2010 half-year financial report

Key highlights

- **Revenue** in the first six months of 2010 increased by 3% to € 1 644 million. Net sales amounted to € 1 431 million or 4% higher than the interim period because of the solid performance of the core products Cimzia®, Vimpat®, Neupro® and *venlafaxine XR*, partially offset by the generic competition to the mature product portfolio.
- Royalty income & fees decreased by 6% driven by lower biotechnology intellectual property royalties. Other revenue increased by 2% due to sales milestones and higher contract manufacturing sales.
- **Recurring EBITDA** reached € 398 million compared to € 363 million in 2009, increasing 10%, reflecting the revenue increase and lower operating expenses.
- **Net profit** decreased from € 516 million in the first half of 2009 to € 148 million in the first half of 2010, reflecting a strong operational result, lower non-recurring income stemming from capital gains in 2009 of divestitures of non strategic products/markets.
- **Core EPS** achieved € 1.17 from € 0.97 in the first half of 2009.

For the six months ended 30 June[1]	Actual		Variance	
€ million	2010	2009	Actual rates	Cst rates
Revenue	**1 644**	**1 596**	**3%**	**1%**
Net sales	1 431	1 379	4%	2%
Royalty income & fees	107	114	-6%	-7%
Other revenue	106	103	2%	1%
Gross profit	**1 098**	**1 087**	**1%**	**-1%**
Marketing & selling expenses	-405	- 421	-4%	-6%
Research & Development expenses	-320	- 323	-1%	-2%
General & administrative expenses	-98	- 99	-1%	-1%
Other operating income/(expenses)	-7	2	n.s.	n.s.
Recurring EBIT (REBIT)	**268**	**246**	**9%**	**5%**
Non recurring income/(expenses)	4	461	n.s.	n.s.
EBIT (operating profit)	**272**	**707**	**-62%**	**-63%**
Net financial expenses	-83	- 55	51%	49%
Profit before income taxes	**189**	**652**	**-71%**	**-72%**
Income tax expenses	-42	- 137	-69%	-71%
Profit from continuing operations	**147**	**515**	**-71%**	**-73%**
Profit from discontinuing operations	1	1	-7%	-7%
Net profit (after non-controlling interests)	**148**	**516**	**-71%**	**-73%**
Recurring EBITDA	**398**	**363**	**10%**	**6%**
Adjusted net profit [2]	**151**	**135**	**12%**	**7%**
Core net profit	**211**	**175**	**21%**	**16%**
Capital expenditures (including intangible assets)	22	34		
Net financial debt	1 869	1 752		
Cash flow from operating activities	139	- 45		
Number of shares - non-diluted	**180**	**180**	**0%**	**n.s.**
EPS (€ per non-diluted share)	**0.82**	**2.86**	**n.s.**	**n.s.**
Core EPS (€ per non-diluted share)	**1.17**	**0.97**	**21%**	**16%**

[1] Except for the net financial debt, where 2009 relates to the situation as published in the audited consolidated financial statements as at 31 December 2009.

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

Table of contents

2010 key events

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

Important agreements / initiatives

- **Decision to exit the primary care market in the U.S:** in January 2010, UCB announced its decision to exit the primary care market in the U.S., effective 1 March 2010. In July 2010, UCB also out-licensed the U.S. marketing rights for a bundle of six established products to Actient Pharmaceutical. This transition is part of the company's long-term strategy to become the patient-centric global biopharmaceutical leader focused on immunology and neurology.
- **Agreement with Chiesi for Innovair® marketing in EU:** in July 2010, UCB agreed with its global pharmaceutical partner Chiesi, the marketing of the asthma product Innovair® *(beclomethasone/formoterol)* in Europe will be taken over by Chiesi itself.
- **Divestment of primary care mature products in Japan:** In May 2010, UCB decided to exit the primary care market in Japan through a transfer of its primary care products (PCP) to Taiho Pharmaceuticals, an affiliate of Otsuka Holdings.

Regulatory update and pipeline progress

Central Nervous System (CNS)

- In July 2010, **Keppra®** (*levetiracetam*) received regulatory approval in Japan. It has been approved under the brand name **E Keppra®** as adjunctive therapy for partial onset seizures in adults with **epilepsy**. UCB Japan and Otsuka Pharmaceutical will co-promote E Keppra®.
- In April 2010, UCB received a Complete Response Letter from the U.S. regulatory authority, the FDA, recommending the reformulation of **Neupro®** *(rotigotine)* before making it available in the U.S. market for the treatment of **Parkinson's disease** and **restless legs syndrome (RLS)**. Significant progress has been made in the development of a room temperature stable patch formulation. UCB aims to make the patch available to U.S. patients during 2012.
- Based on further analysis and on discussions with the European and U.S. health authorities, the design and doses of the additional Phase III study of ***brivaracetam*** in **epilepsy** has been finalised and agreed with both parties. UCB will initiate this clinical trial in the second half of 2010.
- The **Vimpat®** (*lacosamide*) Phase II clinical trial programme for **epilepsy** adjunctive therapy in **primary generalised tonic-clonic seizures** (**PGTCS**) started as planned in the second quarter of 2010 with first headline results expected in the second half of 2011. The **paediatric** (Phase II) and U.S.-**monotherapy** (Phase III) development programmes in partial-onset seizures are ongoing as planned. The decision has been made to move forward with the monotherapy indication in Europe as well and a Phase III clinical trial programme is planned to start by the end of 2010.
- UCB has filed **Xyrem®** *(sodium oxybate)* in **fibromyalgia** with the European Medicines Agency (EMA). There are no prescription medicines approved yet for fibromyalgia in Europe. Given the strong Phase III data with Xyrem® and following consultation with the European authorities on this topic, UCB decided to move forward with this indication. UCB expects feedback from the European authorities during the first HY of 2011.
- In neurology, the Phase I program, **UCB2892**, a *H_3 antagonist* with potential for **cognitive disorders** is ongoing as planned.

Immunology

- In March 2010, UCB informed about line extension studies for **Cimzia®** (*certolizumab pegol*) in **psoriatic arthritis** and **ankylosing spondylitis**. These Phase III trials are on track with key results expected in the fourth quarter of 2011. A Phase III trial in **juvenile rheumatoid arthritis** is still under discussion with U.S. and EU regulators to finalise the study design.
- In June 2010, UCB and Immunomedics presented at EULAR and the World Lupus Congress positive results from UCB's Phase IIb study, EMBLEM™, a clinical study comparing ***epratuzumab*** to placebo in patients with **systemic lupus erythematosus (SLE)**. EMBLEM™ has been shown to be a robust dose-finding study with a low placebo response that validates a new composite endpoint emphasising BILAG and indicates thresholds for *epratuzumab* dosing. These new data show *epratuzumab* provides clinically important efficacy for patients suffering from moderate to severe SLE. Two Phase III clinical trials (Embody 1 & 2) are planned to start by the end of 2010 after completion of consultations with the European and U.S. regulatory authorities in the U.S. and EU. The study design is expected to be in line with the Phase IIb trial design.
- **CDP7851** ("*sclerostin antibody*" also known as AMG 785), a novel anabolic therapy for **bone loss disorders**, is currently ongoing with its Phase II development in postmenopausal osteoporosis (PMO) and in fracture healing. Both programmes are expected to report headline results in 2012.
- In April 2010, a new molecule entered clinical Phase I: **CDP7657** - (*anti-CD40L*) which has potential for **systemic lupus erythematosus (SLE).**
- **CDP6038** (*anti-IL 6*) is being developed for the treatment of autoimmune diseases. The Phase I/II trial is on track and a Phase IIb programme is expected to start during the first half 2011.

Other

- **MEK inhibitor**: UCB's partner, Wilex AG, Munich/Germany, announced in June 2010 the successful completion of a Phase I dose escalation study with the **oncology** MEK inhibitor WX-554 demonstrating WX-554 activity in humans for the first time. The trial aimed to determine safety, tolerance and the optimal biological dose for the inhibition of the MEK system by WX-554. Wilex will now initiate further development of this agent. Early 2009, the MEK inhibitor was acquired by Wilex from UCB as part of a strategic alliance. This alliance was strengthened in June 2010 when UCB acquired an additional 6.65% of shares in Wilex thereby increasing UCB's total holding in Wilex to 18.05%.

Half-year 2010 management report

The financial information included in this management report should be read in conjunction with the condensed consolidated interim financial statements and the consolidated financial statements as at 31 December 2009. These condensed consolidated interim financial statements have been reviewed, not audited.

Scope change: UCB pursued its transformation towards a biopharma leader by acquiring Schwarz Pharma in 2006. UCB has consolidated the balance sheet of the Schwarz Pharma Group since 31 December 2006. The results of the Schwarz Pharma group of companies have been consolidated as from 1 January 2007 onwards. UCB announced on 8 May 2009 that it intended to acquire the outstanding Schwarz Pharma shares held by the minority shareholders by way of a "squeeze-out" procedure. UCB owns 100% of the outstanding shares as of 8 July 2009.

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

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

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

Core EPS: The adjusted net profit, as defined above, adding back the after tax amortization of intangible assets linked to sales.

Core products: The "Core products" are UCB's newly launched products being Cimzia®, Vimpat® and Neupro®. UCB's priority is the continued launch and growth of those three products.

1. Net sales by product

€ million	Actual June YTD		Variance %	
	2010	2009	Actual rates	Cst rates
Core products	**177**	**74**	**138%**	**136%**
Cimzia®	83	24	240%	238%
Vimpat®	55	23	135%	134%
Neupro®	39	27	45%	44%
Mature products	**1 254**	**1 305**	**-4%**	**-6%**
Keppra® (includ. Keppra® XR)	460	465	-1%	-3%
Zyrtec® (includ. Zyrtec-D®/Cirrus®)	150	169	-12%	-15%
Venlafaxine XR	97	41	134%	133%
Xyzal®	63	82	-23%	-25%
Tussionex™	45	67	-33%	-34%
Nootropil®	32	37	-13%	-16%
Omeprazole	31	30	2%	2%
Metadate™ CD/Equasym™ XL	29	42	-30%	-31%
Other products	347	372	-6%	-7%
Total net sales	**1 431**	**1 379**	**4%**	**2%**

Net sales amount to € 1 431 million or 4% higher than last year.

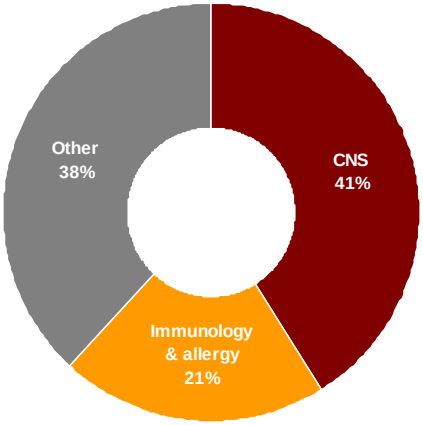
Core products

- **Cimzia®** *(certolizumab pegol*), approved in the U.S. (April 2008) to reduce signs and symptoms of Crohn's disease (CD) and approved in the U.S. (May 2009) and in Europe (October 2009) for patients suffering from moderately to severely active rheumatoid arthritis (RA), reached net sales of € 83 million, an increase of € 59 million compared to last year.
- **Vimpat®** (*lacosamide*), for epilepsy, *a*vailable in Europe since September 2008 and launched in the U.S. in June 2009 as an add-on therapy for the treatment of partial-onset seizures reached net sales of € 55 million, an increase of € 32 million compared to last year.
- **Neupro®** (*rotigotine*), for Parkinson's disease and restless legs syndrome (RLS), showed net sales increasing from € 27 million in 2009 to € 39 million in 2010 mostly in European countries.

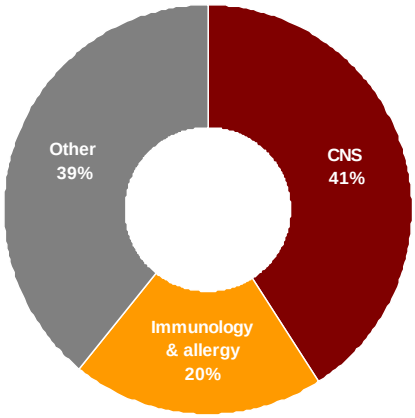
Mature products

- **Keppra®** (*levetiracetam*), for epilepsy, reached net sales of € 460 million (of which € 41 million for Keppra® XR) which is 1% lower than last year in Euro, due to further post-patent expiry erosion in North America (-21%) and the divestment of smaller emerging markets to GlaxoSmithKline (GSK) in the first quarter of 2009 which was compensated by extended market leadership in Europe (12%) and an increase of 4% in "Rest of World".
- **Zyrtec®** (*cetirizine*, including Zyrtec®-D/Cirrus®), for allergy, had decreased net sales of 12% to € 150 million due to the divestment to GlaxoSmithKline (GSK) in the first quarter of 2009. European sales remained stable, whilst Japanese sales increased by 4% through the successful launch of the paediatric indications and new formulations.
- ***Venlafaxine XR,*** to treat major depressive and social anxiety disorders, reached net sales of € 97 million in the U.S., more than doubled compared to last year.
- **Xyzal®** (*levocetirizine),* for allergy, reached net sales of € 63 million, a decrease of 23% compared to 2009, following entry of generic competition in the European market. Xyzal® U.S. sales are not consolidated. UCB's part of the profit-sharing agreement with sanofi-aventis in the U.S. is reported under the line "other revenue".
- **Tussionex™** (*hydrocodone polistirex and chlorpheniramine polistirex*), the anti-tussive, made net sales of € 45 million, a decline of 33% compared to last year after a market shift to codeine-based products combined with a weak cough and cold season in the U.S..
- **Nootropil®** (*piracetam*), for cognitive disorders, saw a decline in net sales of 13% from € 37 million to € 32 million. The net sales stayed stable in Europe and decreased in the emerging markets due to the divestment to GlaxoSmithKline (GSK) in 2009.
- ***Omeprazole*****,** a generic product for hyperacidity disease, made net sales of € 31 million compared to € 30 million last year.
- **Metadate™ CD** (*methylphenidate HCl*), for attention deficit and hyperactivity disorder, reached net sales of € 29 million, a decrease of 30% due to divestment of Equasym™ world-wide rights, (except for the U.S., Canada and Barbados) to Shire announced in February 2009. This product is only sold by UCB in the U.S. under the trademark Metadate™ CD and was sold prior to the divestiture under the trademark Equasym™ XL in Europe and "Rest of World".
- **Other products**: net sales for other products decreased by 6% from € 372 million to € 347 million, due to product divestments and U.S. products facing generic competition.

Net sales - HY 2010 – € 1 431 million



Net sales - HY 2009 – € 1 379 million

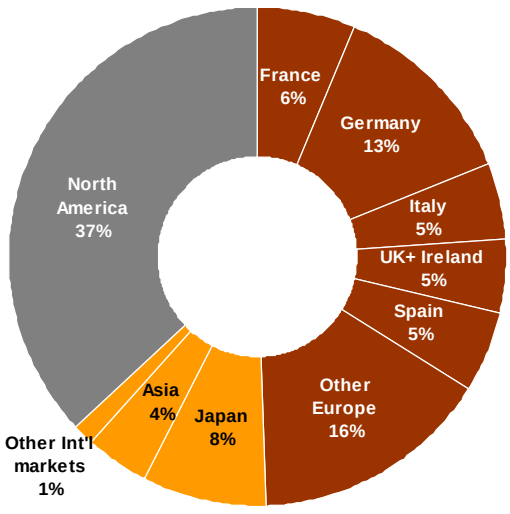


2. Net sales by region

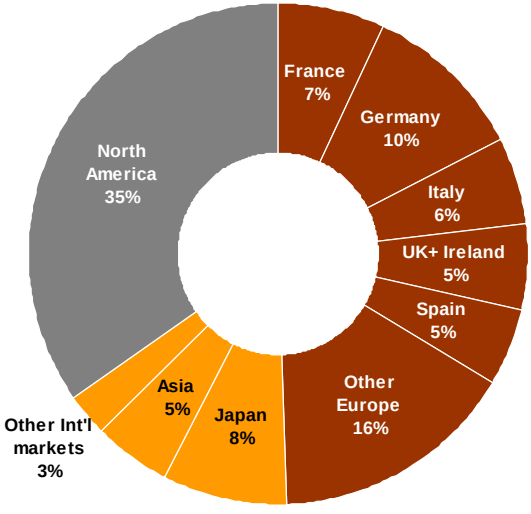
- **North America** net sales reported by UCB reached € 531 million in the first six months of 2010, an increase by 10% from the year before. Cimzia®, approved since April 2008 in Crohn's disease (CD) and approved since May 2009 for rheumatoid arthritis (RA), reached net sales of € 72 million, compared to € 23 million last year. The antiepileptic drug Vimpat®, available as an add-on therapy for the treatment of partial-onset seizures, was launched in May 2009 and achieved net sales of € 40 million in the first half of 2010, up € 22 million. The Keppra® franchise, after loss of exclusivity late 2008 of Keppra® and partially offset by the launch of Keppra® XR, declined to € 146 million in the first half year 2010, down by 21% year-over-year. *Venlafaxine XR* grew by € 55 million to € 96 million. Tussionex™ net sales represented € 45 million, a decrease of 33% compared to last year due to a weak cough and cold season. Net sales of the attention deficit and hyperactive disorder drug, Metadate™ CD, decreased by 24% to € 29 million. The net sales of the other products in this region reached € 72 million (-13%).
- **Europe** net sales totalled € 708 million in 2010, an increase of 4% compared to 2009. Cimzia® for rheumatoid arthritis (RA) was launched in several European countries and gave raise to net sales of € 11 million. Neupro® net sales of € 38 million are up by 45% compared to the previous year after Neupro® is available again in Parkinson's disease and restless legs syndrome (RLS) following the implementation of the cold-chain storage and distribution system in Europe. Further national launches during the first half of 2010 of the anti-epileptic drug Vimpat® contributed € 15 million to net sales, compared to € 5 million in the first half of 2009. Keppra® net sales represented € 287 million, an increase of 12% compared to the same period of last year. The allergy drug Xyzal® decreased 22% due to the entrance of generic competition in Europe, while the net sales of Zyrtec® remained stable at the level of € 43 million. Nootropil® still accounted for € 28 million of Europe net sales. All other products contributed € 230 million to European net sales, a reduction of 7% versus the previous year.
- **"Rest of World"** net sales amounted to € 196 million in 2010, a decrease of 10%, mainly related to the sale of certain distribution activities and affiliates in selected emerging markets to GSK as per 31 March 2009. Zyrtec® contributed € 101 million, of which € 94 million in Japan, up by 4% compared to last year. Keppra® net sales grew 4 % year-over-year. Excluding the divested markets, Rest of World sales grew 6% (and 20% excluding Japan)

€ million	Actual June YTD		2010 / 2009 variance			
			At actual rates		At constant rates	
	2010	2009	€ million	%	€ million	%
Net sales North America	**531**	**484**	**47**	**10%**	**44**	**9%**
Core products						
Cimzia®	72	23	50	219%	49	217%
Vimpat®	40	18	22	121%	22	120%
Mature products						
Keppra® (including Keppra® XR)	146	184	-38	-21%	-39	-21%
Venlafaxine XR	96	41	55	134%	55	133%
Tussionex™	45	67	-22	-33%	-22	-34%
Omeprazole	31	30	1	3%	1	2%
Metadate™ CD	29	39	-9	-24%	-10	-25%
Other products	72	83	-11	-13%	-11	-14%
Net sales Europe	**708**	**681**	**27**	**4%**	**18**	**3%**
Core products						
Neupro®	38	26	12	45%	12	44%
Vimpat®	15	5	10	181%	10	179%
Cimzia®	11	2	9	524%	9	518%
Mature products						
Keppra®	287	255	32	12%	29	11%
Xyzal®	56	72	-16	-22%	-17	-24%
Zyrtec® (including Cirrus®)	43	43	0	0%	-2	-4%
Nootropil®	28	28	0	-1%	-1	-5%
Other products	230	250	-20	-7%	-21	-8%
Net sales Rest of World	**196**	**219**	**-22**	**-10%**	**-34**	**-16%**
Zyrtec® (including Cirrus®)	101	113	-12	-10%	-17	-15%
Keppra®	28	27	1	4%	-2	-9%
Xyzal®	7	10	-3	-33%	-4	-41%
Nootropil®	4	9	-4	-52%	-5	-55%
Other products	56	61	-4	-7%	-6	-11%
Unallocated	**-4**	**- 5**				
Total net sales	**1 431**	**1 379**	**52**	**4%**	**28**	**2%**

Net sales - HY 2010 - € 1 431 million



Net sales - HY 2009 - € 1 379 million



3. Royalty income & fees

€ million	Actual June YTD		Variance %	
	2010	2009	Actual rates	Cst rates
Biotechnology IP	50	61	-17%	-20%
Toviaz®	22	14	58%	58%
Zyrtec® U.S.	9	14	-36%	-37%
Other	26	25	2%	2%
Royalty income & fees	**107**	**114**	**-6%**	**-7%**

Royalty income & fees for the first half of 2010 amounted to € 107 million, down by € 7 million or 6% compared to the same period last year. The expiry of the "Winter patents" in May 2010 lead to a reduction of 17% in biotechnology intellectual property royalties, compensated by an increase of 58% in royalties paid by Pfizer for the overactive bladder treatment Toviaz® (*fesoterodine*). Zyrtec® U.S. royalty income received on the over-the-counter sales amounted to € 9 million in June 2010 compared to € 14 million in the same period last year. Royalty expenses are reported as part of cost of sales.

4. Other revenue

€ million	Actual June YTD		Variance %	
	2010	2009	Actual rates	Cst rates
Contract manufacturing sales	48	44	9%	9%
Xyzal® U.S. milestones / profit sharing	17	24	-28%	-28%
Novartis profit sharing	15	12	23%	23%
Equasym® sales milestones	9	0	n.s.	n.s.
Otsuka	8	17	-52%	-52%
Other	9	6	27%	24%
Other revenue	**106**	**103**	**2%**	**1%**

Other revenue for the first half of 2010 amounted to € 106 million, up 2%. The increase of contract manufacturing sales to € 48 million, 9% higher compared to the same period last year, is the result of the agreements with GSK announced in 2009. Profit-sharing with sanofi-aventis on Xyzal® in the U.S. generated € 17 million. Since 1 March 2010, sanofi-aventis U.S. assumes all of the commercialisation responsibility for Xyzal®. UCB continues to receive a percentage of Xyzal® profits, however at a lower rate than before. The profit-sharing agreement with Novartis on the cardiovascular drug Provas® in Germany represents € 15 million, up by 23%. UCB received € 9 million sales milestones related to Equasym®; the agreement with Shire was announced in February 2009. The 2010 Otsuka-related other revenue pertains to the reimbursement of R&D expenses recognised as part of the agreements entered into by Otsuka and UCB in June 2008 for Keppra® and Cimzia® in Japan.

5. Gross profit

€ million	Actual June YTD		Variance %	
	2010	2009	Actual rates	Cst rates
Revenue	**1 644**	**1 596**	**3%**	**1%**
Net sales	1 431	1 379	4%	2%
Royalty income	107	114	-6%	-7%
Other revenue	106	103	2%	1%
Cost of sales	**-546**	**- 509**	**7%**	**7%**
Cost of sales products & services	-375	- 390	-4%	-4%
Royalty expenses	-85	- 62	39%	37%
Amortisation of intangible assets linked to sales	-86	- 58	48%	47%
Gross profit	**1 098**	**1 087**	**1%**	**-1%**
of which				
Products & services	1 163	1 093	6%	4%
Net royalty income	22	52	-58%	-60%
Amortisation of intangible assets linked to sales	-86	- 58	48%	47%

Gross profit of € 1 098 million is 1% higher than in first half 2009 following the increase of net sales which more than compensated for higher royalties due from the newly launched products and amortisation of these products.

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

- **Cost of sales for products & services**: the cost of sales for products and services decreased by € 15 million from € 390 million in 2009 to € 375 million in 2010. This reduction is a result of improved industrial efficiencies on yield and discards.
- **Royalty expenses**: royalties paid-out increased from € 62 million in 2009 to € 85 million in 2010, mainly due to biotechnology intellectual property and royalties relating to the newly launched products (Cimzia®, *venlafaxine XR* and Vimpat®).

€ million	Actual June YTD		Variance %	
	2010	2009	Actual rates	Cst rates
Biotechnology IP	-14	- 17	-18%	-21%
Other	-71	- 44	61%	73%
Royalty expenses	**-85**	**- 62**	**39%**	**37%**

- **Amortisation of intangible assets linked to sales**: under IFRS 3 (*Business Combinations*), UCB has reflected on its balance sheet a significant amount of intangible assets relating to the Celltech and Schwarz Pharma acquisitions (in-process Research & Development, manufacturing know-how, royalty streams, trade-names, etc.), which gave rise to amortisation expenses of € 86 million in HY 2010, compared to € 58 million in HY 2009, representing the amortisation of the intangible assets for which products have already been launched.

6. Recurring EBIT & recurring EBITDA

€ million	Actual June YTD		Variance %	
	2010	2009	Actual rates	Cst rates
Revenue	**1 644**	**1 596**	**3%**	**1%**
Net sales	1 431	1 379	4%	2%
Royalty income & fees	107	114	-6%	-7%
Other revenue	106	103	2%	1%
Gross profit	**1 098**	**1 087**	**1%**	**-1%**
Marketing & selling expenses	-405	- 421	-4%	-6%
Research & development expenses	-320	- 323	-1%	-2%
General & administrative expenses	-98	- 99	-1%	-1%
Other operating income/expenses(-)	-7	2	n.s.	n.s.
Total operating expenses	**-830**	**- 841**	**-1%**	**-3%**
Recurring EBIT (REBIT)	**268**	**246**	**9%**	**5%**
Add: Amortisation of intangible assets	94	64	47%	46%
Add: Depreciation charges	37	53	-31%	-32%
Recurring EBITDA (REBITDA)	**398**	**363**	**10%**	**6%**

Operating expenses, encompassing marketing & selling expenses, research & development expenses, general & administrative expenses and other operating income/expenses, reached € 830 million in first half 2010 compared to € 841 million in the interim period last year, € 11 million lower, reflecting:

- € 16 million lower marketing & selling expenses, or a reduction of 4%, where increased launch expenses for Cimzia®, Vimpat® and Neupro® were more than compensated by the cost savings from the exit from the primary care sector in the U.S. announced in January 2010,
- research & development expenses and general & administrative expenses remain at the same level as interim period last year,
- € 9 million lower other operating income/expenses (-) mainly related to the write-off of trade receivables.

Recurring EBIT is up by 9% to € 268 million due to the higher net sales.

Recurring EBITDA, is up by 10% to € 398 million or an increase of € 35 million compared to 2009, reflecting the increase in revenue and gross profit and reduction in operating expenses.

7. Net profit & adjusted net profit

€ million	Actual YTD June		Variance %	
	2010	2009	Actual rates	Cst rates
Recurring EBIT	**268**	**246**	**9%**	**5%**
Impairment charges	-5	- 95	-95%	-95%
Restructuring expenses	-19	- 5	278%	266%
Other non recurring income/expenses(-)	28	561	-95%	-95%
Total non recurring income/expenses(-)	4	461	-99%	-99%
EBIT (operating profit)	**272**	**707**	**-62%**	**-63%**
Net financial expenses	-83	- 55	51%	49%
Profit before income taxes	**189**	**652**	**-71%**	**-72%**
Income tax expenses	-42	- 137	-69%	-71%
Profit from continuing operations	**147**	**515**	**-71%**	**-73%**
Add: Profit from discontinued operations	1	1	-7%	-7%
Net profit	**148**	**516**	**-71%**	**-73%**
Less: After-tax non-recurring items & financial one-offs	4	- 380	n.s.	n.s.
Less: Profit from discontinued operations	-1	- 1	-7%	-7%
Adjusted net profit (after non-controlling interests)	**151**	**135**	**12%**	**7%**

- **Total non-recurring income / expenses(-)** amounted to € 4 million pre-tax income, € 457 million lower than last year, including € 5 million impairment of Mylotarg®, € 19 million restructuring expenses mainly related to the restructuring of the PCP business in Japan and Turkey compensated by an income of € 28 million related to the divestment of small businesses.

  The 30 June 2009 non-recurring items include SHAPE programme restructuring charges of € 5 million, impairment on intangible assets of € 95 million mainly reflecting the already announced impairment on the development project CDP323 and € 563 million before tax or € 455 million net after tax gains on the divestitures of commercial operations and product distribution rights for selected smaller markets to GlaxoSmithKline, the divestiture of Equasym™ to Shire, and the divestiture of Somatostatine-UCB™ to Eumedica.

- **Net financial expenses** were € 83 million compared to € 55 million in 2009, an increase of € 28 million due to higher interest rates, fees and the one-off revocation of the cash-settlement option related to the bonds in February 2010.
- The average **tax** rate on recurring activities is 22% in the first half of 2010 compared to 29% in the same period of last year. This is the effect of the change in tax rates and the reversal of write-downs previously recognised in deferred tax assets.
- **Net profit** after minority interest for the first half year reached € 148 million, i.e. € 368 million below prior year, reflecting lower non-recurring income in 2010 compared to 2009.
- Adjusting for the after-tax impact of non-recurring items and financial one-offs and for the after-tax contribution from discontinued operations, **adjusted net profit** reached € 151 million, which is 12% above the € 135 million of adjusted net profit for HY 2009.
- **Core EPS** increased from € 0.97 in June 2009 to € 1.17 as per end June 2010.

8. Balance sheet (see condensed consolidated statement of financial position hereafter)

- **Intangible assets:** further to the ongoing amortisation of the intangible assets related to the acquisition of Celltech and Schwarz Pharma (€ 82 million), the impairment of Mylotarg® (€ 5 million), the impact of the increasing U.S. dollar and British pound, intangible assets increased by € 22 million from € 1 953 million at 31 December 2009 to € 1 975 million at 30 June 2010.
- **Goodwill**: a € 389 million increase in goodwill between 31 December 2009 and 30 June 2010 reflects the impact of the increasing U.S. dollar and British pound.
- **Other non-current assets**: other non-current assets increased by € 49 million, from € 822 million to € 871 million, mainly driven by the increase in the Wilex investment measured at fair value and the increase in the derivative financial instruments.
- **Current assets**: the increase from € 1 794 million as of 31 December 2009 to € 2 174 million as of 30 June 2010 reflects a decrease in the trade receivables and an increase in the derivative financial instruments. The increase in the cash was driven by necessary funds for expected cash out-flow while keeping a certain level of cash at hand, taking into account standard lending terms with the credit facility of three months.
- **Shareholders' equity**: UCB's shareholders' equity, at € 4 695 million, increased by € 278 million between 31 December 2009 and 30 June 2010. Equity increased by the amount of net profit after non-controlling interest (€ 148 million), the cumulative translation adjustments due to the increasing U.S. dollar and British pound (€ 303 million), the derivative component linked to the convertible bond (€ 49 million) and equity decreased with the fair value adjustments related to the derivative financial instruments and the available for sale financial assets (€ 49 million) recognised in equity and by € 173 million as the result of dividends declared on the 2009 results.
- **Non-current liabilities**: the increase in non-current liabilities from € 2 641 million to € 2 706 million stems from a higher fair value of the retail bond.
- **Current liabilities**: the increase in current liabilities from € 2 062 million to € 2 560 million is mainly related to the draw down of the € 1.5 billion credit facility.

- **Net debt**: the net debt of € 1 869 million, an increase of € 117 million compared to € 1 752 million as per end December 2009, mainly due to the dividend payment on the 2009 results.

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

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

- **Cash flow from operating activities**: the increase in cash flow from operating activities from € -45 million in the first half of 2009 to € 139 million in the same period of 2010 resulting from an increase in underlying net profitability, a reduction of trade receivables, higher trade and other payables and payments related to the restructuring programmes.
- **Cash flow from investing activities**: the decrease of the cash flow from investing activities from € 477 million inflow in the first six months of 2009 to € 17 million outflow in the corresponding period of 2010 showing the low spending in tangible and intangible assets in the first half of 2010 and additional acquisition of 6.65% Wilex shares.
- **Cash flow from financing activities**: the increase in the cash flow from financing activities to € 275 million deriving from the payment of the dividend relating to the 2009 results amounted to € 172 million out of the € 176 million declared, and the raising of new short-term debt, partially compensated by an increase in cash & cash equivalents.

10. Outlook 2010: Outlook confirmed

- Revenue 2010 is expected to reach approximately € 3.0 billion with full annualised generic competition to Keppra® in the U.S., the impact of divested products, and further erosion of our mature products being partially offset by the performance of newly launched products.
- Recurring EBITDA is expected to end the year at approximately € 700 million.
- Core EPS is expected to reach approximately € 1.76 compared to € 1.74 in 2009. This is based on 180 million non-diluted shares.

Condensed consolidated income statement

For the six months ended 30 June € million	Note	2010 Reviewed	2009 Reviewed
Continuing operations			
Net sales	3	1 431	1 379
Royalty income		107	114
Other revenue		106	103
Revenue		**1 644**	**1 596**
Cost of sales		-546	-509
Gross profit		**1 098**	**1 087**
Marketing & selling expenses		-405	-421
Research & development expenses		-320	-323
General & administrative expenses		-98	-99
Other operating income/expenses (-)	6	-7	2
Operating profit before impairment, restructuring and other income and expenses		**268**	**246**
Impairment of non-financial assets	7	-5	-95
Restructuring expenses	8	-19	-5
Other income/expenses (-)	9	28	561
Operating profit		**272**	**707**
Financial income/expenses (-)		11	9
Financing costs		-94	-64
Profit before income taxes		**189**	**652**
Income tax expense	10	-42	-137
Profit for the period from continuing operations		**147**	**515**
Discontinued operations			
Profit for the period from discontinued operations	11	1	1
Profit for the period		**148**	**516**
Attributable to:			
Equity holders of UCB S.A.		150	517
Non-controlling interests		-2	-1
Earnings per share for profit attributable to the equity holders of the Company during the period			
• **basic**	*	**0.82**	**2.86**
• **diluted**	**	**0.81**	**2.79**

* The weighted average number of shares in issue during the interim period, for the purposes of the basic earnings per share calculation, is 180 101 429 (2009: 180 185 726).

** The weighted average number of shares during the interim period, for the purposes of the diluted earnings per share calculation, is 197 142 174 (2009: 184 450 703).

Condensed consolidated statement of comprehensive income

For the six months ended 30 June € million	Note	2010 Reviewed	2009 Reviewed
Profit for the period		**148**	**516**
Other comprehensive income			
Net gain/loss (-) on available for sale financial assets	12	6	0
Income tax		0	0
		6	0
Exchange differences on translation of foreign operations		303	-25
Effective portion of gains/losses (-) on cash flow hedges	12	-55	46
Income tax		0	4
		-55	50
Net gain/loss (-) on hedge of net investment in foreign operation	12	0	0
Income tax		0	0
		0	0
Other comprehensive income / loss (-) for the period, net of tax		**254**	**25**
Total comprehensive income for the period, net of tax		**402**	**541**
Attributable to:			
Equity holders of UCB S.A.		402	541
Non-controlling interests		0	0
Total comprehensive income for the period, net of tax		402	541

Condensed consolidated statement of financial position

€ million	Note	30 June 2010 Reviewed	31 December 2009 Audited
ASSETS			
Non-current assets			
Intangible assets	13	1 975	1 953
Goodwill		4 941	4 552
Property, plant and equipment	14	544	534
Deferred income tax assets		177	158
Employee benefits		12	12
Financial and other assets (including derivative financial instruments)	15	138	117
Total non-current assets		**7 787**	**7 326**
Current assets			
Inventories	16	412	405
Trade and other receivables		784	819
Income tax receivables		4	14
Financial and other assets (including derivative financial instruments)		80	53
Cash and cash equivalents		891	486
		2 171	**1 777**
Assets of disposal group classified as held for sale	17	3	17
Total current assets		**2 174**	**1 794**
Total assets		**9 961**	**9 120**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to UCB shareholders	18	4 695	4 415
Non-controlling interests		0	2
Total equity		**4 695**	**4 417**
Non-current liabilities			
Borrowings	20	34	23
Bonds	21	1 690	1 654
Other financial liabilities (including derivative financial instruments)		89	130
Deferred income tax liabilities		406	404
Employee benefits		104	104
Provisions	22	228	211
Trade and other liabilities		155	115
Total non-current liabilities		**2 706**	**2 641**
Current liabilities			
Borrowings	20	1 040	566
Other financial liabilities (including derivative financial instruments)		139	63
Provisions	22	125	169
Trade and other liabilities		1 025	1 036
Income tax payables		231	228
		2 560	**2 062**
Liabilities of disposal group classified as held for sale		0	0
Total current liabilities		**2 560**	**2 062**
Total liabilities		**5 266**	**4 703**
Total equity and liabilities		**9 961**	**9 120**

Condensed consolidated statement of cash flows

For the six months ended 30 June € million	2010 Reviewed	2009 Reviewed
Profit attributable to equity holders of UCB S.A.	**150**	**517**
Non-controlling interest	-2	-1
Depreciation of property, plant and equipment	33	40
Amortisation of intangible assets	94	64
Impairment of non-financial assets	5	95
Loss/gain (-) on disposals of property, plant and equipment	0	0
Loss/gain (-) on disposals other than property, plant and equipment	-24	-78
Equity settled share-based payment expense	-1	5
Profit from discontinued operations	-1	-1
Profit from disposed operations, other than discontinued operations	0	-485
Net interest income (-)/expense	84	60
Impairment of financial assets	0	2
Net non-cash financing costs	-179	-87
Financial instruments – change in fair value	36	48
Dividend income	0	0
Income tax expense	42	137
Cash flows from operating activities before changes in working capital, provisions and employee benefits	**237**	**316**
Decrease/increase (-) in inventories	14	-53
Decrease/increase (-) in trade & other receivables and other assets	134	22
Increase/decrease (-) in trade & other payables	-78	-144
Net movement in provisions and employee benefits	-47	-97
Net cash generated from operating activities	**260**	**45**
Interest received	13	45
Interest paid	-63	-106
Income taxes paid	-71	-29
CASH FLOWS FROM OPERATING ACTIVITIES	**139**	**-45**
Acquisition of intangible assets	-9	-17
Acquisition of property, plant and equipment	-13	-17
Acquisition of subsidiaries, net of cash acquired	0	-82
Acquisition of other investments	-5	0
Proceeds from sale of intangible assets	0	0
Proceeds from sale of property, plant and equipment	2	1
Proceeds from sale of businesses, net of cash disposed	0	518
Proceeds from sale of other investments	8	74
Dividends received	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	**-17**	**477**
Proceeds from issuing shares	0	0
Proceeds from borrowings	1 130	142
Repayment of borrowings	-682	-334
Proceeds from bonds issuance	0	0
Payment of finance lease liabilities	-1	-1
Purchase of treasury shares	0	0
Dividend paid to UCB shareholders net of dividend paid on own shares	-172	-163
CASH FLOWS FROM FINANCING ACTIVITIES	**275**	**-356**
CASH FLOWS FROM DISCONTINUED OPERATIONS	**0**	**-1**
NET INCREASE/DECREASE (-) IN CASH AND CASH EQUIVALENTS	**397**	**75**
Cash and cash equivalents less bank overdrafts at 1 January	466	434
Effect of exchange rate fluctuations	7	-1
CASH AND CASH EQUIVALENTS LESS BANK OVERDRAFTS AT 30 JUNE	**870**	**508**

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2010

€ million	Attributed to equity holders of UCB S.A.										
	Share capital & share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Available for sale financial assets	Cash flow hedges	Net investment hedge	Total	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2010	**2 151**	**-125**	**2 630**	**232**	**-523**	**0**	**-5**	**55**	**4 415**	**2**	**4 417**
Profit for the period			150						150	-2	148
Other comprehensive income/loss (-)					303	6	-55		254		254
Total comprehensive income			150		303	6	-55		404	-2	402
Dividends			-173						-173		-173
Share-based payments			7						7		7
Transfer between reserves		7	-7						0		0
Treasury shares		-7							-7		-7
Derivative component linked to convertible bond				49					49		49
Capital increase											
Balance at 30 June 2010 (reviewed)	**2 151**	**-125**	**2 607**	**281**	**-220**	**6**	**-60**	**55**	**4 695**	**0**	**4 695**

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2009

€ million	Attributed to equity holders of UCB S.A.										
	Share capital & share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Available for sale financial assets	Cash flow hedges	Net investment hedge	Total	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2009	**2 151**	**-125**	**2 276**	**232**	**-469**	**0**	**-105**	**55**	**4 015**	**2**	**4 017**
Profit for the period			517						517	-1	516
Other comprehensive income/loss (-)					-25	0	50		25		25
Total comprehensive income			517		-25	0	50		542	-1	541
Dividends			-166						-166		-166
Share-based payments			6						6		6
Transfer between reserves		2	-2						0		0
Treasury shares		-2							-2		-2
Capital increase											
Balance at 30 June 2009 (reviewed)	**2 151**	**-125**	**2 631**	**232**	**-494**	**0**	**-55**	**55**	**4 395**	**1**	**4 396**

Notes to the condensed consolidated interim financial statements

1. General information

UCB S.A, the parent company, (hereafter “UCB” or “the Company”) is a limited liability company incorporated and domiciled in Belgium. These condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2010 (hereafter “the interim period”) comprise the Company and its subsidiaries (together referred to as “the Group”).

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

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on 30 July 2010.

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

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request from the Company’s registered office at 60, Allée de la Recherche, B-1070 Brussels, Belgium, or at www.ucb.com/investors.

2. Summary of significant accounting policies

2.1. Basis of preparation

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

These interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

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.

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

2.2. Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently relevant for the Group:

- **IAS 27** (Revised), *Consolidated and separate financial statements*.
- **IFRS 3** (Revised), *Business combinations*.
- **IAS 39** (Amendment), *Financial instruments: Recognition and Measurement – Eligible Hedged Items*.
- 2009 Annual Improvements to IFRS's.
- **IFRS 2** (Amendment), *Share-based payment – Group cash-settled share-based payments*.
- **IFRS 1** (Amendment), *First time adoption of IFRS – Additional exemptions for first time adopters*.
- **IFRIC 17**, *Distribution of non-cash assets to owners*.

The standards and interpretations issued but not yet effective in 2010 have not been early adopted by the Group.

2.3. Exchange rates

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

Equivalent of € 1	Closing rate		Average rate	
	2010	2009	**2010**	2009
USD	1.226	1.412	1.324	1.318
JPY	108.578	134.964	120.919	125.302
GBP	0.819	0.874	0.869	0.902
CHF	1.321	1.509	1.435	1.504

The closing rates represent spot rates as at 30 June 2010 and 30 June 2009, while the average rates represent averages over the first six months of the year.

3. Segment reporting

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

3.1. Product sales information

Net sales consist of the following:

For the six months ended 30 June € million	**2010** **Reviewed**	2009 Reviewed
Keppra® (includ. Keppra® XR)	460	465
Zyrtec® (includ. Zyrtec-D®/Cirrus®)	150	169
Venlafaxine XR	97	41
Cimzia®	83	24
Xyzal®	63	82
Vimpat®	55	23
Tussionex™	45	67
Neupro®	39	27
Nootropil®	32	37
Omeprazole	31	30
Metadate™ CD/Equasym™ XL	29	42
Other products	347	372
Total net sales	**1 431**	**1 379**

3.2. 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	**2010** **Reviewed**	2009 Reviewed
North America	531	484
Germany	179	145
France	92	97
Italy	72	77
Spain	75	71
U.K. and Ireland	66	74
Belgium	22	24
Rest of world	394	407
Total net sales	**1 431**	**1 379**

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	**2010** **Reviewed**	2009 Audited[1]
Belgium	186	189
North America	107	95
U.K. and Ireland	102	104
Germany	55	57
France	1	2
Italy	4	5
Spain	0	0
Rest of world	89	82
Total property, plant and equipment	**544**	**534**

[1] The reporting date for the comparative period is 31 December 2009

3.3. Information about major customers

UCB has no large customers which individually account for more than 10% of total net sales at the end of June 2010 (2009: no large customers).

In the U.S., sales to 3 wholesalers accounted for approximately 82% of US sales (2009: 87%).

4. Seasonality of operations

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

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

5. Group organisation and significant events / transactions

During the interim period, no significant changes were made to the composition of the Group, except for the disposals mentioned below. There were no business combinations during the period. Notes 8 and 11 provide further information on restructuring activities and discontinued operations.

6. Other operating income and expenses

Other operating income/expenses (-) amounted to € -7 million expenses in the interim period (2009: € 2 million income) mainly as a result write-off of trade receivables.

7. Impairment of non-financial assets

At the end of each reporting period, management assesses whether there is any indication that an asset may be impaired. If such an indication exists, management then estimates the recoverable amount of the asset in order to assess whether an impairment loss needs to be recognised. Impairment losses recognised in previous interim periods for certain financial assets are not reversed.

In the first half of 2010, management reviewed the non-financial assets (including intangible assets and goodwill) for impairment on the basis of external and internal indicators, and concluded that impairment charges of € 5 million on the Mylotarg® intangible (2009: € 95 million mainly on the development project CDP 323) should be recognised in the interim period.

8. Restructuring expenses

Restructuring expenses amounting to € 19 million (2009: € 5 million) were attributable to the restructuring of the PCP business in Japan and Turkey.

9. Other income and expense

Other income/expenses (-) amounted to € 28 million income in 2010 (2009: € 561 million income) and is mainly the result of the disposal of small businesses other than discontinued operations.

The comparative amount comprised mainly the capital gain of € 485 million that was recognised upon the divestiture of certain distribution activities and affiliates in selected emerging markets to GSK. Additionally, a capital gain of € 22 million on the sale of the world-wide rights to its anti-haemorrhagic product Somatostatine-UCB™ to Eumedica, as well as a capital gain of € 56 million on the disposal of Equasym® IR and Equasym® XL (*methylphenidate HCl*) for the treatment of attention deficit hyperactivity disorder (ADHD) to Shire, was recorded in 2009.

10. Income tax expense

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

For the six months ended 30 June € million	**2010** **Reviewed**	2009 Reviewed
Current income taxes	-91	-120
Deferred income taxes	49	-17
Total income tax expense	**-42**	**-137**

The Group's consolidated effective tax rate in respect of continuing operations for the six months is 22.2% (2009: 21.0%).

The Group's effective tax rate excluding the tax impact on the one-off impairment of non-financial assets, restructuring expenses and capital gains amounts to 22.0% (2009: 29.3%).

11. Discontinued Operations

The profit from discontinued operations of € 1 million (2009: € 1 million) arose due to the partial reversal of provisions related to the legacy chemicals activities of the Group.

12. Components of other comprehensive income

For the six months ended 30 June € million	**2010** **Reviewed**	2009 Reviewed
Available for sale financial assets:		
Gains/losses (-) arising during the year	6	0
Less: Reclassification adjustment for gains/losses (-) included in the income statement	0	0
	6	0
Cash flow hedges:		
Gains/losses (-) arising during the year	-60	32
Less: Reclassification adjustment for gains/losses (-) included in the income statement	-5	-14
	-55	46
Net investment hedge:		
Gains/losses (-) arising during the year	0	0
Less: Reclassification adjustment for gains/losses (-) included in the income statement	0	0
	0	0

13. Intangible assets

During the period, the Group spent approximately € 3 million (2009: € 5 million) acquiring intangible assets through in-licencing deals. Additionally, the Group capitalised € 6 million (2009: € 12 million) of software development costs.

In the first half of the year, the Group recognised total impairment charges of € 5 million (2009: € 95 million) on its intangible assets. The impairment charges are detailed in Note 7 and have been presented in the income statement under the caption 'impairment of non-financial assets'.

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

The amortisation charge for the period amounted to € 94 million (2009: € 64 million).

14. Property, plant and equipment

During the period, the Group spent approximately € 13 million (2009: € 17 million) in acquiring new property, plant and equipment.

The Group also disposed of various property, plant and equipment with a carrying amount of approximately € 2 million (2009: € 1 million).

After the review of the property, plant and equipment for an indication of impairment, € 0 million (2009: € 0 million) of impairment charges was assessed for the period.

The depreciation charge for the period amounted to € 33 million (2009: € 40 million).

During the six months ended 30 June 2010, no borrowing costs were capitalised since there were no qualifying assets included in 'Assets under construction' during the interim period.

15. Financial and other assets

Non-current financial and other assets amounted to € 138 million at 30 June 2010 (2009: € 117 million).

On 10 June 2010, UCB has strengthened its early pipeline alliance with Wilex, a German company specialising in the development of drugs and diagnostic agents for cancer, by increasing its shareholding to 18.05%. The total purchase price for the additional equity stake amounts to € 5 million. This financial asset has been classified as available for sale and measured at fair value upon initial recognition. The increase in the fair value, amounting to € 6 million at 30 June 2010, is recognised in other comprehensive income (refer to Note 12). The total investment in Wilex amounts to € 18 million.

The overall increase is mainly attributable to the previously mentioned investment in Wilex, a decrease in the payments advanced by UCB to Lonza with regards to the construction of a biological manufacturing plant (€ 7 million) and an increase in the fair value of the interest rate hedge (€ 19 million).

16. Write-down of inventories

Included in cost of sales for the six months ended 30 June 2010 is an amount of € 28 million (2009: € 13 million) in respect of allowances recognised to reduce the carrying amount of inventories to their net realisable value.

17. Non-current assets held for sale

Non-current assets held for sale decreased to € 3 million (2009: € 17 million) and is mainly the result of the disposal of small businesses other than discontinued operations.

18. Capital and reserves

18.1. Share capital and share premium

The issued share capital of the Company amounted to € 550 million at 30 June 2010 (2009: € 550 million), represented by 183 365 052 shares (2009: 183 365 052 shares).

The Company's shares have no par value. At 30 June 2010, 72 422 921 shares (2009: 72 423 070) were registered and 110 942 131 (2009: 110 941 982) were bearer/dematerialised shares. The holders of UCB shares are entitled to receive dividends as declared and are also entitled to one vote per share at the Shareholders' meeting of the Company. There is no authorised, unissued share capital.

18.2. Treasury shares

The Group acquired 233 740 shares (2009: 85 754 shares) of UCB SA for a total amount of € 7 million (2009: € 2 million) and issued 236 839 treasury shares (2009: 97 968 treasury shares) for a total amount of €7 million (2009: € 2 million) in the first half of the year. The Group retained 3 165 952 treasury shares at 30 June 2010 (2009: 3 169 051 shares). The treasury shares have been acquired in order to honour the exercise of stock options and share awards granted to the Board of Directors and certain categories of employees.

18.3. Other reserves

Other reserves amounted to € 281 million (2009: € 232 million) and consists of the following items:

- the IFRS acquisition value surplus that arose during the Schwarz Pharma business combination for € 232 million; and
- the fair value, net of tax, of the derivative component linked to the convertible bond for € 49 million as a result of UCB's decision to revoke the cash settlement option linked to the convertible bond.

18.4. Cumulative translation adjustments

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

19. Dividends

The Board of Directors' proposal of a gross dividend of € 0.96 per share (2009: € 0.92) or € 176 million (2009: € 169 million) for the business year 2009 was approved by the UCB shareholders at their annual general meeting on 29 April 2010, and was thus reflected in the first half of 2010.

20. Borrowings

On 15 December 2009, UCB S.A. announced the successful negotiation and conclusion of a new € 1.5 billion revolving credit facility. The facility expires on 31 December 2012 with a one-year extension option at the end of the first year, subject to lenders' approval.

At the end of the period, the total amount drawn down was € 881 million (2009: € 444 million). On 30 June 2010, the Groups weighted average interest rate was 2.72 % (2009: 4.69%) prior to hedging.

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

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

€ million	2010 Reviewed	2009 Audited[2]
Balance at 1 January	**589**	**2 913**
Bank overdrafts	20	29
Bank loans	545	2 858
Finance lease	24	26
Loans drawn	**1 129**	**536**
Repayments	**-687**	**-2 833**
Bank Loans	-686	-2 830
Finance lease	-1	-2
Net change in bank overdrafts	**1**	**-9**
Foreign currency impacts	**42**	**-19**
Net investment hedge	**0**	**0**
As at reporting date	**1 074**	**589**
Bank overdraft	21	20
Bank loans	1 030	545
Finance lease	23	24

21. Bonds

During the current interim period, UCB did not issue any new bonds.

The carrying amounts of the bonds are as follows:

€ million	Coupon rate	Maturity date	2010 Reviewed	2009 Audited[2]
Non-current				
Convertible bond	4.50%	2015	426	421
Retail bond	5.75%	2014	767	739
Institutional Eurobond	5.75%	2016	497	494
Total non-current bonds			**1 690**	**1 654**

21.1. Convertible bond

The convertible bond recognised in the statement of financial position is calculated as follows:

€ million	2010 Reviewed	2009 Audited[2]
Balance at 1 January[3]	**421**	**428**
Effective interest expense	16	6
Nominal interest accrued for/not yet due	-4	-4
Nominal interest accrual of previous period, paid in current period	4	0
Interest paid	-11	0
Unamortised transaction cost upon initial recognition	0	-9
Amortisation charge for the period	0	0
As at reporting date	**426**	**421**

[2] The reporting date for the comparative period is 31 December 2009
[3] The balance for the comparative period is the balance upon initial recognition at 22 October 2009

21.2. Retail bond

The carrying amount of the retail bond for the six months ended 30 June amounted to € 767 million (31 December 2009: € 739 million). The Group designates derivative financial instruments under fair value hedges to the retail bond. The increase in the carrying amount of the Retail Bond is fully attributable to the increase in fair value of the hedged portion of the retail bond, and is almost fully offset by a change in fair value of the corresponding derivative financial instruments.

21.3. Institutional Eurobond

The carrying amount of the Institutional Eurobond bond for the six months ended 30 June amounted to € 497 million (31 December 2009: € 494 million). The Group designates derivative financial instruments under fair value hedges to the Institutional Eurobond. The increase in the carrying amount of the Institutional Eurobond is fully attributable to the increase in fair value of the hedged portion of the Institutional Eurobond, and is almost fully offset by a change in fair value of the corresponding derivative financial instruments.

22. Provisions

22.1. Environmental provisions

The environmental provisions decreased by € 1 million during the current interim period, due to the release of certain environmental provisions related to the divestiture of the Surface Specialties business. This relates to the divested sites on which UCB has retained full responsibility in accordance with the contractual terms agreed upon with Cytec Industries Inc. In the first half of 2010, a part of the provision related to the Surface Specialties business was reversed.

22.2. Restructuring provisions

The restructuring provisions decreased by € 46 million during the current interim period, including the payments related to the SHAPE programme announced in August 2008, the organisational changes in Belgium and the U.K. announced in November 2009, the exit from the primary care sector in the U.S. announced in January 2010 and the newly set-up provisions related to the restructuring of the PCP business in Japan and Turkey (see Note 8).

22.3. Other provisions

The other provisions increased by € 20 million during the current interim period and relate mainly to tax risks, product liability and litigation claims. Provisions for tax risks are recorded if UCB considers that the tax authorities might challenge a tax position taken by the Group or a subsidiary. 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.

23. Related parties

There were no changes with respect to the related parties identified and disclosed in the 2009 Annual Report.

Key management compensation as disclosed below comprises compensation recognised in the income statement for members of the Board of Directors and the Executive Committee, for the six months ended 30 June 2010 where they exercised their mandate.

€ million	2010 Reviewed
Short-term employee benefits	3
Termination benefits	0
Post-employment benefits	1
Share-based payments	2
Total key management compensation	**6**

24. Commitments and contingencies

24.1. Contingent assets and liabilities

No significant events have taken place in the first half of the year, hence there have been no material changes in the contingent assets disclosed in the 2009 Annual Report.

The Group continues to be actively involved in litigations, claims and investigations, including, but not limited to product liability, patent challenges and in a U.S. Department of Justice review of Keppra® promotional practices and reimbursement issues. These and other ongoing 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.

24.2. Capital commitments

At 30 June 2010, the Group has committed to spend approximately € 60 million principally relating to capital expenditure on property, plant and equipment in Belgium.

The Group has entered into several in-licensing agreements with different counterparties. At 30 June 2010, the Group had commitments payable within the coming half year of approximately € 2 million with respect to intangible assets. These payments are usually due upon achievement of specified milestone events for products under development and in-licensed from third parties.

UCB has entered as well into a structured co-development collaboration, an agreement comparable to a traditional co-development agreement but concluded with non-pharma company. This agreement foresees potential development and approval milestones which may be capitalised. Besides these R&D milestones, UCB will also need to make payments calculated by reference to net sales of the drug following successful commercialisation by UCB.

24.3. Guarantees

During the six months ended 30 June 2010, the company granted new guarantees amounting to € 9 million with respect to rental and construction agreements. Additionally, the Group was able to reduce the guarantees in respect to reinsurance liabilities with € 5 million and as well the guarantees in respect of manufacturing capacity arrangements with € 4 million.

25. Events after the reporting period

In July 2010, UCB agreed with its global pharmaceutical partner Chiesi, the marketing of the asthma product Innovair® *(beclomethasone/formoterol)* in Europe will be taken over by Chiesi itself.

In July 2010, UCB also out-licensed the U.S. marketing rights for a bundle of six established products to Actient Pharmaceutical. This transition is part of the company's long-term strategy to become the patient-centric global biopharmaceutical leader focused on immunology and neurology.

26. Risks

In accordance with Article 13 § 5 of the Belgian Royal Decree of 14 November 2007, UCB states that the fundamental risks confronting the Company are materially unchanged from those described on the pages 51 – 55 of the 2009 Annual Report. On a regular basis, the Board of Directors and the Chief Operating Decision Makers, being the Executive Committee, evaluate the business risks that confront UCB.

Statutory auditor's report on review of condensed consolidated interim financial information for the period ended 30 June 2010

We have reviewed the accompanying consolidated statement of financial position of UCB S.A. and its subsidiaries, as of 30 June 2010 and the related consolidated income statement, comprehensive income, changes in equity and cash flows for the six month period then ended, as well as the condensed explanatory notes. The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

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

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

Brussels, 30 July 2010

The statutory auditor

PricewaterhouseCoopers Bedrijfsrevisoren / Réviseurs d'Entreprises

Represented by

Bernard Gabriëls

Bedrijfsrevisor / Réviseur d'Entreprises

Responsibility statement

We hereby confirm that, to the best of our knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2010, which has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and that the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

On behalf of the Board of Directors

Roch DOLIVEUX,

Chairman of Executive Committee & CEO

Detlef THIELGEN,

Executive Vice President & CFO