24%
Zyrtec® (including Cirrus®)	31	35	-4	-11%	-5	-15%
Xyzal®	23	12	11	90%	8	65%
Net sales - Emerging markets	**172**	**147**	**25**	**17%**	**8**	**5%**
Cimzia®	6	2	3	> 100%	3	> 100%
Vimpat®	3	2	1	42%	1	43%
Neupro®	1	1	0	36%	0	34%
Keppra®	59	44	14	32%	8	17%
Other	103	96	6	7%	4	4%
Net sales – International markets	**76**	**62**	**14**	**22%**	**7**	**12%**
Cimzia®	23	18	6	32%	5	26%
Vimpat®	11	8	3	33%	2	25%
Neupro®	3	2	1	47%	1	37%
Keppra®	24	20	3	17%	1	3%
Other	15	14	1	8%	-1	-6%
Sub-total	**1 749**	1 394	355	25%	180	13%
Unallocated	**-46**	12	-57	> 100%	-1	-7%
Total net sales	**1 704**	**1 406**	**298**	**21%**	**180**	**13%**

- **U.S. net sales** reached € 775 million, +55% or +26% CER. Key driver of this growth was the 56% growth (27% CER) of Cimzia®, Vimpat® and Neupro® combined net sales to € 601 million – 78% of UCB's net sales in the U.S. The Keppra® franchise amounted to € 124 million, up 32% (7% CER) benefiting from stocking effects which occurred in the first quarter. *Venlafaxine ER* reported net sales of € 34 million after € 16 million, benefitting from short supply in the market. Net sales of the other products reached € 15 million after € 3 million, mainly due to stronger demand for cough and cold product.
- **Europe net sales** reached € 603 million, up by 5% (+4% CER), driven by the continued growth of Cimzia®, Vimpat® and Neupro® combined net sales to € 274 million – representing 45% of UCB's net sales in Europe and a plus by 22%. Keppra® net sales decreased by 10% to € 127 million, due to the post-exclusivity erosion. The allergy franchise Zyrtec® (+6%) and Xyzal® (-7%) reached € 41 million and € 22 million respectively. Other products contributed € 138 million (-4%).
- **Japan net sales** reached € 124 million, up by 9% (+3% CER). Cimzia® net sales were € 4 million after € 19 million in the first half 2014, reflecting order patterns and release of inventory by our partner, Astellas. The Japanese in-market demand for Cimzia® is growing well meanwhile. Neupro® grew 80% to € 15 million and E Keppra® to € 51 million (+30%); UCB's partner in Japan for both is Otsuka. The allergy franchise expanded, however, Zyrtec® and Xyzal® took opposed directions: Zyrtec® was down 11% due to generic competition and reached € 31 million while Xyzal® went up by 90% (65% CER) to € 23 million due to the allergy season.
- **Emerging markets net sales** increased to € 172 million (+17%; +5% CER), driven by strong growth of Cimzia®, Vimpat® and Neupro® as well as Keppra®, which showed growth of 32% (+15% CER) to € 59 million.
- **International markets** (formerly 'rest of the world') net sales amounted to € 76 million, plus 22% (+12% CER) driven by the strong growth of Cimzia®, Vimpat® and Neupro® as well as Keppra®.
- **Unallocated net sales** were negative € 46 million reflecting UCB's transactional hedging activities, mainly related to the US$, the Japanese Yen, the British Pound and the Swiss Franc (CHF), to be recognized in the "net sales" line under IFRS.



Europe: Albania, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Finland, France (including French territories), Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom and Vatican

Emerging markets: Brazil, Russia, India, China, Mexico and Turkey

2.3. Royalty income and fees

€ million	Actual June YTD		Variance %	
	2015	2014 (restated)	Actual rates	CER
Biotechnology IP	39	37	6%	-6%
Toviaz®	15	8	80%	80%
Zyrtec® U.S.	16	13	19%	-3%
Other	16	22	-27%	-27%
Royalty income and fees	**85**	**80**	**6%**	**-3%**

In the first six months 2015, royalty income and fees remained almost stable reaching € 85 million, (6%; -3% CER).

Main change compared to the first six months 2014 came from the franchise royalties paid by Pfizer for the overactive bladder treatment Toviaz® (*fesoterodine*) which went up to € 15 million, +80%, due to decelerated exclusivity expiration within the franchise.

Other royalty income and fees reached € 16 million, down 27%, and are related to lower income from out-licensed product.

2.4. Other revenue

€ million	Actual June YTD		Variance %	
	2015	2014 (restated)	Actual rates	CER
Contract manufacturing sales	19	21	-8%	-10%
Profit sharing	13	19	-35%	-36%
Partnerships in Japan	54	12	>100%	>100%
Partnerships in China	21	0	>100%	>100%
Other	21	53	-59%	-64%
Other revenue	**128**	**105**	**22%**	**17%**

Other revenue reached € 128 million (+22%) mainly due to milestone payments from Daiichi in Japan, other revenue received from our partners in China and milestones received from our R&D partners.

Contract manufacturing sales were € 19 million, 8% lower and are mainly related to agreements with GSK announced in 2009.

The **profit sharing agreements** for Provas®, Xyzal® and Atmadisc® reached revenue of € 13 million, 35% lower, mainly driven by the life cycle of these products.

Our **partnering activities in Japan** encompass the collaboration with Otsuka focusing on E Keppra® and Neupro®, with Astellas for Cimzia® and with Daiichi Sankyo for Vimpat®. Milestone and other payments from our Japanese partners reached € 54 million after € 12 million, driven by a milestone payment from Daiichi thanks to the filing of Vimpat® in Japan (see 2015 key events section).

Our **partnerships in China** encompass the collaboration for Biogen's multiple sclerosis and hemophilia therapies and the market rights to UCB's allergy franchise. Revenue reached € 21 million, mainly due to payments linked to the transfer of the marketing rights. (see 2015 key events section)

Other revenue reached € 21 million (-59%) and include milestone and other payments from our R&D partners (also reflected in the R&D expense line) like the European Investment Bank (EIB) providing “at-risk co-development funding” for the development of selected UCB compounds; and Sanofi for the scientific and strategic collaboration for the discovery and development of innovative anti-inflammatory small molecules.

2.5. Gross profit

€ million	Actual June YTD		Variance %	
	2015	2014 (restated)	Actual rates	CER
Revenue	**1 917**	**1 591**	**21%**	**12%**
Net sales	1 704	1 406	21%	13%
Royalty income and fees	85	80	6%	-3%
Other revenue	128	105	22%	17%
Cost of sales	**-548**	**-488**	**-12%**	**-10%**
Cost of sales products and services	-379	-350	-8%	-7%
Royalty expenses	-101	-69	-46%	-42%
Amortization of intangible assets linked to sales	-68	-69	1%	9%
Gross profit	**1 369**	**1 103**	**24%**	**13%**

In the first six months 2015, **gross profit** reached € 1 369 million, plus 24%, due to the net sales growth and improved product mix – the core products now representing 55% of UCB's total net sales. The gross margin amounted to 71% after 69% in the first six months 2014.

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

The **cost of sales for products and services** increased to € 379 million, plus 8%.

Royalty expenses increased to € 101 million from € 69 million due to higher royalties relating to the growth of the marketed products, mainly Cimzia® and Vimpat®.

€ million	Actual June YTD		Variance %	
	2015	2014 (restated)	Actual rates	CER
Biotechnology IP	-12	-10	-18%	-6%
Other	-88	-59	-50%	-48%
Royalty expenses	-101	-69	-46%	-42%

Amortization 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 and Development, manufacturing know-how, royalty streams, trade names, etc.). The amortization expenses of the intangible assets for which products have already been launched amounted to € 68 million after € 69 million in June 2014.

2.6. Recurring EBIT and recurring EBITDA

€ million	Actual June YTD		Variance %	
	2015	2014 (restated)	Actual rates	CER
Revenue	**1 917**	**1 591**	**21%**	**12%**
Net sales	1 704	1 406	21%	13%
Royalty income and fees	85	80	6%	-3%
Other revenue	128	105	22%	17%
Gross profit	**1 369**	**1 103**	**24%**	**13%**
Marketing and selling expenses	-433	-371	-17%	-7%
Research and development expenses	-472	-439	-8%	-1%
General and administrative expenses	-99	-100	1%	6%
Other operating income / expenses (-)	-31	4	> 100%	> 100%
Total operating expenses	**-1 034**	**-905**	**-14%**	**-6%**
Recurring EBIT (REBIT)	**335**	**198**	**69%**	**45%**
Amortization of intangible assets	85	82	3%	-4%
Depreciation charges	43	30	43%	31%
Recurring EBITDA (REBITDA)	**464**	**311**	**49%**	**31%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, reached € 1 034 million, growing by 14%, in the first six months 2015 showing a lower growth rate than the revenue line, reflecting:

- **marketing and selling expenses** of € 433 million, +17%. The continued growth of Cimzia®, Vimpat® and Neupro® enables synergies and efficiencies with continued high performance of the marketing and selling activities;
- **research and development expenses** of € 472 million (+8%) driven by the well advanced, late-stage clinical development pipeline (*brivaracetam* for epilepsy, filed; *epratuzumab* and *romosozumab*, both Phase 3) as well as an attractive growing early-stage pipeline including seven projects in immunology and neurology with six new molecular entities in Phase 1 and 2;
- stable **general and administrative expenses** of € 99 million;
- other operating expenses of € 31 million include the amortization non-production related amortization, the U.S. Branded Prescription Drug fee and the impairment of receivables due to the Greek crisis.

Recurring EBIT increased to € 335 million, compared to € 198 million for the first six months 2014.

- total amortization of intangible assets (product related and other) amounted to € 85 million (+3%);
- Depreciation charges went up to € 43 million (+43%).

Recurring EBITDA reached € 464 million after € 311 million in the first six months 2014, driven by tailwind from foreign exchange rates, strong net sales growth and a sub-proportional growth of operating expenses in the first six months 2015.

2.7. Net profit and core EPS

€ million	Actual YTD June		Variance %	
	2015	2014 (restated)	Actual rates	CER
Recurring EBIT	**335**	**198**	**69%**	**45%**
Impairment charges	-1	-26	96%	96%
Restructuring expenses	-10	-14	32%	34%
Gain on disposals	107	11	>100%	>100%
Other non-recurring income / expenses (-)	-16	-17	5%	8%
Total non-recurring income / expenses (-)	**80**	**-47**	**> -100%**	**> -100%**
EBIT (operating profit)	**415**	**152**	**> 100%**	**> 100%**
Net financial expenses (-)	-47	-67	30%	34%
Result from associates	1	0	n.a.	n.a.
Profit before income taxes	**369**	**85**	**>100%**	**>100%**
Income tax expenses (-) / credit	-108	-23	> -100%	> -100%
Profit from continuing operations	**261**	**62**	**> 100%**	**> 100%**
Profit / loss (-) from discontinued operations	28	51	-44%	- 51%
Net profit	**289**	**113**	**> 100%**	**> 100%**
Attributable to UCB shareholders	267	137	94%	66%
Attributable to non-controlling interests	22	-24	> -100%	> -100%
Net profit attributable to UCB shareholders	**267**	**137**	**94%**	**66%**
After-tax non-recurring items and financial one-offs	-65	45	> -100%	> -100%
Profit / loss (-) from discontinued operations	-28	-51	44%	51%
Amortization of intangibles linked to sales	68	69	-1%	-9%
Taxes on amortization of intangibles	-16	-18	7%	15%
Core net profit attributable to UCB shareholders	**226**	**183**	**23%**	**7%**
Weighted average number of shares (million)	192	191	1%	n.a.
Core EPS attributable to UCB shareholders	**1.18**	**0.96**	**23%**	**7%**

Total non-recurring income / expenses (-) amounted to € 80 million pre-tax income, compared to € 47 million pre-tax expense in 2014. Main driver of this income is a gain from the divestiture of UCB's established brands in India (see 2015 key events section). The 30 June 2014 non-recurring items include the impairment of the intangible asset related to *tozadenant*; restructuring expenses, gain on mature product divestitures and other expenses related to litigations.

Net financial expenses improved to € 47 million from € 67 million, mainly driven by lower interest expenses due to the pay-down of the outstanding € 574 million retail bond which matured November 2014 (coupon of 5.75%).

Income tax expenses were € 108 million compared to € 23 million. The average tax rate on recurring activities was 32.7% compared to 18.5% in the same period of last year. The increase in the rate for this period relates to the reduction of tax losses available for offset against future taxable profits as the result of a tax audit.

Profit from discontinued operations, mainly reflecting the activities of Kremers Urban, reached € 28 million after € 51 million due to lower business volume.

The **net profit of the Group** amounted to € 289 million (after € 113 million) and of which € 267 million is attributable to the UCB shareholders and € 22 million to non-controlling interests. Last year, € 137 million were attributable to UCB shareholders and a loss of € 24 million to non-controlling interests.

The **net profit attributable to UCB shareholders**, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization linked to sales, gives rise to a core net profit attributable to the UCB shareholders of € 226 million, leading to **core earnings per share (EPS)** of € 1.18 compared to € 0.96 in 2014 per non-dilutive weighted average number of shares of 192 million and 191 million respectively.

2.8. Balance sheet

The **intangible assets** decreased by € 27 million from € 1 219 million at 31 December 2014 to € 1 187 million at 30 June 2015. This includes the ongoing amortization of the intangible assets (€ 90 million), the increasing U.S. dollar and British pound, partially offset by additions through in-licensing, software and capitalized eligible software development costs.

Goodwill up from € 4 882 million at 31 December 2014 to € 5 123 million stemming from the increasing U.S. dollar and British pound.

Other non-current assets increased by € 97 million, mainly driven by an increase in deferred tax assets due to strengthening of the U.S. dollar and the British pound, offset by the decrease of recognized losses, and the increasing Swiss Franc in property, plant and equipment.

The **current asset** increase from € 2 501 million as of 31 December 2014 to € 2 601 million as of 30 June 2015 relates to higher trade receivables.

UCB's shareholders' equity, at € 5 128 million, an increase of € 286 million between 31 December 2014 and 30 June 2015. The important changes stem from the net profit after non-controlling interest (€ 289 million), positive currency translation (€ 297 million), offset with dividend payments (€ 213 million) and treasury shares (€ 103 million).

The **non-current liabilities** amount € 3 296 million, an increase of € 326 million, stems from the issue of € 350 million senior unsecured bond.

The **current liabilities** amounts € 2 135 million, down € 201 million, due to repayment of short term borrowings, decrease of income tax payables and liabilities held for sale.

The **net debt** increased by € 202 million from € 1 611 million as of end December 2014 to € 1 813 million as per end June 2015, and mainly relates to the dividend payment on the 2014 results, the acquisition of own shares offset by the underlying net profitability.

2.9. Cash flow statement

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

- **Cash flow from operating activities** amounted € 136 million compared to € 174 million in 2014, of which € 129 million from continuing operations. The decrease stems mainly from the underlying net profitability offset with higher taxes paid during the period.
- **Cash flow from investing activities** showed an inflow of € 16 million in 2015 compared to an outflow of € 86 million in 2014. The inflow is related to the sale of mature products in India to Dr. Reddy for € 110 million, offset with the investment in tangible and intangible assets.
- **Cash flow from financing activities** has an outflow of € 153 million, which includes the dividend paid to the UCB shareholders and the shareholders of the perpetual subordinated bond, the acquisition of treasury shares, repayment of short term borrowings offset with the € 350 million issued senior unsecured bond.

2.10. Outlook 2015 - adjusted

For 2015, UCB expects unchanged the continued growth of Cimzia®, Vimpat®, Neupro® to drive company growth. At the same time, UCB aims to advance and prepare the launches of treatment options for patients.

The 2015 revenue outlook is adjusted to reflect exchange rate effects: **2015 revenue** is now expected in the range of € 3.65-3.75 billion; **recurring EBITDA** is now expected at the higher end of the previous range of € 710 -740 million. **Core earnings per share** (EPS) are expected in the range of € 1.90-2.05 based on an average of 192 million shares outstanding.

3. Condensed consolidated financial statements

3.1. Condensed consolidated income statement

For the six months ended 30 June € million	Note	2015 Reviewed	2014 Restated[1]
Continuing operations			
Net sales	4.6	1 704	1 406
Royalty income and fees		85	80
Other revenue		128	105
Revenue		**1 917**	**1 591**
Cost of sales		-548	-488
Gross profit		**1 369**	**1 103**
Marketing and selling expenses		-433	-371
Research and development expenses		-472	-439
General and administrative expenses		-99	-99
Other operating income / expenses (-)	4.9	-31	4
Operating profit before impairment, restructuring and other income and expenses		**335**	**198**
Impairment of non-financial assets	4.10	-1	-26
Restructuring expenses	4.11	-10	-14
Other income / expenses (-)	4.12	91	-7
Operating profit		**415**	**152**
Financial income	4.13	32	31
Financing costs	4.13	-79	-98
Profit / loss (-) before income taxes		**369**	**85**
Income tax expense (-) / credit	4.14	-108	-23
Profit / loss (-) from continuing operations		**261**	**62**
Discontinued operations			
Profit / loss (-) from discontinued operations	4.8	28	51
Profit for the period		**289**	**113**
Attributable to equity holders of UCB S.A.		267	137
Attributable to non-controlling interests		22	-24
Basic earnings per share (€)[2]			
From continuing operations		1.24	0.71
From discontinued operations		0.15	0.01
Total basic earnings per share		**1.39**	**0.72**
Diluted earnings per share (€)[3]			
From continuing operations		1.24	0.71
From discontinued operations		0.15	0.01
Total diluted earnings per share		**1.39**	**0.72**

1 Restated for the reclassification to discontinued operations
2 The weighted average number of shares in issue during the interim period, for the purposes of the basic earnings per share calculation, is 192 108 790 (2014: 190 661 655).
3 The weighted average number of shares during the interim period, for the purposes of the diluted earnings per share calculation is 192 108 790 (2014: 190 661 655).

3.2. Condensed consolidated statement of comprehensive income

For the six months ended 30 June € million	2015 Reviewed	2014 Audited
Profit for the period	**289**	**113**
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods		
Net gain / loss (-) on available for sale financial assets	2	-1
Exchange differences on translation of foreign operations	284	32
Effective portion of gains / losses (-) on cash flow hedges	-10	-19
Net gain / loss (-) on hedge of net investment in foreign operation		
Income tax relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods		
Items not to be reclassified to profit or loss in subsequent periods		
Re-measurement of defined benefit obligation	18	-48
Income tax relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods	-4	3
Other comprehensive income / loss (-) for the period, net of tax	**289**	**-33**
Total comprehensive income for the period, net of tax		
Attributable to UCB S.A. shareholders	592	102
Attributable to non-controlling interests	-13	-22
Total comprehensive income for the period, net of tax	**578**	**80**

3.3. Condensed consolidated statement of financial position

€ million	Note	30 June 2015 Reviewed	31 Dec. 2014 Audited
Assets			
Non-current assets			
Intangible assets	4.15	1 187	1 219
Goodwill	4.16	5 123	4 882
Property, plant and equipment	4.17	739	686
Deferred income tax assets		734	682
Financial and other assets (incl. derivative financial instruments)	4.18	175	178
Total non-current assets		**7 958**	**7 647**
Current assets			
Inventories	4.19	570	547
Trade and other receivables		817	729
Income tax receivables		6	9
Financial and other assets (incl. derivative financial instruments)		51	53
Cash and cash equivalents		517	507
Assets of disposal group classified as held for sale		640	656
Total current assets		**2 601**	**2 501**
Total assets		**10 559**	**10 148**
Equity and liabilities			
Equity			
Capital and reserves attributable to UCB shareholders	4.20 4.27	5 280	5 002
Non-controlling interests		-152	-160
Total equity		**5 128**	**4 842**
Non-current liabilities			
Borrowings	4.21	350	341
Bonds	4.22	1 739	1 406
Other financial liabilities (incl. derivative financial instruments)	4.23	265	275
Deferred income tax liabilities		75	62
Employee benefits		419	430
Provisions	4.24	300	308
Trade and other liabilities		148	148
Total non-current liabilities		**3 296**	**2 970**
Current liabilities			
Borrowings	4.21	244	372
Bonds	4.22	0	0
Other financial liabilities (incl. derivative financial instruments)	4.23	220	183
Provisions	4.24	40	53
Trade and other liabilities		1 393	1 386
Income tax payables		85	142
Liabilities of disposal group classified as held for sale		153	200
Total current liabilities		**2 135**	**2 336**
Total liabilities		**5 431**	**5 306**
Total equity and liabilities		**10 559**	**10 148**

3.4. Condensed consolidated statement of cash flows

For the six months ended 30 June € million	Note	2015 Reviewed	2014 Restated[1]
Profit attributable to UCB shareholders		**267**	**137**
Non-controlling interests		22	-24
Adjustment for non-cash transactions	4.25	28	70
Adjustment for items to disclose separately under operating cash flow	4.25	123	48
Adjustment for items to disclose under investing and financing cash flow	4.25	-65	40
Change in working capital	4.25	-46	10
Cash flow generated from operations		**329**	**281**
Tax paid during the period		-193	-107
Net cash flow used in (-)/generated by operating activities		**136**	**174**
From continuing operations		129	165
From discontinued operations		7	9
Net cash flow generated from operating activities		**136**	**174**
Acquisition of intangible assets		-65	-31
Acquisition of property, plant and equipment		-32	-60
Acquisition of subsidiaries, net of cash acquired		-3	-10
Acquisition of other investments		-3	0
Sub-total acquisitions		**-103**	**-101**
Proceeds from sale of intangible assets		0	12
Proceeds from sale of property, plant and equipment		1	3
Proceeds from sale of business unit, net of cash disposed		110	0
Proceeds from sale of other investments		8	0
Dividends received		0	0
Sub-total disposals		**119**	**15**
Net cash flow used in (-)/generated by investing activities		**16**	**-86**
From continuing operations		23	-77
From discontinued operations		-7	-9
Net cash flow from investing activities		**16**	**-86**
Proceeds from issuance of share capital		0	0
Proceeds from issuance of bonds		350	0
Repayment of bonds (-)			0
Proceeds from borrowings		155	186
Repayment of borrowings (-)		-302	-186
Payment of finance lease liabilities		-1	-2
Acquisition (-) / issuance of treasury shares		-101	47
Dividend paid to UCB shareholders, net of dividend paid on own shares		-225	-222
Interest received		16	5
Interest paid		-45	-29
Net cash flow used in (-)/generated by financing activities		**-153**	**-201**
From continuing operations		-153	-201
From discontinued operations		0	0
Net cash flow from financing activities		**-153**	**-201**
Net increase / decrease (-) in cash and cash equivalents		**-1**	**-113**
From continuing operations		-1	-113
From discontinued operations		0	0
Net cash and cash equivalents at the beginning of the period		**507**	**745**
Effect of exchange rate fluctuations		4	1
Net cash and cash equivalents at the end of the period		**509**	**633**

1 Restated for the reclassification to discontinued operations

3.5. Condensed consolidated statement of changes in equity

€ million	Attributed to equity holders of UCB S.A.											
	Share capital and share premium	Hybrid capital	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Available for sale financial assets	Cash flow hedges	Net investment hedge	Total	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2015	**2 614**	**295**	**-173**	**2 515**	**-96**	**-193**	**13**	**-28**	**55**	**5 002**	**-160**	**4 842**
Profit for the period				267						267	22	289
Other comprehensive income / loss (-)					14	297	2	-10		302	-13	289
Total comprehensive income				**267**	**14**	**297**	**2**	**-10**		**570**	**8**	**578**
Capital increase												
Dividends				-202						-202		-202
Share-based payments				25						25		25
Transfer between reserves			-4	4						0		0
Treasury shares			-103							-103		-103
Dividend to shareholders of perpetual subordinated bonds				-12						-12		-12
Acquired non-controlling interest												
Balance at 30 June 2015 (reviewed)	**2 614**	**295**	**-281**	**2 598**	**-82**	**104**	**14**	**-38**	**55**	**5 280**	**-152**	**5 128**
Balance at 1 January 2014	**2 154**	**295**	**-167**	**2 509**	**61**	**-470**	**-6**	**22**	**55**	**4 454**	**-131**	**4 323**
Profit for the period				137						137	-24	113
Other comprehensive income / loss (-)					-45	30	-1	-19		-35	2	-33
Total comprehensive income				**137**	**-45**	**30**	**-1**	**-19**		**102**	**-22**	**80**
Capital increase	460									460		460
Dividends				-199						-199		-199
Share-based payments				13						13		13
Transfer between reserves			14	-14						0		0
Treasury shares			33							33		33
Equity component linked to the convertible bond					-41					-41		-41
Dividend to shareholders of perpetual subordinated bonds				-12						-12		-12
Business combination										0		0
Balance at 30 June 2014 (reviewed)	**2 614**	**295**	**-120**	**2 435**	**-25**	**-439**	**-7**	**3**	**55**	**4 810**	**-153**	**4 657**

4. Notes

4.1. General information

UCB SA/NV (UCB or the Company) and its subsidiaries (together the Group) is a global biopharmaceutical company focused on severe diseases in two therapeutic areas namely Neurology and Immunology.

This condensed consolidated interim financial information of the Company as at and for the six months ended 30 June 2015 (hereafter the “interim period”) comprise the Company and its subsidiaries. Within the Group, UCB Pharma SA and UCB S.R.O, both wholly owned subsidiaries, have branches in the U.K and Slovakia, respectively, that are integrated into their accounts.

UCB SA/NV, the parent company, is a limited liability company incorporated and domiciled in Belgium. The registered office is 60, Allée de la Recherche, B-1070 Brussels, Belgium. UCB SA is listed on the Euronext Brussels Stock Exchange.

The Board of Directors approved this condensed consolidated interim financial information for issue on 30 July 2015. This condensed consolidated interim financial information has been reviewed, not audited.

The consolidated financial statements of the Group as at and for the year ended 31 December 2014 are available on the UCB website.

4.2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” as adopted by the European Union.

This condensed consolidated interim financial information does 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 2014, which have been prepared in accordance with IFRSs.

This condensed consolidated interim financial information is presented in Euro (€) and all values are rounded to the nearest million except where otherwise indicated.

4.3. Accounting policies

The accounting policies adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

Impact on statement of comprehensive income

The table below summarizes the impact on the statement of comprehensive income for the first half of 2014 of the reclassification of the results of Kremers Urban Pharmaceuticals Inc. as discontinued operations (see Note 4.8).

June 2014 € million	As originally presented	Reclassification for discontinued operations	As restated
Net sales	1 562	-156	1 406
Royalty income and fees	81	-1	80
Other revenue	114	-9	105
Revenue	**1 757**	**-166**	**1 591**
Cost of sales	-562	74	-488
Gross profit	**1 195**	**-92**	**1 103**
Marketing and selling expenses	-375	4	-371
Research and development expenses	-446	7	-439
General and administrative expenses	-102	2	-99
Other operating income/expenses (-)	2	2	4
Operating profit before impairment, restructuring and other income and expenses	**274**	**-76**	**198**
Impairment of non-financial assets	-26	0	-26
Restructuring expenses	-14	0	-14
Other income / expenses (-)	-7	1	-6
Operating profit	**227**	**-75**	**152**
Financial income	31	0	31
Financing costs	-98	0	-98
Profit / loss (-) before income taxes	**160**	**-75**	**85**
Income tax expense (-) / credit	-48	26	-23
Profit / loss (-) from continuing operations	**112**	**-49**	**62**
Discontinued operations	1	49	50
Profit	**113**	**0**	**113**
Attributable to UCB shareholders	137	0	137
Attributable to non-controlling interests	-24	0	-24

4.4. Estimates

The preparation of this condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2014.

4.5. Financial risk management

Financial risk factors

The Group is exposed to various financial risks arising from its underlying operations and corporate finance activities. These financial risks are market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk. This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2014. There have been no changes in the Financial Risk Management Committee (FRMC).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal circumstances without incurring unacceptable losses or risking damage to the Group reputation.

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Fair value estimation

IFRS 7 requires disclosure of fair value measurements by level of the following hierarchy:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 – Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3 – Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All fair value measurements disclosed are recurring.

As a result of IFRS 13 adoption, the Group reflects the credit and the non-performance risks into its valuation techniques but those changes had no material impact on the valuation.

The following tables presents the Groups financial assets and liabilities measured at fair value at 30 June 2015 and are grouped in accordance with the fair value hierarchy.

Financial assets measured at fair value

€ million - 30 June 2015	Level 1	Level 2	Level 3	Total
Available-for-sale assets				
Quoted equity securities	41	0	0	41
Quoted debt securities	3	0	0	3
Derivative financial assets				
Forward foreign exchange contracts – cash flow hedges	0	11	0	11
Forward exchange contracts – fair value through the profit and loss	0	16	0	16
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	48	0	48

Financial liabilities measured at fair value

€ million - 30 June 2015	Level 1	Level 2	Level 3	Total
Derivative financial liabilities				
Forward foreign exchange contracts – cash flow hedges	0	48	0	48
Forward exchange contracts – fair value through the profit and loss	0	39	0	39
Interest rate derivatives – cash flow hedges	0	4	0	4
Interest rate derivatives – fair value through profit and loss	0	5	0	5
Other financial liabilities excluding derivatives				
Warrants	0	0	194	194

The following tables presents the Groups financial assets and liabilities that are measured at fair value at 31 December 2014 and are grouped in accordance with the fair value hierarchy.

Financial assets measured at fair value

€ million - 31 December 2014	Level 1	Level 2	Level 3	Total
Available-for-sale assets				
Quoted equity securities	43	0	0	43
Quoted debt securities	2	0	0	2
Derivative financial assets				
Forward foreign exchange contracts – cash flow hedges	0	13	0	13
Forward exchange contracts – fair value through the profit and loss	0	22	0	22
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	55	0	55

Financial liabilities measured at fair value

€ million - 31 December 2014	Level 1	Level 2	Level 3	Total
Derivative financial liabilities				
Forward foreign exchange contracts – cash flow hedges	0	40	0	40
Forward exchange contracts – fair value through the profit and loss	0	36	0	36
Interest rate derivatives – cash flow hedges	0	3	0	3
Interest rate derivatives – fair value through profit and loss	0	7	0	7
Other financial liabilities excluding derivatives				
Warrants	0	0	183	183

During the interim period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Fair value measurements categorized within Level 2 of the fair value hierarchy are calculated using either the “Discounted cash flow” or the “Black-Scholes” method (for FX options only) and market data publicly available.

Fair value measurements using significant unobservable inputs (Level 3).

The fair value of the Warrants issued by a subsidiary is determined using a discounted net present value model of the probabilized cash outflows. The value of the warrants is based on the profitability of the subsidiary and the key assumptions used in the valuation model include unobservable inputs for forecasted revenue and milestone events.

The following table presents the changes in Level 3 instruments:

€ million	Warrants
1 January 2015	183
Cash purchase of additional warrants	0
Cash settlement of warrants	-15
Effect of changes in fair value recognized in profit and loss	11
Effect of movements in exchange rates	15
30 June 2015	194

Exchange rates

The following important exchange rates were used in preparing this condensed consolidated interim financial information:

Equivalent of € 1	Closing rate		Average rate	
	30 June 2015	31 December 2014	**30 June 2015**	30 June 2014
USD	1.115	1.210	1.115	1.371
JPY	136.190	145.010	134.094	140.407
GBP	0.709	0.777	0.732	0.821
CHF	1.043	1.203	1.056	1.221

4.6. 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.

Product sales information

For the six months ended 30 June € million	**2015 Reviewed**	2014 Restated[1]
Cimzia®	490	353
Keppra® (including Keppra® XR)	385	339
Vimpat®	323	217
Neupro®	129	102
Zyrtec® (including Zyrtec-D® / Cirrus®)	92	93
Xyzal®	60	48
Venlafaxine ER	34	17
Nootropil®	27	26
Other products	164	211
Total net sales	**1 704**	**1 406**

1 Restated for the reclassification to discontinued operations

Geographic information

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

For the six months ended 30 June € million	**2015 Reviewed**	2014 Restated[1]
U.S.	775	499
Emerging markets[2]	172	147
Europe – other (excluding Belgium)	167	156
Japan	124	114
Germany	117	115
Italy	80	80
France (including French territories)	79	78
Spain	76	68
U.K. and Ireland	66	59
Belgium	18	16
International markets	76	62
Unallocated	-46	12
Total net sales	**1 704**	**1 406**

1 Restated for the reclassification to discontinued operations
2 Emerging markets: Brazil, Russia, India, China, Mexico and Turkey

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

For the six months ended 30 June € million	**2015 Reviewed**	2014 Audited[1]
Switzerland	324	289
Belgium	243	238
U.S.	31	28
U.K. and Ireland	88	84
Germany	19	20
Emerging markets[2]	18	17
Japan	9	9
Spain	0	0
Other countries	2	1
Total assets (property, plant and equipment)	**734**	**686**

1 The reporting date for the comparative period is 31 December 2014.
2 Emerging markets: Brazil, Russia, India, China, Mexico and Turkey

Information about major customers

UCB has 1 customer which individually accounts for more than 14% of the total net sales at the end of June 2015.

In the U.S. (without Kremers Urban), sales to 3 wholesalers accounted for approximately 82% of U.S. sales (June 2014: 93%).

4.7. Seasonality of operations

The Group's revenue in the Biopharmaceutical segment includes seasonal revenue derived from the allergy franchise and 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.

4.8. Non-current assets and liabilities held for sale and discontinued operations

In November 2014, UCB's Board of Directors unanimously approved the plan to dispose of the Group's U.S. specialty generics subsidiary, Kremers Urban Pharmaceuticals Inc. ("KU"), to further enhance the Group's long term focus on its core business in neurology and immunology. The Group is actively seeking a buyer and expects to complete the sale in 2015. No impairment losses have been recognized in respect to KU.

The results of the discontinued operations included in the profit for the year include KU (detailed below) and the partial reversal of provisions related to the legacy films and chemical activities € 0 million (2014: € 1 million), including terminations of environmental claims for sites for which UCB retained liability and which were settled in the past 12 months.

The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year. The cash flows from discontinued operations have been separately disclosed on the cash flow statement.

Profit for the year from discontinued operations related to KU

For the six months ended 30 June € million	**2015 Reviewed**	2014 Restated[1]
Net sales	146	156
Royalty income and fees	1	1
Other revenue	11	9
Revenue	**158**	**166**
Cost of sales	-89	-74
Gross profit	**69**	**92**
Marketing and selling expenses	-5	-4
Research and development expenses	-13	-7
General and administrative expenses	-2	-2
Other operating income / expenses (-)	-2	-2
Operating profit before impairment, restructuring and other income and expenses	**46**	**76**
Impairment of non-financial assets	0	0
Restructuring expenses	-3	0
Other income / expenses (-)	0	-1
Operating profit	**43**	**75**
Financial income	0	0
Financing costs	0	0
Profit / loss (-) before income taxes	**43**	**75**
Income tax expense (-) / credit	-15	-26
Profit/loss (-) from discontinued operations (attributable to UCB shareholders)	**28**	**49**

The related assets and liabilities for KU have been reclassified as held for sale and, as the estimated selling price is higher than the carrying amount, no impairment was recognized.

€ million	2015	2014
Intangible assets	58	47
Goodwill	160	147
Property, plant and equipment	84	77
Other long term	13	31
Inventories	49	50
Trade and other receivables	248	304
Cash	1	0
Other short term	26	0
Assets of KU classified as held for sale	**638**	**656**
Provisions	6	6
Other long term	16	13
Trade and other liabilities	121	171
Other short term	10	10
Liabilities of KU associated with assets classified as held for sale	**153**	**200**
Net assets of KU classified as held for sale	**485**	**456**

As per end June 2015, there is a gain of € 28 million cumulative translation recognized in other comprehensive income relating to the disposal group classified as held for sale.

4.9. Other operating income / expenses (-)

Other operating income / expenses (-) amounted to € 31 million expenses in the interim period (2014: € 4 million income), and mainly a result of amortization related to non-production intangible assets, Branded Prescription Drug fee in the US and impairment of trade receivables related to the Greek crisis.

In 2014, the income was related to reimbursement by third parties of development expenses and reversal of provisions.

4.10. 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 recognized. Impairment losses recognized in previous interim periods for certain non-financial assets are not reversed.

In the first half of 2015, management reviewed the non-financial assets (including intangible assets and goodwill) for impairment on the basis of external and internal indicators, and concluded an impairment of € 1 million. In 2014 an impairment loss of € 35 million was recognized, mainly related to the intangible asset *tozadenant,* offset with € 8 million impairment reversal related to the damaged Bioplant in Bulle (Switzerland).

4.11. Restructuring expenses

Restructuring expenses amounting to € 10 million (2014: € 14 million) were attributable to severance costs.

4.12. Other income and expense

Other income / expenses (-) amounted to € 91 million income in 2015 (2014: € 7 million expenses) and is mainly the result of the € 105 million gain on the sale of the established brands in India to Dr. Reddy (net assets amounting € 5 million), offset with mainly legal fees.

In the first half of 2014, the expenses were related to the partial reversal of the insurance cover related to the damaged Bioplant in Bulle (Switzerland), offset by a gain on disposal of intangible assets.

4.13. Financial income and financing costs

The financial income and expenses amounted to € 47 million expenses (2014: € 67 million).

4.14. Income tax expense (-) / credit

The Group operates internationally, implying being subject to income taxes in many different tax jurisdictions, notably in the jurisdictions where the main R&D activities are undertaken.

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For the six months ended 30 June € million	**2015 Reviewed**	2014 Restated
Current income taxes	-116	-93
Deferred income taxes	8	70
Total income tax expense (-) / credit	**-108**	**-23**

The Group's consolidated effective tax rate in respect of continuing operations for the six months is 29.3% (2014: 26.4%).

The Group's effective tax rate excluding non-recurring items is 32.7% (2014: 18.5%).

The increase in the tax rate for this period relates to the reduction of tax losses available for offset against future taxable profits as the result of a tax audit in one jurisdiction. The Group did recognize additional deferred tax assets in respect of unused losses in other jurisdictions but the impact of these on the effective tax rate was partially offset by recurring non-deductible expenses in a high tax rate jurisdiction.

4.15. Intangible assets

During the period, the Group added approximately € 19 million (2014: € 11 million) of intangible assets through in-licensing deals. Additionally, the Group capitalized € 22 million (2014: € 13 million) of software and capitalized eligible software development costs.

In the first half of the year, the Group impaired its intangible assets for € 1 million (2014: € 35 million related to *tozadenant*). The impairment charges are detailed in Note 4.10 and have been presented in the income statement under the heading "impairment of non-financial assets".

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

The amortization charge for the period amounted to € 90 million (2014: € 83 million).

The effect of movements in exchange rates amounted € +37 million (2014: € +9 million).

4.16. Goodwill

Goodwill was affected by the movements in exchange rates for € 241 million.

In the first half of the year, the Group did not recognize any impairment charges on its goodwill.

4.17. Property, plant and equipment

During the period, the Group spent approximately € 32 million (2014: € 60 million) in acquiring new equipment

The Group also disposed of various property, plant and equipment with a carrying amount of approximately € 2 million (2014: € 3 million).

After the review of the property, plant and equipment for an indication of impairment, € 0 million (2014: € -0 million) of impairment charges was assessed for the period.

In 2014, € 8 million was related to the reversed impairment of the damaged bioplant in Bulle (Switzerland).

The depreciation charge for the period amounted to € 41 million (2014: € 28 million).

Due to exchange rate fluctuations, the net book value of property, plant and equipment has increased by € 39 million (2014: € 28 million)

4.18. Financial and other assets

Non-current financial and other assets amounted to € 175 million at 30 June 2015 (December 2014: € 178 million).

The decrease is related to sale of the Biotie shares offset with the increase in the fair value of the Wilex and Dermira Inc investments.

4.19. Write-down of inventories

Included in cost of sales for the six months ended 30 June 2015 are € 9 million (2014: € 9 million) allowances recognized to reduce the carrying amount of inventories to their net realizable value.

4.20. Capital and reserves

Share capital and share premium

The issued share capital of the Company amounted to € 584 million at 30 June 2015 (2014: € 584 million), represented by 194 505 658 shares (2014: 194 505 658 shares). There is no authorized, unissued share capital.

At 30 June 2015, the share premium reserves amounted to € 2 030 million (2014: € 2 030 million).

Hybrid capital

On 18 March 2011, UCB S.A. completed the placement of € 300 million perpetual subordinated bonds (the “bonds”) that were issued at 99.499% and offer investors a coupon of 7.75% per annum during the first five years. The bonds have no maturity date, however UCB will have a right to redeem the bonds on the 5th anniversary of their issue, on 18 March 2016 and each quarter thereafter. After the First Call Date the interest is floating at 3 months EURIBOR + 988.9 bps. The bonds are listed on the Luxembourg Stock Exchange.

The perpetual subordinated bonds qualify as ‘equity’ instruments for the Group under IAS 32: Financial Instruments Presentation due to:

- the bonds have a perpetual maturity;
- are subordinated;
- UCB may elect to defer interest payments if no mandatory payment events occurred in the previous 12 months on junior securities or repurchases or redemption of parity of junior securities.

Accordingly, interest is not presented as interest expenses in the income statement but accounted for as dividends to the shareholders, within the Statement of Changes in Equity. Any transaction costs are deducted from the Hybrid capital, taking tax effects into account.

Hybrid capital amounted to € 295 million at 30 June 2015 and the € 12 million dividend to shareholders of the perpetual subordinated bonds related to the first half of 2015 are presented in retained earnings.

Treasury shares

The Group acquired 4 434 675 shares (June 2014: 3 186 638 shares) of UCB S.A. for a total amount of € 195 million (June 2014: € 120 million) and sold 2 096 134 treasury shares (June 2014: 4 320 694 treasury shares) for a total amount of € 94 million (June 2014: € 116 million) in the first half of the year.

At 30 June 2015, the Group retained 5 810 030 treasury shares, of which 3.15 million related to share swap deals (December 2014: 3 471 489 shares of which 3.1 million related to share swap deals). The treasury shares have been acquired in order to honor the exercise of stock options and share awards granted to the Board of Directors and certain categories of employees.

In the current year, 935 000 call options on UCB shares have been acquired impacting treasury shares for € 13 million.

Other reserves

Other reserves amounted to € -82 million (2014: € -96 million) and consists of the following items:

- the IFRS acquisition value surplus that arose during the Schwarz Pharma business combination for € 232 million (2014: € 232 million);
- the re-measurement value of the defined benefit obligation for € -280 million (2014: € -294 million) is mainly impacted by change in discount rates;
- the purchase of the remaining 25% non-controlling interest in Schwarz Pharma Zuhai Company Ltd. for € -11 million (2014: € -11 million); and
- the purchase of the remaining 30% non-controlling interest in Meizler Biopharma € -23 million (2014: € -23 million).

Cumulative translation adjustments

The cumulative translation adjustments reserve represents the cumulative currency translation differences arising from consolidation of Group companies that use functional currencies other than the Euro (€).

4.21. Borrowings

On 30 June 2015, the Group's weighted average interest rate was 3.47% (June 2014: 4.43%) prior to hedging. The floating interest rate payments are subject to designated cash flow hedges and fixed interest rate payments are subject to designated fair value hedges, thereby fixing the weighted average interest rate for the Group at 2.99% (June 2014: 3.15%) post hedging.

Further to the outstanding debt capital market instruments and the syndicated revolving credit facility (undrawn per 30 June 2015), UCB has access to certain bilateral credit facilities as well as the Belgian commercial paper market.

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

	Carrying amount		Fair value	
€ million	**2015**	2014 (audited)[1]	**2015**	2014 (audited)[1]
Non-current				
Bank borrowings	340	332	340	332
Other long-term loans	0	0	0	0
Finance leases	10	9	10	9
Total non-current borrowings	**350**	**341**	**350**	**341**
Current				
Bank overdrafts	9	0	9	0
Current portion of bank borrowings	155	195	155	195
Debentures and other short-term loans	80	175	80	175
Finance leases	0	3	0	3
Total current borrowings	244	372	244	372
Total borrowings	**594**	**714**	**594**	**714**

1 The reporting date for comparative period is 31 December 2014.

4.22. Bonds

The carrying amounts and fair values of bonds are as follows:

€ million	Coupon rate	Maturity date	Carrying amount		Fair value	
			2015	2014 (audited)[1]	**2015**	2014 (audited)[1]
Non-current						
Institutional Eurobond	5.750%	2016	510	515	534	546
EMTN note[2]	3.284%	2019	20	20	20	20
EMTN note[2]	3.292%	2019	55	55	55	55
Retail bond	3.750%	2020	256	257	271	275
Institutional Eurobond	4.125%	2021	366	369	391	400
Institutional Eurobond	1.875%	2022	346	-	345	-
Retail bond	5.125%	2023	187	190	208	213
Total non-current bonds			**1 739**	**1 406**	**1 824**	**1 509**
Current						
Total current bonds			**0**	**0**	**0**	**0**

1 The reporting date for the comparative period is 31 December 2014.
2 The fair value of the EMTN Notes cannot be accurately determined given the limited liquidity in secondary market trading for these notes, and is for reporting purposes replaced by the carrying value.

Retail bonds

Maturing in 2020

In March 2013, UCB completed a public offering of € 250 million bonds, in the form of a retail public offering in Belgium under its established EMTN program. The bonds were issued at 101.875% of the nominal value. The retail bond has a coupon of 3.75% per annum and an effective interest rate of 3.444% per annum. The bonds have been listed on the regulated market of Euronext Brussels.

Maturing in 2023

During October 2009, UCB completed a public offering of € 750 million fixed rate bonds, carrying a coupon and an effective interest rate of 5.75% per annum, and aimed at retail investors.

During September 2013, UCB launched an unconditional public exchange offer for a maximum of € 250 million out of the € 750 million retail bonds maturing in November 2014 and having a gross coupon of 5.75%. The existing bondholders had the opportunity to exchange their existing bonds against newly issued bonds maturing October 2023 in an exchange ratio of 1 to 1. These bonds carry a coupon of 5.125% per annum while their effective interest rate is 5.398% per annum.

At the end of the exchange period, 175 717 existing bonds were tendered in the exchange offer, representing a nominal amount of € 176 million. The 175 717 new bonds were issued in October 2013 and have been listed on Euronext Brussels. The existing bonds exchanged in the exchange offer were cancelled by UCB. The outstanding 574 283 of the retail bonds matured and have been redeemed in November 2014.

Institutional Eurobonds

Maturing in 2016

In December 2009, UCB completed an offering of € 500 million senior unsecured bonds, due in 2016 and aimed at institutional investors. The bonds were issued at 99.635% and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 5.75% per annum while their effective interest rate is 5.8150% per annum. The bonds have been listed on the Luxembourg stock exchange.

Maturing in 2021

In September 2013, UCB completed an offering of € 350 million senior unsecured bonds, due January 2021, issued under its EMTN program. The Bonds were issued at 99.944% in October 2013 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 4.125% per annum while their effective interest rate is 4.317% per annum. The bonds have been listed on Euronext Brussels.

Maturing in 2022

In March 2015, UCB completed an offering of € 350 million senior unsecured bonds, due April 2022, issued under its EMTN program. The Bonds were issued at 99.877% in April 2015 and will be redeemed at 100% of their principal amount. They will bear interest at an annual rate of 1.875%. The bonds have been listed on Euronext Brussels.

EMTN notes

Maturing in 2019

In November 2013, UCB completed an offering of € 55 million notes, due in 2019. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 3.292% per annum while their effective interest rate is 3.384% per annum. The notes have been listed on Euronext Brussels.

Maturing in 2019

In December 2013, UCB completed an offering of € 20 million notes, due in 2019. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 3.284% per annum while their effective interest rate is 3.356% per annum. The notes have been listed on Euronext Brussels.

Fair value hedges

The Group designates derivative financial instruments under fair value hedges to the Retail Bonds and Institutional Eurobonds. The change in the carrying amount of the bonds is fully attributable to the change in the fair value of the hedged portion of the bonds, and is almost fully offset by a change in fair value of the corresponding derivative financial instrument.

4.23. Other financial liabilities

The other financial liabilities are primarily comprised of a share swap transaction of 3.15 million UCB shares OTC for a total amount of € 195 million (31 December 2014: 3.1 million UCB shares OTC or € 189 million) (see Note 4.26), and derivative financial liabilities for € 96 million (2014: € 86 million). The other financial liabilities include € 194 million warrants (2014: € 183 million) related to Edev Sarl.

4.24. Provisions

Environmental provisions

The environmental provisions decreased from € 29 million as per end December 2014 to € 24 million at the end of the interim period, due to the utilization of certain environmental provisions related to the divestiture of the Surface Specialties business. UCB retained full responsibility in accordance with the contractual terms agreed upon with Cytec Industries Inc and a payment was made in this respect.

Tax provisions

The tax provisions decreased from € 275 million as per end December 2014 to € 269 million at the end of the interim period due to favorable recent case law removing the previously provided tax exposure. No additional tax provisions have been identified in the first six months of the year and the Group believes it has made adequate provisions for liabilities that may arise from open periods not yet agreed with tax authorities.

Restructuring provisions

The restructuring provisions decreased from € 43 million as per end December 2014 to € 34 million at the end of the interim period. The utilization of the provision, mainly in respect of R&D severance costs, is partially offset by provisions for further optimization and reorganization.

Other provisions

Other provisions remained constant at € 14 million as per end 30 June 2015 and relate mainly to litigations and product liabilities. Provisions for litigation comprise mainly provisions for litigations where UCB or a subsidiary is or might be a defendant against claims of previous employees. Product liability provisions relate to the risks related to the normal course of business and for which the Group might be liable by selling these kinds of drugs. An assessment is performed with respect to the above-mentioned risks together with the Group legal advisers and experts in the different domains.

4.25. Note to the consolidated statement of cash flows

The cash flow statement identifies operating, investing and financing activities for the period.

UCB uses the indirect method for the operating cash flows. The net profit and loss is adjusted for:

- the effects of non-cash transactions such as depreciation and amortization, impairment losses, provisions, mark-to-market, etc., and the variance in working capital;
- items of income or expense associated with investing or financing cash flows.

For the six months ended 30 June € million	2015 Reviewed	2014 Restated
Adjustment for non-cash transactions	**28**	**70**
Depreciation and amortization	131	111
Impairment / reversal (-) charges	2	28
Equity settled share based payment expense	29	-2
Other non-cash transactions in the income statement	-10	-45
Adjustment IAS 39	4	11
Unrealized exchange gain (-) / loss	-145	-26
Change in provisions and employee benefits	-3	-4
Change in inventories and bad debt provisions	20	-3
Adjustment for items to disclose separately under operating cash flow	**123**	**48**
Tax charge of the period from continuing operations	108	22
Tax charge of the period from discontinued operations	15	26
Adjustment for items to disclose under investing and financing cash flow	**-65**	**40**
Gain (-) / loss on disposal of fixed assets	-105	-10
Dividend income (-) / expenses	0	0
Interest income (-) / expenses	40	50
Change in working capital		
Inventories movement per consolidated BS	-23	2
Trade and other receivable and other assets movement per consolidated BS	-40	-13
Trade and other payable movement per consolidated BS	8	-4
As it appears in the consolidated balance sheet and corrected by:	**-55**	**-15**
Non-cash items[1]	-47	28
Change in inventories and bad debt provisions disclosed separately under operating cash flow	-20	3
Change in interest receivable / payable disclosed separately under operating cash flow	-8	-28
Change in dividend receivable disclosed under investing cash flow	0	0
Change in dividend payable disclosed under financing cash flow	23	23
Change in net working capital disclosed under cash flow from discontinued operations	0	0
Currency translation adjustments	65	0
As it appears in the consolidated cash flow statement	**-42**	**11**

1 Non-cash items are mainly linked to transfers from one heading to another, non-cash movements linked to affiliate's revaluation from Fx currencies and other movements linked to entry / exit in consolidation scope or merge of entities.

4.26. Related party transaction

Key management compensation

There were no changes with respect to the related parties identified and disclosed in the 2014 annual report.

Key management compensation as disclosed below comprises compensation recognized in the income statement for members of the Board of Directors and the Executive Committee, for the six months ended 30 June 2015 where they exercised their mandate.

€ million	2015 Reviewed
Short-term employee benefits	5
Termination benefits	0
Post-employment benefits	2
Share-based payments	3
Total key management compensation	**10**

Shareholders and shareholders structure

Notifications received pursuant to the Law of 2 May 2007 on large shareholdings[1]

Last update: 30 June 2015	Current	Voting[1]	Last relevant notification
Share capital	**€ 583 516 974**		13 March 2014
Total number of voting (= denominator)	**194 505 658**		
Financière de Tubize S.A. ('Tubize')	**66 370 000**	**34.12%**	
Securities carrying voting rights (shares)	66 370 000	34.12%	13 March 2014
Schwarz Vermögensverwaltung GmbH & Co. KG ('Schwarz')	**2 471 404**	**1.27%**	
Securities carrying voting rights (shares)	2 471 404	1.27%	13 March 2014
Tubize + Schwarz[3]			
Securities carrying voting rights (shares)	**68 841 404**	**35.39%**	
UCB S.A./N.V.	**5 275 087**	**2.71%**	
Securities carrying voting rights (shares)	2 299 762	1.18%	30 June 2015
Assimilated financial instruments (options)[2]	1 775 325	0.91%	22 June 2015
Assimilated financial instruments (other)[2]	1 200 000	0.62%	19 June 2015
UCB Fipar S.A.	**2 745 368**	**1.41%**	
Securities carrying voting rights (shares)	360 268	0.19%	26 June 2015
Assimilated financial instruments (options)[2]	435 000	0.22%	3 June 2015
Assimilated financial instruments (other)[2]	1 950 000	1.00%	5 January 2015
UCB SA + UCB Fipar S.A.[4]	**8 020 355**	**4.12%**	
Securities carrying voting rights (shares)	2 660 030	1.37%	
Assimilated financial instruments[2]	2 210 325	1.14%	
Assimilated financial instruments (other)[2]	3 150 000	1.62%	
Freefloat[5] (securities carrying voting rights (shares))	**123 004 224**	**63.24%**	
Capital Research and Management Company (subsidiary of The Capital Group Companies Inc.)			
Securities carrying voting rights (shares)	13 905 411	7.15%	8 January 2014
Vanguard Health Care Fund			
Securities carrying voting rights (shares)	9 741 353	5.01%	28 October 2014

1 All percentages are calculated on the basis of the current total number of voting rights.
2 Assimilated financial instruments within the meaning of article 6 of the Royal Decree of 14 February 2008 on the disclosure of large shareholders, which, if exercised, grant an additional voting right.
3 Tubize and Schwarz have declared to be acting in concert | article 6, §4 and article 9, §3, 3° of the law on the disclosure of large shareholdings
4 UCB SA/NV indirectly controls UCB Fipar SA | article 6, §5, 2° and article 9, §3, 2° of the law on the disclosure of large shareholdings.
5 Free float being the UCB shares not held by the Reference Shareholder (Tubize) and Schwarz, UCB SA/NV or UCB Fipar SA. Only shares held by these entities are taken into account for this calculation, to the exclusion of assimilated financial instruments

4.28. Dividends

The Board of Directors' proposal to pay a gross dividend of € 1.06 (2014: € 1.04 per share) to the holders of the UCB shares entitled to a dividend or 190 941 338 shares has been approved on 30 April 2015. The 3 564 320 shares held by UCB SA at dividend date are not entitled to a dividend. A total of € 202 million was distributed (2014: € 202 million) for the business year 2014 was approved by the UCB shareholders at their annual general meeting on 30 April 2015, and was thus reflected in the first half of 2015.

4.29. Commitments and contingencies

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 or liabilities disclosed in the 2014 annual report (p. 137).

The Group continues to be actively involved in litigations, claims and investigations. The on-going matters could result in liabilities, civil and criminal penalties, loss of product exclusivity and other costs, fines and expenses associated with findings adverse to UCB's interests.

UCB continues to be a defendant in slightly less than 4600 Reglan product liability cases. The cases have been largely consolidated in three different jurisdictions: Philadelphia, San Francisco, and New Brunswick. Each of the cases involves claims of injury resulting from an alleged failure to warn of the risks associated with the use of *metoclopramide* for more than 12 weeks. The vast majority of claims involve alleged injuries sustained as a result of the use of generic *metoclopramide*. There are no cases currently scheduled for trial in 2015. While the Company believes it has meritorious defenses to these claims, in order to avoid the expense and distraction of litigation, the Company has entered into a confidential Master Settlement Agreement which establishes a framework to resolve all of the claims against the Company for an amount which is within the Company's existing insurance coverage limits. The Settlement is subject to sufficient participation by the plaintiffs as determined in the Company's sole discretion. The Company anticipates the Settlement to be finalized by year-end

UCB Pharma SA (UCB) is a defendant in a litigation initiated by Desitin Arzneimittel GmbH (Desitin) pending at the district court of Hamburg (Germany). Desitin is claiming damages for the loss allegedly suffered from the enforcement of an injunction obtained by UCB against Desitin's trademark "Kepmini" which injunction was later revoked. Desitin is claiming damages in the amount of € 10 million. A court hearing was held on 17 February 2015, and subsequently proposed a settlement substantially below what Desitin is seeking. Desitin rejected the court's proposed settlement and another court hearing is scheduled for 24 September 2015. the parties are currently awaiting a decision. The Company believes it has meritorious defenses against the claim.

UCB is a defendant in a litigation initiated by the Medical Research Council (MRC) which is pending in the High Court of Justice, Chancery Division in London (U.K.). The MRC is claiming damages (including interest) resulting from an alleged underpayment of certain royalties due under a license agreement with UCB in the amount of approximately £ 57 million. The company believes it has meritorious defenses against the claim.

In February 2015, a complaint was filed in the U.S. District Court for the Northern District of Georgia naming as defendants UCB Holdings, Inc., UCB, Inc. Defined Benefit Pension Plan, and the Administrative Committee of the UCB, Inc. Defined Benefit Pension Plan. The complaint seeks class action status and purports to assert claims for certain pension benefits on behalf of certain current and former employees of UCB, Inc. who had previously been employed by two different predecessor companies which were acquired by UCB, Inc. in the 1990s. The Company believes it has meritorious defenses to the claims asserted and intends to vigorously defend this matter.

On 22 June 2015, the Company received a subpoena from the New York Attorney General's Office, Medicaid Fraud Control Unit ("NYAG"), seeking documents pertaining to alleged underpayment of Medicaid rebates for certain periods between 2002-2005. The Company is cooperating fully with the NYAG.

Furthermore, the Group entered into various agreements in order to conduct its activities which provide for potential contingent liabilities such as the financial arrangements with the Walloon Region amounting to € 9 million (December 2014: € 9 million).

It is not anticipated that any other material liabilities will arise from the contingent liabilities other than those provided for in Note 32 of the 2014 annual report.

Capital commitments

At 30 June 2015, the Group has committed to spend € 34 million (2014: € 40 million) principally in relation to capital expenditure for the biological plant in Bulle (Switzerland) and IT infrastructure.

UCB has entered into long term development agreements with various pharmaceutical, clinical trial operators and private equity companies. Such collaboration agreements include milestone payments which are dependent on successful clinical development or on meeting specified sales targets. At 30 June 2015, the Group has commitments payable within the coming half year of approximately € 20 million with respect to intangible assets.

Guarantees

Guarantees arising in the normal course of business are not expected to result in any material financial loss.

4.30. Events after the reporting period

UCB announced on 28 July 2015 that the Phase 3 program for *epratuzumab* in systemic lupus erythematosus (SLE) did not meet the primary clinical efficacy endpoints. Treatment response in patients who received *epratuzumab* in addition to standard therapy was not statistically significantly higher than those who received placebo in addition to standard therapy. A high level review of the safety data did not identify any new safety concerns. The review of the detailed results is ongoing and no formal decision on the future use of the compound has been taken yet. The net book value of the *epratuzumab* intangible asset amounts € 30 million as per end June 2015.

5. Statutory auditor's report

on review of the condensed consolidated interim financial information for the period ended 30 June 2015

Introduction

We have reviewed the condensed consolidated financial information of UCB SA and its subsidiaries (the 'Group') as of 30 June 2015, which comprises the condensed consolidated statement of financial position and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in the equity and the condensed consolidated cash flow statement for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with IAS 34 as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Sint-Stevens-Woluwe, 30 July 2015

PwC Bedrijfsrevisoren / Reviseurs d'Entreprises

Represented by

Romain Seffer

Bedrijfsrevisor / Réviseur d'entreprises

6. Responsibility statement

We hereby confirm that, to the best of our knowledge, the condensed consolidated financial information for the six-month period ended 30 June 2015, 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 information, 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

Jean-Christophe TELLIER,

Chief Executive Officer

Detlef THIELGEN,

Chief Financial Officer

7. Glossary of terms

CER

Constant exchange rates

Core EPS / Core earnings per share

Net profit attributable to UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization linked to sales, divided by the number of shares outstanding.

Core products

The “core products” are UCB’s newly launched medicines Cimzia®, Vimpat® and Neupro®. UCB’s priority is the continued launch and growth of those three products.

EBIT / Earnings Before Interest and Taxes

Operating profit as mentioned in the consolidated financial statements.

EMA / European Medicines Agency

Agency responsible for the evaluation of medicinal products designed to protect and promote human and animal health. www.emea.europa.eu

FDA / U.S. Food and Drug Administration

Agency within the U.S. Department of Health and Human Services is responsible for protecting and promoting the nation’s health. www.fda.gov

Net financial debt

Non-current and current borrowings and bank overdrafts less debt securities, restricted cash deposit with respect to financial lease agreements, cash and cash equivalents.

Recurring EBIT (REBIT)

Operating profit adjusted for impairment charges, restructuring expenses, and other exceptional income and expenses.

Recurring EBITDA (REBITDA / Recurring Earnings Before Interest, Taxes, Depreciation and Amortization charges)

Operating profit adjusted for amortization, depreciation, impairment charges, restructuring expenses and other exceptional income and expenses.

Weighted average number of ordinary shares

Number of ordinary shares outstanding at the beginning of the period, adjusted by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Working capital

Includes inventories, trade and other receivables and trade and other payables, both due within and after 12 months.

Financial calendar

28 October 2015	Interim report
26 February 2016	2015 full year financial results

Notes

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union including IAS 34 – Interim Financial Reporting. In preparing this financial statements as of and for the six month period ended 30 June 2015, the same accounting policies and accounting estimates have been used as in the 31 December 2014 annual consolidated financial statements, unless indicated otherwise. None of the new or revised IFRS Standards and interpretations adopted as of 1 January 2015 had a material impact on this interim report. For an overview of the IFRS standards, amendments and interpretations that have become effective in 2015, please refer to Section 2 of the Notes to the consolidated financial statements for the financial year ended on December 31, 2014.

This interim report only provides an explanation of events and transactions that are significant to understand the changes in the financial position and financial performance since the last annual reporting period, and should therefore be read in conjunction with the consolidated financial statements for the financial year ended on December 31, 2014, available on the website of UCB (www.ucb.com). Other information on the website of UCB or on any other website does not form part of this half-year report.

Official report language

Pursuant to Belgian law, UCB is required to prepare its half-year report in French and in Dutch. UCB has also made this report available in English. In the event of any differences in translations or interpretations, the French version shall prevail.

Forward-looking statements

This half-year report contains forward-looking statements based on current plans, estimates and beliefs of management. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial information, expected legal, political, regulatory or clinical results and other such estimates and results. By their nature, such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions which could cause actual results to differ materially from those that may be implied by such forward-looking statements contained in this half-year report. Important factors that could result in such differences include: changes in general economic, business and competitive conditions, the inability to obtain necessary regulatory approvals or to obtain them on acceptable terms, costs associated with research and development, changes in the prospects for products in the pipeline or under development by UCB, effects of future judicial decisions or governmental investigations, product liability claims, challenges to patent protection for products or product candidates, changes in laws or regulations, exchange rate fluctuations, changes or uncertainties in tax laws or the administration of such laws and hiring and retention of its employees.

Additionally, information contained in this document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction. UCB is providing this information as of the date of this presentation and expressly disclaims any duty to update any information contained in this half-year report, either to confirm the actual results or to report a change in its expectations.

There is no guarantee that new product candidates in the pipeline will progress to product approval or that new indications for existing products will be developed and approved. Products or potential products which are the subject of partnerships, joint ventures or licensing collaborations may be subject to differences between the partners. Also, UCB or others could discover safety, side effects or manufacturing problems with its products after they are marketed.

Moreover, sales may be impacted by international and domestic trends toward managed care and health care cost containment and the reimbursement policies imposed by third-party payers as well as legislation affecting biopharmaceutical pricing and reimbursement.

About UCB

UCB, Brussels, Belgium (www.ucb.com) is a global biopharmaceutical company focused on the discovery and development of innovative medicines and solutions to transform the lives of people living with severe diseases of the immune system or of the central nervous system. With more than 8500 people in approximately 40 countries, the company generated revenue of € 3.3 billion in 2014. UCB is listed on Euronext Brussels (symbol: UCB). Follow us on Twitter: @UCB_news

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