Unaudited Half-Year Financial Report

As at and for the six month period ended 30 June 2005

Unaudited consolidated income statement

In million €		6-month period ended 30 June 2005		6-month period ended 30 June 2004
Continuing operations				
Revenue		1 184		854
Net sales	1 040		787	
Royalty income	144		67	
Cost of sales		(278)		(141)
Gross margin		906		713
Marketing and selling expenses		(310)		(272)
General and administrative expenses		(94)		(88)
Research and development expenses		(247)		(130)
Other income / (expenses)		(9)		(11)
Earnings before interest and taxes (EBIT)		246		212
Financial income / (expenses)		(17)		7
Profit before tax		229		219
Income tax expense		(64)		(58)
Profit from continuing operations		165		161
Discontinued operations				
Profit from discontinued operations		479		33
Net profit		644		194
Attributable to:				
Equity holders of the parent		644		193
Minority interest		-		1
Weighted average number of ordinary shares (in million shares)		143.6		144.8
Fully diluted weighted average number of ordinary shares (in million shares)		146.3		146.3
Earnings per share				
From continuing and discontinued operations				
Basic		4.48		1.34
Diluted		4.40		1.33
From continuing operations				
Basic		1.15		1.11
Diluted		1.13		1.10

Unaudited condensed consolidated balance sheet

In million €	Period ended 30 June 2005	Period ended 31 December 2004
Assets		
Intangible assets	781	828
Goodwill	1 652	1 691
Other non-current assets	851	1 014
Current assets	1 465	1 726
Total assets	4 749	5 259
Equity and liabilities		
Total equity	2 287	1 668
Non current liabilities	1 605	853
Current liabilities	857	2 738
Total equity and liabilities	4 749	5 259

Unaudited condensed consolidated cash flow statement

In million €	6-month period ended 30 June 2005	
	Continuing operations	Discontinuing operations
Cash flow from operating activities	138	6
Cash flow from investing activities	(57)	1 095
Cash from financing activities	(1 213)	(24)
Net increase/(decrease) in cash and cash equivalents	(1 132)	1 077
Cash and cash equivalents at beginning of the period	486	48
Proceeds from discontinued operations, net of expenses and accruals	1 126	(1 126)
Effects of exchange rates fluctuations on cash held	11	1
Cash and cash equivalents at end of the period	491	-

Unaudited consolidated condensed statement of changes in equity

In million €	6-month period ended 30 June 2005	6-month period ended 30 June 2004	
As per 1 January	1 668	1 691	(1)
Stock-based compensation	2	-	
Cumulative translation adjustments	182	22	
Treasury shares	(12)	-	
Net gains or (losses) on available for sale financial assets	(29)	-	
Gains or (losses) on cash flow hedges	(45)	8	
Deferred taxes recognised in equity	7	-	
Transfer to profit and loss on cash flow hedges	(5)	(11)	
Dividends	(125)	(120)	
Profit for the period	644	194	(2)
As per 30 June	2 287	1 784	

(1) We refer to the note on the transition to IFRS which can be found on UCB's website (www.UCB-Group.com)
(2) We refer to note 8 for the reconciliation of the profit of the period under Belgian GAAP to IFRS.

Notes to the unaudited consolidated half-year financial information

1 Basis of preparation

The 2005 half-year consolidated financial statements of UCB are for the six-month period ended 30 June 2005. They have been prepared under the recognition and measurement principles of the International Financial Reporting Standards (IFRS) as endorsed in the European Union. In accordance with the CESR (The Committee of European Securities Regulators) Recommendation 03-323e of December 2003 and the CBFA Notice FMI/2004-01 of March 2004, UCB has elected to prepare the first half-year consolidated financial statements in accordance with national reporting rules and on the basis of IFRS recognition and measurement principles, but not to comply with IAS 34 Interim Reporting.

These half-year financial statements have been prepared in accordance with recognition and measurement principles of those IAS/IFRS standards and SIC/IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (July 2005). The IFRS standards and IFRIC interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these half-year financial statements. The accounting policies have been consistently applied to all the periods presented except for non-current assets held for sale and discontinued operations. UCB has made use of the exemption available under IFRS 1 First-time adoption of International Financial Reporting Standards to only apply IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as from 1 January 2005.

UCB's consolidated financial statements were prepared in accordance with Belgian Generally Accepted Accounting Principles (Belgian GAAP) until 31 December 2004. Belgian GAAP differ in some areas from IFRS. In preparing UCB's 2005 consolidated half-year financial statements, management has amended certain accounting, valuation and consolidation methods applied in the Belgian GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments, except as explicitly described in the accounting policies.
Reconciliations and descriptions of the effect of the transition from Belgian GAAP to IFRS on the Group's profit at 30 June 2004 are provided in Note 8.
The reconciliations of UCB's equity under Belgian GAAP at the date of transition to IFRS (1 January 2004) and 31 December 2004 and of its profit at 31 December 2004 are provided in a specific IFRS report which can be found on UCB's website (www.UCB-Group.com).

These consolidated half-year financial statements have been prepared under the historical cost convention except for certain financial instruments (inclusive derivatives) which are measured at fair value.

2 Summary of principal accounting policies

We refer to our summary of principal accounting policies in the specific IFRS report which is available on UCB's website (www.UCB-Group.com) in the section "Annual Report 2004".

3 Net sales breakdown by product

In million €	6-month period ended 30 June 2005	6-month period ended 30 June 2004
Zyrtec ®	279	276
Keppra ®	258	193
Xyzal ®	79	60
Tussionex ™	50	-
Nootropil ®	53	53
Metadate ™ / Equasym XL ™	30	-
Cirrus ®	25	26
Atarax ®	24	23
Other products	242	156
Total	1 040	787

4 Royalties

In million €	6-month period ended 30 June 2005	6-month period ended 30 June 2004
Zyrtec ®	69	63
Boss	55	-
Other royalties	20	4
Total royalties	144	67

5 Significant events

5.1.Divestiture Specialty Chemical activities (see also note 7, discontinued operations)

As previously announced on 1 October 2004, UCB signed a final agreement to sell its Specialty Chemical business to Cytec Industries Inc., a global leader in specialty chemicals and materials.

The sale of the Specialty Chemical activities was completed on 28 February 2005 for a total consideration of € 1 378 million split between cash of € 1 158 million and Cytec shares for € 220 million.The Cytec shares are included in the UCB balance sheet as “available for sale”, and valued at fair value.

This was an historic moment for UCB, now that its strategy has evolved to focus exclusively on becoming a global biopharmaceutical leader.

The revenue of this business for the two months to 28 February 2005 amounted to € 191 million and income before tax reached € 12 million.

A gain on disposal of € 470 million net of tax has been booked. This gain is still provisional as the final completion accounts are still subject to agreement between both parties and also given the fact that provisions customary to this type of transaction are contractually foreseen between parties, which could have an impact in future periods.

5.2. Strategic bio-manufacturing alliance with Lonza

As previously announced on 13 May 2005, UCB and Lonza have entered into a strategic bio-manufacturing alliance.

UCB and Lonza have signed a long-term supply agreement, under which Lonza will manufacture PEGylated antibody fragment based bulk products for UCB. Lonza is building a commercial scale biopharmaceutical manufacturing facility in Visp, Switzerland. The facility will contain two production trains with a fermentation capacity of 15 000 litres each, one of which should be operational starting in the second half of 2006.

Under the terms of the agreement UCB has reserved a fixed annual manufacturing capacity for recombinant microbial products, covering the period 2006-2012 with an extension option. The agreement allows UCB flexibility in scheduling to meet the clinical and commercial timelines for its portfolio of PEGylated antibody fragment based products.

UCB will participate in the pre-financing of the building of this facility, currently estimated to cost approximately € 130 million, expected to be substantially completed in two phases, the first one late in 2006 and the second one in the course of 2007.

There will be no major P&L impact on the results of UCB until 2007.

5.3 Seasonality

The earnings profile of UCB shows a seasonal pattern, mostly due to both its allergy and cough & cold franchise. Historically, UCB has been realizing more than half of its overall profit contribution during the first semester of the year. This seasonal pattern has even been reinforced in 2005 as a result of a particularly severe pollen season in Japan and the contribution of Zyrtec in the USA.

6 Dividends

	6-month period ended 30 June 2005	6-month period ended 30 June 2004
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 December 2004 of € 0.86 (2003: € 0.82) per share	125	120

7 Discontinued operations

Discontinued operations include 2 months activities for Surface Specialties in 2005, and 6 months activities for Surface Specialties as well as for the films division in 2004. The sale of the films activities has been completed on 30 September 2004.

In million €	Surface Specialties		Films
	2-month period ended 28 February 2005	6-month period ended 30 June 2004	6-month period ended 30 June 2004
Revenue	**191**	**569**	**181**
Expenses	(179)	(530)	(176)
Profit before tax	12	39	5
Profit for the period	9	30	3
Gain on disposal	470	-	-
Profit from discontinued operations	**479**	**30**	**3**

The net assets at the date of disposal and per 31 December 2004 for Surface Specialties were as follows:

In million €	Period ended 28 February 2005	Period ended 31 December 2004
Non current assets (excl. goodwill)	454	455
Current assets	443	444
Non current liabilities	(31)	(155)
Current liabilities	(144)	(211)
Attributable goodwill	167	164
Minority interest	(6)	(5)
CTA	(7)	1
Net assets	876	693
Expenses and accruals	32	
Gain on disposal	470	
Total consideration	1 378	
Satisfied in:		
Cash	1 158	
Shares	220	
Net cash inflow arising on disposal	1 132	
Cash consideration received	1 158	
Cash and cash equivalents disposed of	(26)	

8 Transition to IFRS

The reconciliation of the profit at 30 June 2004 from Belgian GAAP to IFRS is summarised in the table below.
The reconciliations of the Group's equity from Belgian GAAP, at the date of transition, to IFRS (1 January 2004) and 31 December 2004, and of its profit at 31 December 2004 are provided in a specific document on the transition to IFRS which can be found on UCB's website (www.UCB-Group.com).

In million €	30 June 2004
Belgian GAAP - net profit	**182**
R&D expenses	(9)
Amortisation and depreciation	9
Employee benefits	(4)
Inventory valuation	3
Deferred taxes	10
Other (net)	3
IFRS - net profit	**194**