Half-Year Report 2007

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1 KEY FIGURES / FINANCIAL HIGHLIGHTS[1]

For the six months ended 30 June[2] million EUR	**2007 unaudited**	2006 unaudited	Change in %
Results			
Net sales	1 709	1 133	51%
Revenue	**1 861**	**1 322**	**41%**
Recurring EBITDA	485	317	53%
Recurring EBIT	312	271	15%
Operating profit	**306**	**360**	**- 15%**
Profit from continuing operations	**167**	**237**	**- 29%**
Profit attributable to the Company's equity holders	**171**	**237**	**- 28%**
Research & Development expenses	374	307	22%
Capital expenditures (including intangible assets)	137	61	25%
Net financial debt	2 073	2 111	- 2%
Cash flow from operating activities	**206**	**167**	**23%**
Share information			
Basic earnings per share (in EUR)[3]	0.95	1.66	- 43%

[1] In this document, the financial data may not apparently add-up which is caused by rounding of figures.
[2] Except for the net financial debt, where 2006 relates to the situation as published in the audited consolidated financial statements as at 31 December 2006.
[3] Basic earnings per share as defined in accordance with International Accounting Standard 33 (*Earnings per Share*).

2 HALF YEAR 2007 MANAGEMENT REPORT

The financials included in this management report should be read in conjunction with the condensed consolidated interim financial statements and the consolidated financial statements as at 31 December 2006. These condensed consolidated interim financial statements were not subject to any audit.

1. Key Highlights for the first half of 2007

The key highlights of the first half of 2007 can be summarised as follows:

- *YTD June Revenue increased by 41% on a reported basis and by 3% on a pro forma basis (or +7% at constant exchange rates). Solid YTD June Keppra® worldwide sales of 498 million euro growing 36% (or +44% at constant exchange rates) and Xyzal® sales of 104 million euro up 18% (or +20% at constant exchange rates).*
- *Recurring EBITDA of 485 million euro - before impact of 94 million euro one-time acquisition related inventory step-up -grew 53% year-over-year on a reported basis and 14% on a pro forma basis, reflecting revenue increase, manufacturing improvements and cost containment.*
- *Reported net profit decreased from 237 million euro in 2006, which included 74 million euro after-tax capital gains, to 171 million euro in 2007, reflecting acquisition related financial expenses as well as one-time non-cash inventory step-up and incremental amortization expenses, in addition to initial restructuring expenses.*
- *Registration of Domination and Profit Transfer Agreement allowing full integration of Schwarz Pharma. New organization announced and integration on track. Full synergy potential raised from 300 million euro to 380 million euro pre-tax after 3 years.*
- *Lacosamide for adjunctive treatment of epilepsy filed with the European authorities.*
- *Neupro® patch approved for the advanced stages of Parkinson's disease in Europe and for early stages of the disease in the US, and launched in the US in early July 2007.*
- *Xyrem® approved by the European Commission for the treatment of narcolepsy with cataplexy in Q1 2007.*
- *For Cimzia™ in the treatment of Crohn's disease the complete response letter from the US regulatory authority has been answered in April 2007. Retreatment trial evaluating Cimzia™ in Psoriasis has been completed.*
- *Prescription anti-histamine Xyzal® approved in the US and scheduled for launch in the autumn 2007 with sanofi-aventis.*

million EUR	**Actual 2007**	**Pro Forma 2006**	**Pro Forma Variance** Real rates	**Reported Actual 2006**	**Reported Variance** Real rates
Revenue	**1 861**	**1 806**	**3%**	**1 322**	**41%**
Net sales	1 709	1 617	6%	1 133	51%
Royalty income & fees	152	189	-19%	189	-19%
Gross profit (1)	**1 303**	**1 353**	**-4%**	**1 041**	**25%**
Marketing & Selling expenses	(529)	(526)	-1%	(360)	-47%
Research & development expenses	(374)	(404)	7%	(307)	-22%
General & administrative expenses	(135)	(150)	10%	(102)	-33%
Other operating income/(expenses)	47	84	-44%	(1)	
Recurring EBIT (REBIT) (1)	**312**	**357**	**-13%**	**271**	**15%**
excluding inventory step-up	***406***		***14%***		***50%***
Non recurring income/(expenses)	(6)	87		89	
EBIT (Operating Profit) (1)	**306**	**445**	**-31%**	**360**	**-15%**
Financial expenses	(77)	(21)		(24)	
Profit before income taxes	**229**	**423**	**-46%**	**336**	**-32%**
Income tax expenses	(61)	(145)		(98)	
Profit from continuing operations	**167**	**279**	**-40%**	**237**	**-29%**
Net Profit (after minority interests)	**171**	**279**	**-39%**	**237**	**-28%**
Recurring EBITDA	**485**	**427**	**14%**	**317**	**53%**
Adjusted Net Profit (2)	**224**	**223**	**1%**	**180**	**24%**
Number of shares - non-diluted (millions)	**180.2**	**180.2**		**143.0**	
EPS (EUR per non-diluted share)	**0.95**	**1.55**	**-39%**	**1.66**	**-43%**
Adjusted EPS (EUR per non-diluted share) (2)	**1.24**	**1.24**	**1%**	**1.26**	**-1%**

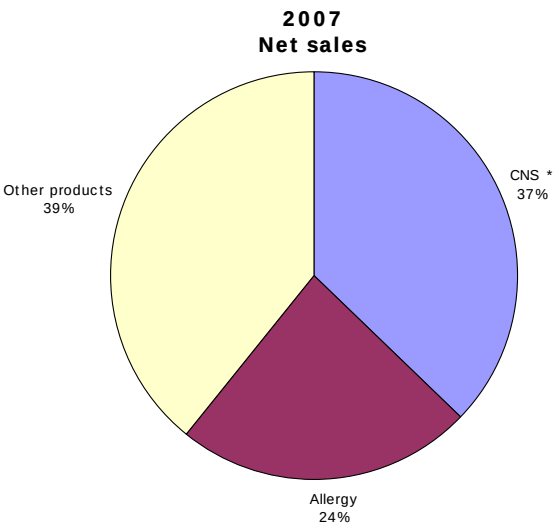
(1) after € 94 m acquisition related inventory step-up
(2) adjusted for after-tax impact of non-recurring items and acquisition related inventory step-up

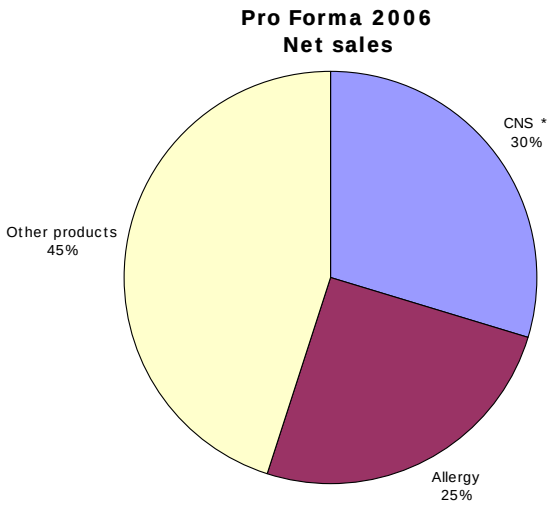
2. Net Sales by product and by region

million EUR	**Actual 2007**	**Pro Forma 2006**	**Pro Forma Variance %** Real rates	Cst rates	**Reported Actual 2006**	**Reported Variance** Real rates
Keppra®	**498**	**365**	36%	44%	**365**	36%
Zyrtec® (includ. Zyrtec-D®/Cirrus®)	**298**	**317**	(6%)	1%	**317**	(6%)
Xyzal®	**104**	**88**	18%	20%	**88**	18%
Omeprazole	**88**	**99**	(11%)	(4%)		
Tussionex®	**54**	**47**	14%	23%	**47**	14%
Nootropil®	**53**	**50**	6%	6%	**50**	6%
Metadate™ CD/Equasym® XL	**39**	**36**	11%	18%	**36**	11%
Atarax®	**28**	**27**	4%	4%	**27**	4%
Atmadisc®	**24**	**23**	5%	5%		
Neupro®	**17**	**3**				
Other products	**505**	**562**	(10%)	(8%)	**203**	149%
Total Net Sales	**1 709**	**1 617**	6%		**1 133**	51%
at constant exchange rates	***1 784***			*10%*		
Net sales at constant perimeter (1)	**1 709**	**1 565**	9%	14%	**1 104**	55%
Average US$/EUR exchange rate	*1.328*	*1.228*	*(7.5%)*		*1.228*	*(7.5%)*
Average JPY/EUR exchange rate	*159.41*	*142.13*	*(10.8%)*		*142.13*	*(10.8%)*

(1) excluding Bioproducts, Delsym®, Corifeo® rights, Gastrocrom®, OTC Europe and product losses due to change of controls (Rifun®)

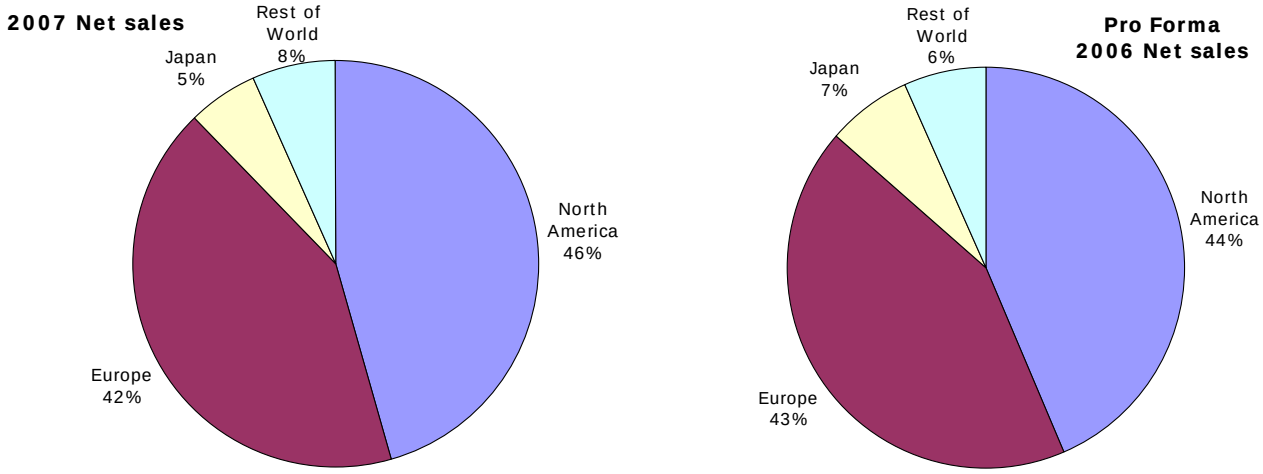
- **Net sales** amount to 1 709 million euro or 51% more than the year before on a reported basis and +6% on a pro forma basis (or +10% at constant exchange rates). Currency impact is 75 million euro negative year-to-date, mainly as a result of the 7.5% deterioration in the US dollar and the 10.8% lower Japanese yen.
- **Net sales at constant perimeter**, i.e. excluding sales of the divested Bioproducts, Delsym®, OTC Europe and Corifeo® rights and product losses due to change of control (Rifun®), would have been 14% higher than last year at constant exchange rates.
- **Keppra®** net sales of 498 million euro are 36% higher in euros or 44% higher at constant exchange rates than prior year, thanks to solid performances in North America (+49% at constant rates), Europe (+35%) and Rest of World (+36%), extending market leadership in the U.S.A. and Europe and supported by new indications and forms.





* CNS includes Keppra®, Metadate™/Equasym™, Nootropil®, Neupro®, Atarax®, Xyrem®

- **Zyrtec®** (including Zyrtec®-D/Cirrus®) net sales decrease 6% from 317 million euro to 298 million euro but are up 1% excluding the impact of currency. The sustained US performance (sales of Zyrtec® in the U.S.A. have increased by 6% from 798 million US dollar to 846 million US dollar reflecting further market share gains and favourable sales mix; sales reported by UCB, which include UCB's 25% share of gross profit as well as bulk sales to Pfizer, have improved by 9% at constant exchange rates), combined with gains in the Rest of World, off-sets decreases in European sales (but losses are more than compensated by Xyzal® sales gains) and in Japanese sales (-19% or -9% at constant exchange rates) due to below average pollen season.
- **Xyzal®** net sales of 104 million euro are up by 18% compared to 2006 and +20% at constant exchange rates, supported by growth in Europe and the Rest of World.
- **Omeprazole** net sales reach 88 million, i.e. 11% lower than last year (or -4% at constant rates).
- **Tussionex®** net sales of 54 million euro increase by 14% compared to last year or +23% at constant exchange rates due to the absence of a cough & cold season in the first quarter of 2006.
- **Nootropil®** net sales are growing by 6% from 50 million euro to 53 million euro, essentially in European emerging countries.
- **Atarax®** net sales are growing by 4% from 27 million euro to 28 million euro, mainly in Rest of World.
- **Atmadisc®** net sales (an asthma inhaler sold in Germany) continue to grow by 5% from 23 million euro to 24 million euro.
- **Metadate™ CD / Equasym™ XL** net sales of 39 million euro are up by 11% or +18% at constant exchange rates driven by sustained in-market performance in the U.S.A. and further launches in Europe and Rest of World.
- **Neupro®** net sales of 17 million euro are growing significantly one year after first European launch. Product is being launched in the US in July.
- **Other products** net sales are down by 10% (or -8% at constant exchange rates) on a pro forma basis, mostly driven by discontinued products sales following several divestments (OTC Europe, Delsym®, etc.) and loss of products due to change of control clauses (e.g. Rifun® in Germany).



- **North America:** on a pro forma basis, North American net sales are up by 10% (or +19% at constant exchange rates) with constant rates gains in Keppra® (+49%), allergy (+9%), Tussionex® (+23%), Metadate™ CD (+6%) more than offsetting losses in Omeprazole (-4%) and other products.
- **Europe:** on a pro forma basis, European net sales are 5% higher (also at constant exchange rates), reflecting substantial gains in Keppra® (+35%), improved allergy sales (+7%), higher Nootropil® sales (+11%) or better Equasym™ XL sales, more than off-setting losses in other products, including impact of divested products (OTC) and change of control (Rifun®).
- **Japan:** the net sales are down by 19% or -9% at constant exchange rates, as a result of the below average pollen season and the further deterioration of other primary care products.
- **Rest of World:** on a pro forma basis, net sales from Rest of World improve by 9% or 14% at constant exchange rates, mostly driven by increased sales in Keppra® (+36%) and the Allergy franchise (+15%).

3. Royalty income and expenses

million EUR	Actual 2007	Pro Forma 2006	Pro Forma Variance % Real rates	Pro Forma Variance % Cst rates	Reported Actual 2006	Reported Variance Real rates
Royalty income & fees	**152**	**189**	**-20%**	**-17%**	**189**	**-20%**
Zyrtec® US	77	77	0%		77	0%
Boss related	0	62	-100%		62	-100%
Other	75	50	50%		50	50%
Royalty expenses	**(30)**	**(35)**	**-14%**	**-14%**	**(35)**	**-14%**
Boss related	0	(31)	-100%		(31)	-100%
Other	(30)	(3)			(3)	
Net Royalty income & fees	**122**	**154**	**-21%**	**-18%**	**154**	**-21%**

Net royalty income & fees for the first half of 2007 amount to 122 million euro, down by 21% compared to the same period last year or -18% at constant exchange rates:

- The royalty income & fees amount to 152 million euro, decreasing by 17% at constant exchange rates compared to last year, reflect stable royalty flows from Pfizer on the back of sustained in-market sales of Zyrtec® in the U.S.A., and the planned expiry of the Boss related royalties, partially off-set by continuing royalty income on Herceptin® and Avastin®.
- The royalty expenses of 30 million euro, which are recognised in the cost of goods sold, are down by 14% versus last year due to the expiry of the Boss agreement, partially compensated by continuing royalty expenses on Herceptin®, Avastin® and other products.

4. Gross Profit

million EUR	Actual 2007	Pro Forma 2006	Pro Forma Variance % Real rates	Pro Forma Variance % Cst rates	Reported Actual 2006	Reported Variance Real rates
Revenue	**1 861**	**1 806**	**3%**	**7%**	**1 322**	**47%**
Net sales	1 709	1 617	6%	10%	1 133	57%
Royalty income	152	189	-19%	-17%	189	-17%
Cost of sales	**(558)**	**(453)**	**-23%**	**-28%**	**(281)**	**-99%**
Cost of sales products & services	(396)	(393)	-1%	-6%	(232)	-71%
Royalty expenses	(30)	(35)	14%	14%	(35)	14%
Inventory step-up	(94)					
Amortisation of intangibles linked to sales	(38)	(25)	-50%	-50%	(14)	-165%
Gross profit	**1 303**	**1 353**	**-4%**	**1%**	**1 041**	**25%**
Less: acquisition related inventory step-up	94					
Gross profit before inventory step-up	**1 397**	**1 353**	**3%**	**8%**	**1 041**	**34%**

Gross Profit:

- On a reported basis, gross profit amounts to 1 303 million euro, which is 25% more than in the first 6 months of 2006 thanks to the addition of Schwarz Pharma. Adjusted for the 94 million euro non-cash one-time impact of inventory step-up as required by IFRS, gross profit would have increased by 34%.
- On a Pro Forma basis, gross profit of 1 303 million euro is 4% lower than 2006. Adjusted for the 94 million euro non-cash one-time impact of inventory step-up, gross profit would have increased by 3%, thanks to revenue gains, further manufacturing improvements and favourable product mix.

5. Recurring EBIT & Recurring EBITDA

million EUR	Actual 2007	Pro Forma 2006	Pro Forma Variance % Real rates	Pro Forma Variance % Cst rates	Reported Actual 2006	Reported Variance Real rates
Revenue	**1 861**	**1 806**	**3%**	**7%**	**1 322**	**41%**
Net sales	1 709	1 617	6%	10%	1 133	51%
Royalty income & fees	152	189	-19%	-17%	189	-19%
Gross profit (1)	**1 303**	**1 353**	**-4%**	**1%**	**1 041**	**25%**
Marketing & Selling expenses	(529)	(526)	-1%	-5%	(360)	-47%
Research & development expenses	(374)	(404)	7%	6%	(307)	-22%
General & administrative expenses	(135)	(150)	10%	8%	(102)	-33%
Other operating income/(expenses)	47	84			(1)	
Total operating expenses	**(991)**	**(995)**	**0%**	**-2%**	**(770)**	**-29%**
Recurring EBIT (REBIT) (1)	**312**	**357**	**-13%**	**-4%**	**271**	**15%**
excluding inventory step-up	**406**		**14%**	**22%**		**50%**
+ Amortisation of intangible assets	43	32			19	
+ Depreciation charges	36	37			27	
+ Inventory step-up (non-cash IFRS one-off)	94					
Recurring EBITDA (REBITDA)	**485**	**427**	**14%**	**21%**	**317**	**53%**

(1) after € 94 m acquisition related inventory step-up and incremental amortization expenses

- **Operating expenses** are 29% higher than last year on a reported basis as a result of the addition of Schwarz Pharma. On a pro forma basis, operating expenses are in-line with the first 6 months of last year, reflecting:
  - 3 million euro higher Marketing & Selling expenses or 1% increase in expenses, with continued investments behind sales growth but also with cost reductions showing the first signs of the restructuring efforts already initiated.
  - 30 million euro lower Research & Development expenses or a 7% reduction, with decreasing expenses linked to several phase III studies successfully completed and cost reduction measures initiated in the context of the integration.
  - 15 million euro lower General & Administrative or 10% lower expenses, reflecting substantial standalone savings and focus on cost containment.
  - Other operating income/(expenses): 2006 included 79 million euro of other operating income recognized as part of the agreement between Schwarz Pharma and Pfizer on fesoterodine, for the treatment of overactive bladder. YTD June other operating income incorporates 45 million of milestones recognition related to fesoterodine.
- **Recurring EBIT** is up by 15% on a reported basis, as a result of the addition of Schwarz Pharma. Excluding the 94 million euro non-cash one-time impact of inventory step-up as required by IFRS, recurring EBIT would have increased by 50%. On a pro forma basis, recurring EBIT, after inventory step-up, is down by 13%. Excluding the 94 million euro non-cash one-time impact of inventory step-up, pro forma recurring EBIT would have increased by 14%.
- **Recurring EBITDA**, which excludes the non-cash inventory step-up, is up by 53% on a reported basis to 485 million euro compared to the first 6 months of 2006. On a pro forma basis, recurring EBITDA would have increased by 14%, reflecting the substantial increase in revenue and gross profit as well as the flat operating expenses.

6. Net Profit & Adjusted Net Profit

million EUR	Actual 2007	Pro Forma 2006	Pro Forma Variance % Real rates	Pro Forma Variance % Cst rates	Reported Actual 2006	Reported Variance Real rates
Recurring EBIT (REBIT) (1)	**312**	**357**	**-13%**	**-4%**	**271**	**15%**
Non recurring income/(expenses)	(6)	87			89	
EBIT (Operating Profit) (1)	**306**	**445**	**-31%**	**-24%**	**360**	**-15%**
Financial expenses	(77)	(21)			(24)	
Profit before income taxes	**229**	**423**	**-46%**	**-39%**	**336**	**-32%**
Income tax expenses	(61)	(145)			(98)	
Profit from continuing operations	**167**	**279**	**-40%**	**-32%**	**237**	**-29%**
Add: profit from discontinued operations	0	0			0	
Less : minority interests	4	0			0	
Net Profit	**171**	**279**	**-39%**	**-31%**	**237**	**-28%**
Less : after-tax non-recurring items	(4)	(56)			(57)	
Less : profit from discontinued operations	0	0			0	
Addback : after-tax inventory step-up	57					
Adjusted Net Profit (after minority interests)	**224**	**223**	**1%**	**8%**	**180**	**24%**

(1) after € 94 m acquisition related inventory step-up

- On a reported basis, year-to-date June **Net Profit** reaches 171 million euro, i.e. 66 million euro or 28% below prior year, reflecting the addition of Schwarz Pharma, increased financial expenses in connection with the acquisition, one-time non-cash impact of IFRS related inventory step-up (94 million euro pre-tax, 57 million euro after-tax), and reduced after-tax contribution of non-recurring items (4 million euro positive after-tax contribution versus 57 million euro positive in 2006).
- On a pro forma basis, year-to-date June **Net Profit** reaches 171 million euro, i.e. 107 million euro or 38% below prior year, reflecting increased financial expenses in connection with the acquisition, one-time non-cash impact of IFRS related inventory step-up (94 million euro pre-tax, 57 million euro after-tax), and reduced after-tax contribution of non-recurring items (4 million euro positive after-tax contribution versus 55 million euro positive in 2006).
- Adjusting for the after-tax impact of non-recurring items and for the one-time non-cash after-tax impact of the inventory step-up, **Adjusted Net Profit** reaches 224 million euro, which is 1% above the 223 million euro of pro forma adjusted net profit for the first 6 months of 2006, with operating performance more than compensating the incremental acquisition related financial expenses and intangible amortization expenses.
- **Restructuring & non-recurring income / (expenses)** amount to (6) million euro pre-tax and +4 million euro after-tax, and are significantly lower than last year, which incorporated substantial capital gains on the sale of products/activities. Year-to-date June 2007 non-recurring items predominantly include:
  - Capital gain on sale of Cytec shares 29 million euro pre-tax
  - Capital gain on sale of OTC Europe 18 million euro pre-tax
  - Restructuring & integration expenses - 43 million euro pre-tax
- **Financial expenses** in the first half of 2007 are 53 million euro higher than last year, as a result of the interest charges linked to the incremental debt secured for the acquisition of Schwarz Pharma. On a pro forma basis, the financial expenses have increased by 56 million euro.
- The average **tax** rate on recurring activities is 30% in the first half of 2007 compared to 27% in the prior year when Schwarz Pharma's financials were not consolidated. When including non-recurring items, the average tax rate for YTD June decreases to 27% as a result of the low taxes applying to most of the capital gains. This compares with 34% on a pro forma basis, reflecting the relatively higher tax rates of Schwarz Pharma entities.

7. Balance Sheet

million EUR	**2007** June 30	**2006** Dec. 31 (1)
Non-current assets	**7 916**	**8 246**
Intangible assets	2 479	2 528
Goodwill	4 330	4 372
Other non-current assets	1 107	1 346
Current assets	**1 919**	**2 349**
Total Assets	**9 835**	**10 595**
Shareholders' equity (2)	**4 713**	**4 774**
Capital and reserves	4 345	4 206
Profit for the period	171	367
Minority interests	197	201
Non-current liabilities	**3 477**	**4 196**
Current liabilities	**1 645**	**1 625**
Total liabilities and shareholders' equity	**9 835**	**10 595**

(1) restated to reflect adjustments to the provisional fair values attributed in purchase price allocation of the Schwarz Pharma acquisition
(2) before profit distribution for the current year

Net debt	**(2 073)**	**(2 111)**
Liquid assets	587	1 003
Financial debt	(2 660)	(3 114)
Trade Working Capital	**475**	**443**

The balance sheet as presented at 30 June 2007 incorporates the balance sheet of Schwarz Pharma, including the revised provisional purchase price allocation. As Schwarz' balance sheet was already included in the consolidated balance sheet of UCB as of 31 December 2006, the numbers in the table above should be comparable:

- ***Intangible assets***: Further to ongoing amortization of the intangibles related to the acquisition of Celltech and Schwarz Pharma, to currency impact and to minor adjustments in the value attributed to Schwarz Pharma's intangible assets, intangible assets decrease by 49 million euro from 31 December 2006 to 2 479 million euro as of 30 June 2007.
- ***Goodwill***: Limited variance in goodwill between 31 December 2006 and 30 June 2007 reflects minor adjustments to provisional purchase price allocation and impact of currency (declining US dollar mainly).
- ***Other non-current* assets**: The level of other non-current assets decreases by 239 million euro, mainly as a result of the sale of the Cytec shares with a carrying value of 248 million euro as of end 2006, off-set by investments in tangible fixed assets and further advance payments for the Lonza bio-manufacturing facility.
- ***Current assets***: The steep decrease in current assets from 2 349 million euro to 1 919 million euro is driven by the reduction in liquid assets by 396 million euro. Furthermore, the 49 million euro increase in trade and other receivables from 800 million euro to 847 million euro reflects the strong underlying sales YTD June, whilst the level of inventories is decreasing from 432 million euro as of end 2006 to 343 million euro as of end June 2007, which almost entirely stems from the inventory step-up of 94 million euro.
- ***Shareholders' equity***: UCB's shareholders' equity, at 4 713 million euro, decreases by 61 million euro between 31 December 2006 and 30 June 2007. Whilst equity increases by the amount of year-to-date results (171 million euro), equity decreases by 162 million euro, which corresponds to the dividends paid on the 2006 results, and by 66 million euro caused by cumulative translation adjustments due to the declining US dollar and Japanese Yen.

- ***Non-current liabilities***: The decrease in non-current liabilities from 4 196 million euro to 3 477 million euro is mainly a consequence of the 544 million euro decrease in long-term financial debt following decrease of cash levels combined with an increase in short-term financial debt, before the purchase of additional tendered shares and a decrease in deferred tax liabilities.
- ***Current liabilities***: The increase in the current liabilities from 1 625 million euro to 1 645 million euro is predominantly caused by a 89 million euro increase in short-term financial debt, as part of the optimization of the existing debt before the purchase of additional tendered shares, off-set by a decrease of other liabilities linked to the payment of the second Schwarz Pharma settlement made in January 2007.
- ***Net debt***: The net debt of (2 073) million euro reflects a reduction of 38 million euro (see cash flow section hereafter).

8. Cash Flow Statement

million EUR	**2007 First Half** Reported	**2006 First Half** Reported
Net Profit of the Year	**171**	**237**
Non cash items	41	(16)
Change in working capital	(6)	(54)
Cash flow from operating activities	**206**	**167**
Cash flow from investing activities	**(10)**	**181**
of which tangible fixed assets purchase	(120)	(21)
of which related to the Schwarz Pharma acquisition	(134)	
of which divestments	259	239
Free cash flow from Continuing Operations	**196**	**348**
Cash flow from financing activities	**(590)**	**(108)**

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

- ***Cash flow from operating activities***: The 171 million euro net profit, corrected for non-recurring capital gains combined with a relatively stable working capital, supports an increase in the cash flow from operating activities from 167 million euro in the first six months of 2006 to 206 million euro in the comparable period of 2007.
- ***Cash flow from investing activities***: Tangible fixed assets additions amount to 120 million euro, reflecting mainly the progress in the construction of a manufacturing extension for the production of fesoterodine. There are also 134 million euro of cash outflows related to the acquisition of Schwarz Pharma (including the second cash settlement that took place in January). Tangible fixed assets additions and Schwarz Pharma acquisition related cash outflows are almost offset by the proceeds from the sale of the Cytec shares (248 million euro as announced in March) and other divestments. Cash flow from investing activities of (10) million euro in the first half of 2007 shows a decrease from the 2006 level of 181 million euro, which was favourably impacted by significant proceeds from sale of businesses and not affected by the acquisition related cash outflows.
- ***Cash flow from financing activities***: The payment of the dividend related to the 2006 results and declared in April amounts to 158 million euro after six months. Furthermore 434 million of cash was used to repay debt. Cash flow from financing activities is subsequently amounting to (590) million euro.

9. R&D Update

Central Nervous System

- More patients with **epilepsy** benefit from Keppra®: In the first quarter, Keppra® (levetiracetam) was approved in the EU and in the US as adjunctive therapy for the treatment of primary generalized tonic-clonic seizures in patients with idiopathic generalized epilepsy. Keppra® was furthermore launched in China and South Korea. In April UCB announced positive phase III results for Keppra® as adjunctive therapy for partial onset seizures in children from one month to les than four years of age. Phase III results with Keppra® XR are expected in Q4 2007.
- Phase III trials with brivaracetam in Unverricht Lundborg Disease (ULD) are on track with headline results from the first trial expected in Q4 2007. Phase III trials with brivaracetam as adjunctive therapy in epilepsy are expected to start by year end 2007. Development of seletracetam has been put on hold in favour of the development of brivaracetam and lacosamide in epilepsy.
- Lacosamide for adjunctive treatment of epilepsy has been filed with the European authorities in Q2 2007. Submission to the US authorities is scheduled for Q4 2007. A phase IIb/III program for monotherapy treatment has already started and shall report first results in Q2 2010.
- Lacosamide for the treatment of **diabetic neuropathic pain** is on track to be filed with the European authorities in Q3 and with the US FDA in Q4 2007.
- Neupro® (rotigotine transdermal system), the Parkinson's patch, has been approved for advanced stages of **Parkinson's disease** in Europe in Q1 2007 and for early stages of the disease in the US in Q2 2007. The patch is being successfully marketed in Europe and was launched in the US in July 2007.
- Rotigotine for the treatment of **Restless Legs Syndrome** (RLS) is on track to be filed with both authorities in Europe and the US in Q4 2007.
- In the first half of 2007 the company initiated proof of concept trials with lacosamide in **fibromyalgia**, **osteoarthritis** and **migraine prophylaxis** as well as with rotigotine in fibromyalgia. First results are expected in 2008.
- Xyrem® (sodium oxybate) has been approved by the European Commission for the treatment of **narcolepsy with cataplexy** in Q1 2007.
- Phase II studies have been initiated in June for CPD323 for the treatment of **multiple sclerosis** (MS), first results are expected at the end of 2008.

Inflammation

- The regulatory submission of Cimzia™ (certolizumab pegol) for the treatment of **rheumatoid arthritis** in the U.S.A. is planned for Q4 2007.
- For Cimzia® in the treatment of **Crohn's disease** the complete response letter from the US regulatory authority has been answered in April 2007. An additional clinical trial in the induction of clinical response in Crohn's disease is being initiated. A regulatory decision on Cimzia™ in Crohn's disease from European regulatory authorities is expected by year end 2007.
- A retreatment trial evaluating Cimzia™ in **Psoriasis** has been completed with results expected in the fourth quarter of 2007.
- An open label extension study for epratuzumab in **Systemic Lupus Erythematosus** for the re-treatment of patients who have benefited from previous inclusion in the Phase III programme is ongoing. An update on the next steps of the programme is planned for the fourth quarter of 2007.

Other Therapeutic Areas

- The prescription **anti-histamine** Xyzal® (levocetirizine dihydrochloride) was approved in the U.S.A. in May 2007 and will be launched together with sanofi-aventis in the autumn 2007.
- A phase II trial with CDP791 to treat **non-small lung cancer** completed patient enrolment. The observation of the patients for progression free survival is ongoing; results are expected when data are sufficiently mature, probablylate 2007 or early 2008.
- Fesoterodine for the treatment of **overactive bladder** has been approved by the European authorities and has received an approvable letter from the US regulatory authorities. Pfizer holds exclusive world-wide rights to this compound and plans to launch it in second half of 2008 in Europe and early 2009 in the U.S.A.
- UCB's collaboration with Amgen to develop Anti-Sclerostin, a novel anabolic therapy for **bone loss disorders**, is progressing. A Phase I trial is ongoing with results expected in the third quarter of 2007.

10. Outlook

Revenue is expected to slightly exceed pro forma 2006 level of 3 523 million euro. Despite further anticipated progress in Keppra® in the second half of the year, allergy favourable seasonality in the first half of the year combined with some expected revenue loss in view of generic and currency impact, will result in comparatively lower revenue in the second half of the year.

Due to increased marketing & selling expenses in connection with planned product launches (Xyzal® and Neupro® launches in the U.S.A.) and additional investments in phase III studies, partially off-set by substantial synergies, **recurring EBITDA** is expected to end the year at approximately 720 million euro.

In view of the registration of the Domination and Profit Transfer Agreement in July 2007, UCB had to offer 104.60 euro per Schwarz Pharma share for the remaining shares of Schwarz Pharma it does not own. If all remaining Schwarz Pharma shares were tendered, the net debt of UCB would increase after settlement by approximately 630 million euro, which would result in an increase of **financial expenses** compared to the first half of the year.

Non-recurring and one-time items :

All of the negative impact of the expected one-time non-cash IFRS inventory step-up related to the acquisition of Schwarz Pharma, i.e. 94 million euro before taxes, is already recognized in the YTD June numbers;

Including the incremental amortization expenses linked to the acquisition, total amortization expenses, which amount to 43 million euro in the first six months of 2007, are expected to approximate 100 million euro before taxes for the full year;

Pre-tax non-recurring expenses are forecast to increase from 6 million euro in the first six months of 2007 to approximately 80-90 million euro as a result of further restructuring expenses.

Net profit, after non-recurring and one-time items, is expected to exceed 100 million euro

3 CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June million EUR	Note	2007 unaudited	2006 unaudited
Continuing operations			
Net sales		1 709	1 133
Royalty income		152	189
Revenue		**1 861**	**1 322**
Cost of sales		(558)	(281)
Gross profit		**1 303**	**1 041**
Marketing & Selling expenses		(529)	(360)
Research & Development expenses		(374)	(307)
General & Administrative expenses		(135)	(102)
Other operating income and expenses		47	(1)
Operating profit before impairment, restructuring and other income and expenses		**312**	**271**
Impairment of non-financial assets	6	(5)	(7)
Restructuring expenses	7	(43)	(14)
Other income and expenses	5,8	42	110
Operating profit		**306**	**360**
Financial income and expenses		(3)	-
Financing costs		(74)	(24)
Profit before income taxes		**229**	**336**
Income tax expense	9	(61)	(98)
Profit		**167**	**237**
Attributable to:			
Equity holders of UCB S.A.		171	237
Minority interest		(4)	-
Earnings per share for profit attributable to the equity holders of the Company during the period			
▪ **basic**		**0.95**	**1.66**
▪ **diluted**		**0.94**	**1.62**

The weighted average number of shares for the calculation of the basic earnings per share is 180 151 169 per 30 June 2007 and 143 016 000 per 30 June 2006.

The weighted average number of shares for the calculation of the diluted earnings per share is 182 678 520 per 30 June 2007 and 146 119 000 per 30 June 2006.

4 CONDENSED CONSOLIDATED BALANCE SHEET

million EUR	Note	30 June 2007 unaudited	31 December 2006 restated[4]
ASSETS			
Non-current assets			
Intangible assets	10	2 479	2 528
Goodwill		4 330	4 372
Property, plant and equipment	11	739	666
Deferred income tax assets		98	196
Employee benefits		14	14
Financial and other assets	12	256	470
Total non-current assets		**7 916**	**8 246**
Current assets			
Inventories	13	343	431
Trade and other receivables		847	795
Income tax receivables		92	90
Financial and other assets		63	59
Cash and cash equivalents		574	974
Total current assets		**1 919**	**2 349**
Total assets		**9 835**	**10 595**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to UCB shareholders	14	4 516	4 573
Minority interest		197	201
Total equity		**4 713**	**4 774**
Non-current liabilities			
Interest-bearing loans and borrowings	16	2 505	3 049
Deferred income tax liabilities		683	842
Employee benefits		138	146
Provisions	17	114	124
Other liabilities		37	35
Total non-current liabilities		**3 477**	**4 196**
Current liabilities			
Interest-bearing loans and borrowings	16	154	65
Provisions	17	148	154
Trade and other liabilities		1 073	1 162
Income tax payables		270	244
Total current liabilities		**1 645**	**1 625**
Total liabilities		**5 122**	**5 821**
Total equity and liabilities		**9 835**	**10 595**

[4] The 2006 comparative information has been restated to reflect the adjustments to the provisional values of the purchase price allocation of the Schwarz Pharma acquisition (Note 5).

5 CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June million EUR	2007	2006
Profit from continuing operations	**171**	**237**
Minority interest	(4)	-
Depreciation of property, plant and equipment	36	27
Amortisation of intangible assets	43	19
Impairment of non-financial assets	5	-
Loss/(gain) on disposals of property, plant and equipment	(2)	-
Loss/(gain) on disposals other than property, plant and equipment	-	(73)
Equity settled share-based payment expense	4	2
Profit from disposed operations, other than discontinued operations	(46)	(42)
Net interest (income)/expense	74	24
Net non-cash financing costs	1	27
Financial instruments – change in fair value	(2)	(14)
Dividend income	-	(1)
Income tax expense	61	98
Cash flow from operating activities before changes in working capital, provisions and employee benefits	**341**	**304**
Decrease/(increase) in inventories	78	3
Decrease/(increase) in trade & other receivables and other assets	(67)	(89)
Increase/(decrease) in trade & other payables	(17)	33
Net movement in provisions and employee benefits	(20)	(8)
Net cash generated from operating activities	**315**	**243**
Interest received	32	35
Interest paid	(45)	(60)
Income taxes paid	(96)	(51)
CASH FLOW FROM OPERATING ACTIVITIES	**206**	**167**
Acquisition of intangible assets	(17)	(40)
Acquisition of property, plant and equipment	(120)	(21)
Acquisition of subsidiaries, net of cash acquired	(134)	-
Acquisition of other investments	(4)	-
Proceeds from sale of intangible assets	-	118
Proceeds from sale of property, plant and equipment	7	1
Proceeds from sale of businesses, net of cash disposed	6	119
Proceeds from sale of other investments	252	2
Proceeds from/(payments of) loans granted	-	1
Dividends received	-	1
CASH FLOW FROM INVESTING ACTIVITIES	**(10)**	**181**
Proceeds from issuing shares	3	-
Proceeds from borrowings	160	-
Repayment of borrowings	(594)	12
Payment of finance lease liabilities	(1)	(1)
Purchase of treasury shares	-	(39)
Dividend paid to UCB shareholders net of dividend paid on own shares	(158)	(80)
CASH FLOW FROM FINANCING ACTIVITIES	**(590)**	**(108)**
CASH FLOW FROM DISCONTINUED OPERATIONS	-	**(2)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(394)**	**238**
Cash and cash equivalents less bank overdrafts at the beginning of the year	935	396
Effect of exchange rate fluctuations	(5)	(4)
CASH AND CASH EQUIVALENTS LESS BANK OVERDRAFTS AT THE END OF THE YEAR	**536**	**630**

6 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

million EUR	Share capital & share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Minority interest	Total stockholders' equity
Balance at 1 January 2006	438	(95)	2 140	1	(75)	-	2 409
Available-for-sale financial assets – net of tax	-	-	-	11	-	-	11
Cash flow hedges – net of tax	-	-	-	33	-	-	33
Currency translation adjustments	-	-	-	-	(49)	-	(49)
Net income/(expense) recognised directly in equity	-	-	-	44	(49)	-	(5)
Profit	-	-	237	-	-	-	237
Total recognised income/(expense)	-	-	237	44	(49)	-	232
Dividends	-	-	(125)	-	-	-	(125)
Share-based payments	-	-	2	-	-	-	2
Treasury shares	-	(39)	-	-	-	-	(39)
Change in scope	-	-	-	-	-	-	-
Balance at 30 June 2006 (unaudited)	438	(134)	2 254	45	(124)	-	2 479
Balance at 1 January 2007 (restated)[5]	2 148	(125)	2 387	287	(124)	201	4 774
Available-for-sale financial assets – net of tax	-	-	-	(29)	-	-	(29)
Cash flow hedges – net of tax	-	-	-	11	-	-	11
Net investment hedge				11			11
Currency translation adjustments	-	-	-	-	(66)	-	(66)
Net income/(expense) recognised directly in equity	-	-	-	(7)	(66)	-	(73)
Profit	-	-	171	-	-	(4)	167
Total recognised income/(expense)	-	-	171	(7)	(66)	(4)	94
Dividends	-	-	(162)	-	-	-	(162)
Share-based payments	-	-	4	-	-	-	4
Treasury shares	-	-	-	-	-	-	-
Capital increase	3	-	-	-	-	-	3
Change in scope	-	-	-	-	-	-	-
Balance at 30 June 2007 (unaudited)	2 151	(125)	2 400	280	(190)	197	4 713

[5] The shareholders' equity has been restated to reflect the adjustments to the provisional values of the purchase price allocation of the Schwarz Pharma acquisition (Note 5).

7 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

UCB S.A., the parent company, (hereafter "UCB" or "the Company") is a limited liability company incorporated and domiciled in Belgium. These condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2007 (hereafter "the interim period") comprise the Company and its subsidiaries (together referred to as "the Group").

UCB S.A. is listed on Euronext Brussels.

The consolidated financial statements of the Group as at and for the year ended 31 December 2006 are available upon request from the Company's registered office at 60, Allée de la Recherche, B-1070 Brussels, Belgium, or at www.ucb-group.com/investor_relations.

2. Significant accounting policies

a. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 (*Interim Financial Reporting*) as adopted for use by the European Union. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2006.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 July 2007. These condensed consolidated interim financial statements are unaudited.

b. Basis of preparation

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2006, except for the adoption of the Standard and Interpretations, noted below. Adoption of this Standard and Interpretations did not have any effect on the financial position of the Group.

- IFRS 7 – *Financial Instruments – Disclosures*, and the Complementary Amendment to IAS 1, *Presentation of Financial Statements – Capital Disclosures* (effective for annual periods beginning on or after 1 January 2007). IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments.
- IFRIC 8 - *Scope of IFRS 2*
  The Group adopted IFRIC 8 as of 1 January 2007, which requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2.
- IFRIC 9 – *Reassessment of Embedded Derivatives*
  The Group adopted IFRIC 9 as of 1 January 2007, which states that the date to assess the existence of an embedded derivative is the date that an entity first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As none of the Group's entities have changed the terms of their contracts, IFRIC 9 is not relevant to the Group's operations.
- IFRIC 10 – *Interim Financial Reporting and Impairment*
  The Group adopted IFRIC 10 as of 1 January 2007, which requires that an entity is prohibited to reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.
- IFRIC 11 – *Group and Treasury Share Transactions*
  The Group has elected to adopt IFRIC 11 as of 1 January 2007. This interpretation clarifies the treatment to be applied in certain special cases of employee benefits involving different entities of a group. The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting period. If in the future such estimates and assumptions, which are based on management's best estimates and judgement, deviate from the actual circumstances, the original estimates and assumptions will be modified and the effects of the revisions will be reflected in the period in which the circumstances change. No changes have been made to the measurement procedures used compared to the ones used for the consolidated financial statements as at 31 December 2006, except for the provisional values of the purchase price allocation as detailed in Note 5.

c. Exchange rates

The following most important exchange rates used in preparing these condensed consolidated interim financial statements are mentioned below. The closing rates are as at 30 June 2007 and as at 30 June 2006, whereas the average rates are these for the related first six months period.

Equivalent for 1 euro	Closing rate		Average rate	
	2007	2006	**2007**	2006
USD	1.346	1.271	1.328	1.228
JPY	166.113	145.665	159.407	142.130
GBP	0.672	0.693	0.674	0.687
CHF	1.657	1.568	1.631	1.561

3. Segment reporting

The Group's primary reporting format is the geographical segment. The analysis of the revenue and of the results for the period is detailed below.

The areas of operations are:

- North America (United States of America including Canada);
- Europe; and,
- Rest of the World.

There are significant sales and other transactions between the geographical segments. The inter-segment sales and other inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. This implies that transfer prices between segments are set on an arm's length basis. Segment results, assets and liabilities include the ones directly attributable to a segment as well as the ones that can be allocated to a segment on a reasonable basis.

North America
This area of operations contains the Group's activities in the United States of America and Canada.

Europe
This area of operations contains the Group's activities in the 27 countries of the European Union, Switzerland, Norway, Russia and Turkey.

Rest of the World
This area of operations contains the Group's activities in the different countries in Asia, Africa, Oceania and South America.

Primary reporting format - Geographical segments

million EUR	North America	Europe	Rest of the world	Unallocated[1]	Total
For the period ended as at 30 June 2007					
Income and Expenses					
Sales to 3rd party[2]	765	776	168	-	1 709
Inter-segment sales[3]	2	308	-	(310)	-
Royalty income[4]	79	71	2	-	152
Segment result/Operating profit[5]	182	551	12	(439)	306
Net financing cost	-	-	-	(77)	(77)
Profit before income taxes	-	-	-	-	229
Income tax expense				(61)	(61)
Profit/loss for the period					167

million EUR	North America	Europe	Rest of the world	Unallocated[1]	Total
For the period ended as at 30 June 2006					
Income and Expenses					
Sales to 3rd party[2]	485	486	162	-	1 133
Inter-segment sales[3]	-	205	-	(205)	-
Royalty income[4]	78	109	2	-	189
Segment result/Operating profit[5]	170	552	13	(375)	360
Net financing cost	-	-	-	(24)	(24)
Profit before income taxes	-	-	-	-	336
Income tax expenses				(98)	(98)
Profit/loss for the period					237

1. Unallocated items represent income and expenses of corporate functions that are not directly attributable to specific geographical segments.
2. Product sales to third parties are allocated to the geographical segments based on the country in which the assets are located.
3. Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.
4. Royalty income is allocated to the geographical segments based on the country that receives the royalty.
5. Operating profit is allocated to the geographical segments as recorded by the legal entities in the respective regions.

Secondary reporting format – Business segments

The Group's activities are in one business segment, Biopharmaceuticals. There are no other significant classes of business, either singularly or in aggregate.

This business segment includes research, development, manufacturing and marketing of products in the therapy fields of central nervous system disorders, allergy and respiratory diseases, immune and inflammatory disorders and oncology.

4. Seasonality of operations

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

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

5. Group organisation and significant transactions

a. Change in consolidation scope and other significant transactions

2007 – Over-the-counter business unit divestment
On 8 January 2007, UCB and Pierre Fabre jointly announced that Pierre Fabre, a pharmaceutical leader in the European Over-The-Counter (OTC) market, has acquired the OTC business of UCB in France, Belgium, the Netherlands, Luxembourg, Switzerland and Greece. The acquisition involves certain mature products representing sales of approximately 18 million euro. The transaction includes the sale of UCB OTC assets in France, Benelux, Switzerland and Greece. UCB will continue to manufacture and supply some of the transferred products during a transitional period.

2006 - Acquisition of Schwarz Pharma AG
On 28 December 2006, the Group acquired 86.8% of the total outstanding Schwarz Pharma AG shares on a fully diluted basis. Schwarz Pharma is a pharmaceutical company with activities in research, development, manufacturing, and marketing of novel medicines in the therapeutic field of central nervous disorders. It also manufactures and develops drugs focused to treat cardiovascular and gastro-intestinal diseases. Schwarz Pharma's products are mostly prescription-only medications and are mainly distributed by pharmaceutical wholesalers. The closing of the extended tender offer took place on 28 December 2006 and consequently, the consolidated balance sheet of Schwarz Pharma has been consolidated as at 31 December 2006 applying the purchase method of accounting. The consolidated income statement of Schwarz Pharma has been fully consolidated as from 1 January 2007.

2006 – Sale of Bioproducts to Lonza
In January 2006, UCB sold its Bioproducts Manufacturing Division, located in Belgium, to Lonza AG of Switzerland. The sale was substantially completed on 28 February 2006. This division, active in chemical peptide manufacturing, employed approximately 300 people. The total consideration received at closing for the sale of the division amounted to 120 million euro and was later adjusted in favour of UCB to reflect customary working capital adjustments.

b. Accounting implications from the business combination

IFRS 3 (*Business Combinations*) requires the cost of the business combination to include the fair value of the equity instruments issued at the date of exchange. The business combination has been achieved in one single transaction, although the offering period has been extended, implying that the date of exchange is the date of acquisition, when UCB effectively obtained control over Schwarz Pharma. On the date of exchange being 28 December 2006, the quoted price amounted to 52 euro per UCB share. The fair value of the shares issued amounted to 1 941 million euro.

The assets acquired, liabilities and contingent liabilities assumed on 28 December 2006 arising from the acquisition are reflected in the balance sheet at the following fair values.

million EUR	Acquiree's carrying amount	Fair value as reported on 31 December 2006	Fair value as reported on 30 June 2007
Cash and cash equivalents	277	277	277
Property, plant and equipment	179	212	211
Intangible assets	106	1 816	1 808
Local goodwill	42	-	-
Non-current financial and other assets	37	37	37
Inventories	97	193	191
Deferred tax assets	97	13	102
Current income tax receivable	11	11	11
Trade and other receivables	228	228	225
Current income tax payable	(94)	(94)	(94)
Trade and other payables	(358)	(358)	(374)
Employee benefits	(39)	(47)	(47)
Other provisions	(1)	(34)	(122)
Interest-bearing loans and borrowings	(15)	(15)	(15)
Other long term debt	(2)	(2)	(2)
Deferred tax liabilities	-	(691)	(687)
Net assets		1 546	1 521
Minority interests (13.2%)		(204)	(201)
Net assets acquired	565	1 342	1 320
Purchase consideration to be settled in cash		2 175	2 179
Purchase price already settled in cash		2 044	2 178
Cash and cash equivalents in subsidiary acquired		(277)	(277)
Cash outflow on acquisition		1 767	1 901

The average expected useful life of the acquired intangible assets is approximately 14 years.

The purchase price allocation has not yet been completed, therefore changes may yet be made in the allocations of the purchase price to the individual assets.

The goodwill amounting to 2 801 million euro remaining after the purchase price allocation is attributable to the workforce of the acquired business, the very early stage research and development projects that have not been valued separately and the synergies to be realised by integrating the different functions of both legacy companies.

The latter integration can now be initiated following the registration of the domination and profit transfer agreement with Schwarz Pharma AG on 12 July 2007.

c. Accounting implications from the OTC divestiture

The financial consequences of this divestiture can be detailed as follows:

million EUR	**8 January 2007**
Total consideration	28
Satisfied by cash payment	6
Deferred compensation (discounted)	20
Inventories	3
Current assets	5
Total assets	8
Gain on disposal	18

The net gain on disposal is presented under the heading “Other income and expenses”.

6. Impairment of non-financial assets

In the first half of 2007, the Group reviewed for impairment the non-financial assets (including intangible assets and goodwill) on the basis of external and internal indicators, and concluded that only small impairment charges adding up to 5 million euro had to be accounted for.

7. Restructuring expenses

The restructuring expenses amounting to 43 million euro as at 30 June 2007 are mainly due to the Schwarz integration.

8. Other income and expenses

UCB continued its streamlining of the product portfolio, resulting in the divestiture of the over-the-counter business to Pierre Fabre resulting in a gain on disposal of 18 million euro. Together with the latter gain, the capital gain of 29 million euro realised following the sale of the stake in Cytec Industries Inc are the main drivers behind the net one-off income presented under this heading.

9. Income tax expense

The income tax expense for the six months ended 30 June is accrued using the tax rate that would be applicable to expected total annual earnings, being an estimated average annual effective income tax rate of 27% applied to the pre-tax income at 30 June.

million EUR	**2007**	2006
Current income taxes	(121)	(127)
Deferred income taxes	60	28
Total income tax expense	**(61)**	**(98)**

The Group's consolidated effective tax rate in respect of continuing operations for the six months decreased to 26.8% compared to 29.3% as at 30 June 2006. The change in the effective tax rate is mainly caused by the realization of tax-free capital gains and the integration of the income taxes of the Schwarz Group.

The Group's effective tax rate excluding the tax impact on the one-off income realised amounts to 29.7% compared to 27% at 30 June 2006. The increase is mainly due to the integration of the Schwarz Group.

10. Intangible assets

During the period, the Group spent approximately 17 million euro in acquisition of intangible assets through several in-licensing and partnership deals.

The disposals of intangible assets had no material carrying amounts.

The amortisation charge and the negative impact of the cumulative translation differences for the period amount to 66 million euro.

The Group has currently no internally generated intangible assets from development as the criteria for recognition under IFRS are not met.

11. Property, plant and equipment

During the period, the Group spent approximately 120 million euro in acquiring new property, plant and equipment, mainly in respect to the manufacturing extension for the production of fesoterodine in Ireland for 88 million euro and the leasehold improvement of a new R&D facility in the United Kingdom for 10 million euro. It also disposed of certain of its property, plant and equipment with a carrying amount of a little more than 5 million euro.

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

The depreciation charge and the negative impact of the cumulative translation differences for the period amount to 41 million euro.

12. Financial and other assets

The carrying amount of the non-current financial assets decreased significantly to 207 million euro from 470 million euro as at 31 December 2006. This decrease is almost completely the result of the sale of the Cytec shares acquired by UCB at the moment of the sale of the Surface Specialties business segment. UCB realised a capital gain of 29 million euro, reported under other income and expenses.

The remaining increase is largely attributable to the advanced payments UCB made towards Lonza with respect to the building of the biological manufacturing plant and the long term receivable from Pierre Fabre related to the divestiture of the OTC business.

13. Write-down of inventories

Included in cost of sales for the six months ended 30 June 2007 is an amount of 2 million euro in respect of allowances recognised to reduce the carrying amount of inventories to their net realisable value.

14. Capital and reserves

Share capital and share premium

The issued capital of the Company amounts to 550 million euro at 30 June 2007, represented by 183 361 252 shares. The movements in the number of shares during the first half of 2007 can be summarised as follows:

	Number of shares
At 1 January 2007	181 512 768
New shares issued upon closing of second extended offering period for Schwarz Pharma acquisition	1 767 184
New shares issued following the exercise of warrants	81 300
At 30 June 2007	**183 361 252**

The Company's shares are without par value. At 30 June 2007, 63 422 316 shares were registered and 119 938 936 were bearer shares. The holders of UCB shares are entitled to receive dividends as declared and to one vote per share at the Shareholders' meeting of the Company. There is no authorised, unissued capital.

In 1999 and 2000 respectively, UCB issued 145 200 and 236 700 subscription rights (warrants) to subscribe for one ordinary share. These warrants will expire progressively between 2009 and 2013.

Treasury shares

The Group did not acquire any shares of UCB SA in the first half of the year. The Group retained 3 179 078 shares in auto-control at 30 June 2007. These treasury shares have been acquired in order to honour the exercise of stock options granted to the Board of Directors and certain categories of employees.

Other reserves

Other reserves contain the fair value reserve, the hedging reserves and the equity account linked to the difference of acquisition value for the Schwarz Pharma business combination between IFRS and Belgian GAAP.

The fair value reserve represents the cumulative net change in fair value of available-for-sale financial assets until the asset is sold, impaired or otherwise disposed of.

The hedging reserves represents the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred as well as the unrealised foreign currency gain or loss of part of the syndicated loan that has been designated as a hedge of the net investments in the U.S. operations as from its inception at the end of December 2006.

The other reserves can be detailed as follows:

million EUR	2007	2006
As at 1 January	**287**	**1**
Fair value reserve	(29)	16
Hedging reserve	25	59
Equity account related to difference between IFRS and Belgian GAAP	-	231
Deferred tax	(3)	(20)
As at reporting date[6], net of tax	**280**	**287**

During the first half of 2007, a net amount of 29 million euro has been derecognised from equity due to the sale of the Cytec Industries Inc. shares in the available-for-sale investment portfolio.

With respect to the hedging reserve, during the first six months of the year, a positive amount of 25 million euro has been recognised in equity. This fluctuation is the result of a positive amount of 21 million euro on the interest rate swap hedging the floating rate debt, a negative amount of 7 million euro on the hedging of expected foreign currency flows and the positive impact of the change in the net investment hedge for an amount of 11 million euro. The related tax charge amounts to 3 million euro.

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

15. Dividends

The Board of Directors' proposal of a gross dividend of 0.90 euro per share or 165 million euro for the business year 2006 was approved by the UCB shareholders at their annual meeting on 26 April 2007, and was thus reflected in the first half of 2007.

16. Interest-bearing loans and borrowings

The evolution in net indebtedness of the Group (non-current and current, including finance lease liabilities) can be described as follows:

million EUR	2007
Balance at 1 January	**3 114**
Bank overdrafts	40
Bank loans	3 042
Finance lease	32
Short term loans under existing facilities	**160**
Repayments	**(595)**
Loans	(594)
Finance lease	(1)
Net change in bank overdrafts	**(2)**
Foreign currency impacts	**(7)**
Net investment hedge	**(11)**
Balance at 30 June	**2 659**
Bank overdraft	38
Bank loans	2 590
Finance lease	31

[6] Reporting date is 30 June for 2007 and 31 December for 2006.

During the first six months of the year UCB did not conclude any significant new loan arrangements or renegotiate any of the existing loan arrangements.

17. Provisions

Environmental provisions
During the six months ended 30 June 2007, the environmental provisions have been decreased by an amount of 1 million euro, related to certain liabilities with respect to the divestiture of Surface Specialties.

Restructuring provisions
The restructuring provisions have been decreased with an amount of 2 million euro, mainly due to the further execution of the restructuring programs that have been announced in 2005 and following the further integration of the legacy Celltech operations.

Other provisions
The other provisions decreased with 14 million euro, mainly as a result of the provisions related to the sale of Bioproducts in 2006.

18. Related parties

Except for the elements mentioned below, there are no changes with respect to the related parties compared to the ones disclosed in the 2006 Consolidated Financial Statements.

19. Commitments and contingencies

Contingent assets and liabilities
No significant events have been taken place in the first half of the year triggering material changes in the contingent assets and liabilities since the last balance sheet date.

Other commitments
On 12 July 2007, the domination and profit transfer agreement between UCB's wholly owned subsidiary, UCB SP GmbH, and Schwarz Pharma AG has been registered in the commercial register in Germany and has thereby become effective.

UCB SP GmbH guarantees the outside shareholders of Schwarz Pharma on the terms and conditions set out in the agreement, a guaranteed dividend for a gross amount of 3.43 euro per share.

In addition, UCB SP GmbH undertakes in accordance with the terms and conditions set out in the agreement to acquire upon demand the shares of any outside shareholder in return for cash compensation of 104.6 euro per share.

The cash outflow pursuant this agreement is currently estimated by management between 95 million euro if all outside shareholders of Schwarz Pharma elect the guaranteed dividend and 632 million euro if they all tender their shares.

20. Events after the interim balance sheet date

Except for the registration of the domination and profit transfer agreement on 12 July 2007, there were no other significant events after the interim balance sheet date.