

AstraZeneca PLC

Second Quarter and Half Year Results 2006

“A strong second quarter, with sales up 10 percent and Earnings per Share up 41 percent; on track to achieve financial targets for the full year.”

Financial Highlights

Group	2 nd Quarter	2 nd Quarter	Actual	CER	Half Year	Half Year	Actual	CER
	2006	2005	%	%	2006	2005	%	%
	\$m	\$m			\$m	\$m		
Sales	6,625	6,132	+8	+10	12,805	11,875	+8	+11
Operating Profit	2,131*	1,718	+24	+30	4,107*	3,171	+30	+31
Profit before Tax	2,209	1,749	+26	+31	4,253	3,235	+31	+33
Earnings per Share	\$1.02**	\$0.75	+36	+41	\$1.92**	\$1.38	+39	+41

All narrative in this section refers to growth rates at constant exchange rates (CER)

*Includes \$109 million in other income in respect of the divestment of the US anaesthetic and analgesic products to Abraxis BioScience, Inc.

**Includes \$0.05 in respect of the divestment

- Second quarter sales increased by 10 percent to \$6,625 million. Operating profit increased by 30 percent to \$2,131 million, including a \$109 million divestment gain. Underlying operating profit (excluding the divestment gain) increased by 23 percent.
- First half sales were \$12,805 million, up 11 percent. First half operating profit increased by 31 percent (up 28 percent underlying) to \$4,107 million; first half operating margin was 32.1 percent.
- Strong first half sales for five key growth products: Nexium™ (up 11 percent), Seroquel™ (up 29 percent), Crestor™ (up 48 percent), Arimidex™ (up 34 percent) and Symbicort™ (up 24 percent).
- Free cash flow (see page 9) of \$2,922 million in the first half. Share repurchases totalled \$1,627 million.
- The Board has recommended a 29 percent increase in the first interim dividend to \$0.49.
- Offer for Cambridge Antibody Technology Group plc (CAT) declared unconditional 22 June. As of 30 June, the Company had acquired or received valid acceptances in respect of more than 95 percent of CAT shares. Compulsory acquisition of remaining CAT shares now underway.
- On 21 July, the US FDA approved Symbicort™ for the maintenance treatment of asthma in patients aged 12 years and older.
- On 17 July, a regulatory submission was made in the US for a once daily sustained release (SR) formulation of Seroquel™ for the treatment of patients with schizophrenia. Filings in the EU expected towards end of this year.
- Company anticipates earnings per share in the upper half of the range of \$3.60 to \$3.90.

David Brennan, Chief Executive Officer, said: “The strong second quarter earnings performance reflects our continued delivery of good sales growth and margin expansion. The prospects for our current portfolio have been strengthened by the Symbicort™ approval in the US and the regulatory submission for Seroquel SR™ in the US. Progress continues in our licensing and business development initiatives, as evidenced by the completed acquisition of CAT and the recently announced collaboration with Abbott in the US cholesterol market.”

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Pictures of senior executives are available on www.newscast.co.uk.

Broadcast footage of AstraZeneca products and activities is available on

www.thenewsmarket.com/astrazeneca

Business Highlights *All narrative in this section refers to growth rates at constant exchange rates (CER) unless otherwise indicated*

Second Quarter

Sales in the second quarter increased by 10 percent at CER, or 8 percent on an as reported basis (including a 2 percent adverse impact from currency movements). Sales outside the US were up 8 percent. Reported US sales growth was 12 percent, with underlying sales growth slightly higher.

R&D expense increased by 15 percent to \$955 million, including full accrual for all remaining costs associated with Galida™. Excluding this charge, underlying R&D costs grew by 10 percent, SG&A expenses increased by 5 percent to \$2,290 million. Operating profit was up 30 percent in the second quarter to \$2,131 million, including \$109 million in other income associated with the recognition of a portion of the gain on the divestment of the US anaesthetic and analgesic products. Underlying operating profit growth (excluding the gain) was up 23 percent. Second quarter operating margin was 32.2 percent on an as reported basis, compared with 28.0 percent in the second quarter 2005. Earnings per share in the second quarter were \$1.02 versus \$0.75 in 2005, an increase of 41 percent.

The combined sales of five key growth products (Nexium™, Seroquel™, Crestor™, Arimidex™, and Symbicort™) grew by 21 percent in the second quarter, to \$3,299 million.

Nexium™ sales in the second quarter were \$1,283 million, up 8 percent. Nexium™ sales outside the US were up 13 percent. Reported US sales growth was 5 percent, which was affected by changes in managed care rebate accruals (chiefly in the second quarter 2005) and some inventory movements; underlying growth was estimated to be 14 percent, a continuation of the trend of strong volume growth partially offset by lower realized prices.

Crestor™ sales in the second quarter were \$480 million, up 51 percent. Sales in the US were up 47 percent. Crestor™ share of total prescriptions in the US statin market was 8.0 percent in the week ending 14 July, up 1.7 points since the beginning of the year. Crestor™ sales in other markets were up 58 percent. On 5 July, AstraZeneca and Abbott announced a US collaboration to co-develop and market a single pill, fixed dose combination of Crestor™ and Abbott's next generation TriCor® (ABT-335) as part of a comprehensive treatment regimen for mixed lipid disorders.

Symbicort™ sales in the second quarter were \$308 million (up 25 percent) as sales continue to outpace the market growth for fixed combination treatments for asthma and COPD. On 21 July, the US FDA approved Symbicort™ for the maintenance treatment of asthma in patients aged 12 years and older. AstraZeneca plans to launch Symbicort™ in the US in mid-2007.

Arimidex™ sales in the second quarter were \$379 million, up 31 percent on continued growth in usage for primary adjuvant treatment of early breast cancer in post-menopausal women. Recently, a new indication for Arimidex™ was granted in some EU markets (UK, Germany, Austria, Italy, Spain and Portugal). In these countries, Arimidex™ is now indicated for the adjuvant treatment of early breast cancer in hormone receptor positive post-menopausal women who have received two to three years of adjuvant tamoxifen. This new indication makes Arimidex™ the first and only aromatase inhibitor to be approved for both primary adjuvant use and following two to three years of tamoxifen.

Seroquel™ sales in the second quarter were up 28 percent, to \$849 million, on good growth in the US (up 30 percent) and in other markets (up 24 percent). On 17 July, the Company announced the submission of a New Drug Application to the US FDA for a sustained release (SR) once-daily formulation of Seroquel™ for the treatment of patients with schizophrenia. A filing for Seroquel SR™ in Europe is expected towards the end of this year.

First Half

For the first half, sales increased 11 percent at CER, or 8 percent on an as reported basis (including a 3 percent adverse impact from currency movements). Sales in the US were up 14 percent, with sales in other markets up 8 percent. Combined sales for five key growth products were \$6,294 million (up 23 percent) in the first half, on strong performances for Nexium™ (up 11 percent), Seroquel™ (up 29 percent), Crestor™ (up 48 percent), Arimidex™ (up 34 percent), and Symbicort™ (up 24 percent).

Double-digit sales growth and continued cost discipline resulted in a 28 percent underlying increase in operating profit. With the divestment gain included, operating profit was up 31 percent, with a 5.4 percentage point improvement in operating margin (to 32.1 percent of sales) in the first half. Earnings per share were \$1.92 compared with \$1.38 last year, an increase of 41 percent.

Future Prospects

The strong sales and earnings momentum keeps the Company firmly on track to deliver its financial targets for the full year. Also included in earnings for the year is the one-off gain on the divestment of the US anaesthetic and analgesic products and the amortization of the related deferred gain, as well as full consolidation of CAT and the amortization of its intangibles. Taking all these factors into account, the Company anticipates earnings per share in the upper half of the target range of \$3.60 to \$3.90.

Included in this target is around 24 cents of earnings related to Toprol-XL™ in the US for the remaining 5 months of the year. This assumes generic companies do not receive final regulatory approval and seek to launch “at risk”. This 24 cents of earnings exposure excludes any one-time asset or inventory adjustments that may be required.

Disclosure Notice: The preceding forward-looking statements relating to expectations for earnings and business prospects for AstraZeneca PLC are subject to risks and uncertainties, which may cause results to differ materially from those set forth in the forward-looking statements. These include, but are not limited to: when and if a generic competitor to Toprol-XL™ were introduced in the US market prior to completion of Appellate Court process, the rate of growth in sales of generic omeprazole in the US, continued growth in currently marketed products (in particular Crestor™, Nexium™, Seroquel™, Symbicort™ and Arimidex™), the growth in costs and expenses, interest rate movements, exchange rate fluctuations, and the tax rate. For further details on these and other risks and uncertainties, see AstraZeneca PLC's Securities and Exchange Commission filings, including the 2005 Annual Report on Form 20-F.

Sales

All narrative in this section refers to growth rates at constant exchange rates (CER) unless otherwise indicated

Gastrointestinal

	Second Quarter		CER %	Half Year		CER %
	2006	2005		2006	2005	
Losec™/Prilosec™	356	438	-17	700	865	-16
Nexium™	1,283	1,204	+8	2,472	2,259	+11
Total	1,654	1,661	+1	3,205	3,160	+3

- In the second quarter, dispensed tablet volume in the US PPI market increased by 10 percent. This volume increase was driven by the growth for omeprazole products (up 48 percent) and for Nexium™ (up 20 percent). In aggregate, volume for all other brands declined by 5 percent in the quarter.
- In the US, reported sales growth for Nexium™ in the second quarter was 5 percent; however, adjusted for differences in managed care rebate accruals (chiefly in the second quarter 2005) and inventory movements between periods, underlying sales growth was around 14 percent as the strong volume growth was partially offset by lower realized prices. First half sales on a similar basis increased by 15 percent (9 percent as reported).
- Nexium™ sales in other markets were up 13 percent in the second quarter. Sales in Europe were up 12 percent despite a 4 percent decline in Germany as a result of a significant reduction in the reference price for PPI's. For the first half, Nexium™ sales in other markets increased 15 percent.
- Prilosec™ sales in the US were down 38 percent in the second quarter and down 24 percent in the first half.
- Sales of Losec™ in other markets declined by 14 percent in the first half, although sales in Japan were up 11 percent.

Cardiovascular

	Second Quarter		CER %	Half Year		CER %
	2006	2005		2006	2005	
Seloken™/Toprol-XL™	478	435	+11	934	843	+12
Crestor™	480	317	+51	867	590	+48
Atacand™	276	254	+11	530	489	+12
Plendil™	70	112	-38	142	205	-30
Zestril™	78	78	+3	153	165	-3
Total	1,540	1,370	+13	2,930	2,627	+14

- Sales of Toprol-XL™ in the US were up 19 percent in the second quarter and up 20 percent in the first half. Total prescriptions for Toprol-XL™ in the US increased by 12 percent compared with 8 percent growth for the beta blocker market.
- During the second quarter, AstraZeneca submitted a supplemental New Drug Application to the US FDA for Toprol-XL™ for the management of pediatric hypertension.
- Sales of Seloken™ in other markets were down 12 percent in the second quarter and 9 percent in the first half.
- Crestor™ sales in the second quarter were \$480 million (up 51 percent), including \$271 million in the US (up 47 percent). Total prescriptions in the US statin market grew at double-digit rates in the first half. Crestor™ share of total prescriptions in the US statin market was 8.0 percent in the week ending 14 July, up from 6.3 percent in December 2005.
- US sales for Crestor™ in the first half increased 45 percent to \$491 million.

- In other markets, Crestor™ sales in the second quarter were \$209 million (up 58 percent) on continued strong growth in Europe (up 58 percent) and Canada (up 25 percent). Volume share of the statin market for Crestor™ is now 15.3 percent in Canada; 10.9 percent in the Netherlands; 17.4 percent in Italy and 9.6 percent in France.
- Crestor™ sales in other markets increased 52 percent in the first half to \$376 million.
- The interim report of the Crestor™ post-marketing surveillance programme in Japan has been successfully completed. It is anticipated that there may be some reported commercial sales for Crestor™ in Japan in the second half of 2006.
- On 5 July, AstraZeneca and Abbott announced a US collaboration to co-develop and market a single pill, fixed dose combination of Crestor™ and Abbott's next generation TriCor® (ABT-335) as part of a comprehensive treatment regimen for mixed lipid disorders.
- Atacand™ sales in the US were down 3 percent in the second quarter and unchanged in the first half.
- Sales of Atacand™ in other markets were up 16 percent in both the second quarter and the first half.
- Plendil™ sales in the first half were down 30 percent as a result of generic competition in the US, where sales declined 82 percent.

Respiratory

	Second Quarter		CER %	Half Year		CER %
	2006	2005		2006	2005	
Pulmicort™	301	276	+10	629	590	+9
Symbicort™	308	255	+25	585	502	+24
Rhinocort™	102	112	-9	187	204	-8
Accolate™	21	13	+62	39	41	-5
Oxis™	22	23	-4	44	46	-
Total	791	718	+12	1,556	1,464	+9

- Symbicort™ sales in the second quarter were up 25 percent to \$308 million on share gains and market growth of fixed combination treatments for asthma and COPD. Sales in the first half were up 24 percent.
- On 21 July, the US FDA approved Symbicort™ for the maintenance treatment of asthma in patients aged 12 years and older. AstraZeneca plans to launch Symbicort™ in the US in mid-2007.
- Pulmicort™ sales in the first half were up 9 percent. Reported sales growth for Pulmicort™ Respules™ in the US was 18 percent; as total prescriptions were unchanged, the positive variance arises from price changes and differences in managed care rebate accruals. First half sales of Pulmicort™ in other markets were down 4 percent.
- Sales of Rhinocort™ Aqua in the US were down 11 percent in the first half. Total prescriptions declined by 16 percent.

Oncology

	Second Quarter		CER %	Half Year		CER %
	2006	2005		2006	2005	
Arimidex™	379	297	+31	714	553	+34
Casodex™	306	287	+11	580	564	+8
Zoladex™	250	263	-2	481	494	+2
Iressa™	62	59	+8	112	140	-16
Faslodex™	47	35	+37	91	64	+45
Nolvadex™	24	32	-22	45	60	-20
Total	1,071	976	+13	2,029	1,881	+13

- Arimidex™ continued its strong performance in the second quarter, with sales up 31 percent to \$379 million. Sales in the US increased 28 percent in the second quarter and 27 percent in the first half. Total prescriptions for Arimidex™ in the US increased 26 percent in the first half; market share in June was 36.7 percent, up two percentage points since December 2005.
- Arimidex™ sales in other markets were up 32 percent in the second quarter and up 38 percent in the first half. First half sales increased 43 percent in Europe and were up 25 percent in Asia Pacific.
- On 12 July, the Company announced that a new indication for Arimidex™ was granted in some EU markets (UK, Germany, Austria, Italy, Spain and Portugal). In these countries, Arimidex™ is now indicated for the adjuvant treatment of early breast cancer in hormone receptor positive post-menopausal women who have received two to three years of adjuvant tamoxifen. This new indication makes Arimidex™ the first and only aromatase inhibitor to be approved for both primary adjuvant use and following two to three years of tamoxifen.
- Casodex™ sales in the US in the first half were up 19 percent (to \$140 million) on a small volume increase (up 3 percent) and favourable price changes, inventory movements and other factors.
- In other markets, Casodex™ sales were up 6 percent in the first half to \$440 million.
- First half sales of Zoladex™ were down 15 percent in the US. Sales in other markets were up 4 percent, resulting in a 2 percent increase overall.
- Iressa™ sales in the second quarter were up 8 percent to \$62 million on growth in Japan and China. Sales in the first half were down 16 percent as \$37 million of sales in the US were recorded in the first quarter of 2005.
- Faslodex™ sales increased 45 percent in the first half (to \$91 million) as sales nearly doubled in Europe and were up 16 percent in the US.

Neuroscience

	Second Quarter		CER %	Half Year		CER %
	2006	2005		2006	2005	
Seroquel™	849	667	+28	1,656	1,300	+29
Zomig™	103	104	+1	196	172	+17
Total	1,178	1,022	+16	2,314	1,974	+19

- Seroquel™ sales in the second quarter were \$849 million (up 28 percent) on good growth in the US (up 30 percent), Europe (up 20 percent) and Asia Pacific (up 30 percent).
- In the US, Seroquel™ sales in the second quarter were up 30 percent, on volume growth (total prescriptions up 13 percent year to date), favourable price changes, and some inventory destocking in the second quarter 2005. Seroquel™ market share of new prescriptions reached 30.5 percent in June, up from 29.8 percent in December 2005.
- Seroquel™ sales in the first half in the US were \$1,210 million (up 30 percent).
- Seroquel™ sales in other markets increased 24 percent in the second quarter and 27 percent in the first half on continued gains in market share.
- On 18 July, the Company announced the submission of a New Drug Application to the US FDA for a sustained release (SR) once daily formulation of Seroquel™ for the treatment of patients with schizophrenia. A filing for Seroquel SR™ in Europe is expected towards the end of this year.
- Zomig™ sales comparisons in the US are affected by the resumption of full responsibility for US commercialization on 1 April 2005. Second quarter sales were \$46 million, the same as second quarter 2005. First half sales were up 56 percent, reflecting the low sales to Medpointe during the first quarter last year.
- Zomig™ sales in other markets were up 1 percent in the second quarter and down 1 percent for the first half.

Geographic Sales

	Second Quarter		CER %	Half Year		CER %
	2006	2005		2006	2005	
USA	3,077	2,743	+12	5,959	5,243	+14
Europe	2,255	2,197	+7	4,427	4,362	+8
Japan	387	399	+5	691	736	+4
RoW	906	793	+12	1,728	1,534	+10

- Sales in the US in the second quarter were fuelled by strong growth for Seroquel™, Crestor™, Toprol-XL™, Nexium™, and Arimidex™.
- Sales growth in Europe in the second quarter was driven by Symbicort™ (up 24 percent), Crestor™ (up 58 percent), Arimidex™ (up 37 percent), Nexium™ (up 12 percent despite weak sales in Germany) and Seroquel™ (up 20 percent).
- Second quarter sales in Japan were up 5 percent, as volume rebounded from the destocking in the first quarter ahead of the April price decreases. There was good growth in Losec™ (up 14 percent) and oncology products (up 7 percent).
- Sales in China increased 12 percent in the second quarter, led by Iressa™ and Pulmicort™.

Operating Review

All narrative in this section refers to growth rates at constant exchange rates (CER) unless otherwise indicated

Second Quarter

Reported sales increased by 8 percent and operating profit by 24 percent. At constant exchange rates, sales increased by 10 percent and operating profit by 30 percent.

Currency movements for the quarter had an adverse impact to sales of 2 percent and 6 percent to operating profit, resulting in a decrease to earnings per share of 3 cents for the quarter. Although in comparison to quarter two last year, the dollar was slightly stronger against most currencies (euro 0.2 percent, Japanese yen 6.5 percent, Swedish krona 1.7 percent and sterling 1.6 percent), the impact of currency volatility within the quarter on settlements has exaggerated the impact on operating profit. Consequently, the normal hedging effect of the cost base has not occurred, resulting in a higher impact on profit than sales.

Underlying US sales growth is slightly above reported growth of 12 percent after adjusting for managed market accruals, inventory movements and other factors. Outside the US, sales increased by 8 percent.

Reported operating margin increased by 4.2 percentage points from 28.0 percent to 32.2 percent. Currency reduced margin by 0.7 percentage points and the gain on the divestment of the US anaesthetic and analgesic products increased margin by 1.7 percentage points, resulting in an underlying margin improvement of 3.2 percentage points for the quarter.

Gross margin increased by 0.4 percentage points to 79.0 percent of sales. Currency depressed gross margin by 1.1 percentage points and payments to Merck at 4.6 percent of sales were 0.4 percentage points lower than second quarter last year, implying an underlying margin increase of 1.1 percentage points, due mostly to favourable sales mix and continuing operational efficiencies.

R&D expenditure was \$955 million in the second quarter, up 15 percent over last year due to increased investment in the early portfolio and life cycle management programmes. Included in R&D is a charge of \$38 million as a result of the discontinuation of the Galida™ development programme, which represents the estimated costs to complete all remaining clinical work. Excluding this charge, underlying R&D costs grew by approximately 10 percent. In comparison to the second quarter 2005, R&D reduced operating margin by 0.6 percentage points. SG&A increased by 5 percent to \$2,290 million for the quarter due to the continued investment in key products across the business. SG&A added 1.7 percentage points to operating margin in the quarter.

Higher other income increased operating margin by 2.3 percentage points due principally to higher royalties and a gain of \$109 million arising from the divestment of the US anaesthetic and analgesic products to Abraxis BioScience, Inc. in the US (see Investments below).

The fair value adjustments relating to financial instruments amounted to a \$5 million benefit in the quarter; \$3 million credit in cost of sales, \$3 million charge in R&D and \$5 million credit to interest.

First Half

Reported sales increased by 8 percent and operating profit by 30 percent. At constant exchange rates, sales increased by 11 percent and operating profit by 31 percent.

Currency had an adverse impact to sales of 3 percent and 2 percent to operating profit. Cumulatively, exchange has decreased EPS by 2 cents. Assuming current exchange rates remain unchanged for the remainder of the year, we would expect currency to have a broadly neutral impact on EPS in the second half of the year.

Underlying US sales growth approximates to reported sales growth of 14 percent for the six months. Outside the US, sales increased by 8 percent.

Operating margin increased by 5.4 percentage points from 26.7 percent to 32.1 percent. Excluding the effects of currency and the divestment gain, underlying margin improved 4.0 percentage points for the half year.

Gross margin increased by 2.3 percentage points to 79.4 percent of sales. Included in the half year last year was a provision for the early termination of the Medpointe Zomig™ US distribution agreement. Excluding this, together with lower payments to Merck (4.6 percent of sales) and currency movements, underlying margin improved by 2.1 percentage points.

R&D expenditure was up 12 percent to \$1,816 million (9 percent excluding Galida™ costs) primarily due to increased investment across the portfolio. Compared with the first half 2005, R&D reduced operating margin by 0.1 percentage points. SG&A increased by 7 percent to \$4,405 million over last year primarily the result of increased investment in the key products. SG&A added 1.1 percentage points to operating margin in the first half.

The fair value adjustments relating to financial instruments amounted to a \$4 million charge for the half year; \$5 million charge in cost of sales and \$1 million credit to interest.

Toprol-XL™

In the six months, Toprol-XL™ contributed sales of \$732 million and EPS of 26 cents. While uncertainties exist as to whether, when and with which strengths generic companies will launch, the Company is determined to maximise the value contribution from Toprol-XL™ for its remaining life. Given these uncertainties and the impact various scenarios have on expected performance for 2006, 2007 and 2008, the Company believes that future performance can be best judged by excluding Toprol-XL™ from current performance. Consequently, if Toprol-XL™ were excluded from the current and prior periods, sales growth for the quarter and half year would be 9 percent and 10 percent respectively and EPS growth would be 41 percent in both periods.

Based on current forecasts, the contribution of Toprol-XL™ to EPS for the remaining five months of the year is estimated at 24 cents, assuming no generic launches "at risk".

Interest and Dividend Income

Net interest and dividend income for the first half was \$146 million (2005 \$64 million), with \$78 million in the second quarter (2005 \$31 million). The increase over 2005 is primarily attributable to higher average investment balances and yields. The reported amounts include \$24 million (2005 \$11 million) in the first half and \$13 million (2005 \$6 million) in the quarter arising from employee benefit fund assets and liabilities reported under IAS 19, "Employee Benefits".

Taxation

The effective tax rate for the half year was 28.9 percent compared with 29.9 percent for the same period last year. The full year 2005 tax rate was 29.1 percent. It is anticipated that the full year tax rate for 2006 will be around 29 percent.

Cash Flow

Free cash flow* for the first six months was \$2,922 million compared to \$2,855 million in the first half of 2005.

Shareholder returns of \$3,069 million comprising share repurchases of \$1,627 million and \$1,442 million dividend payment and a net \$213 million cash outflow primarily from the acquisition of KuDOS Pharmaceuticals Limited in the first quarter were offset by proceeds from share issues of \$746 million, \$157 million additional short term investments held by Cambridge Antibody Technology Group plc, and \$20 million of other non-cash movements, resulting in an overall increase in net funds of \$563 million. The offer by AstraZeneca UK Limited for Cambridge Antibody Technology Group plc was declared unconditional on 22 June. As of 30 June, valid acceptances in respect of more than 95 percent of the shares to which the offer relates had been acquired or received. Settlement in respect of these acceptances, totalling \$858 million (£463 million) occurred in July. Compulsory acquisition of remaining shares for a total of \$43 million (£23 million) is now underway.

Cash generated from operating activities in the period was \$3,421 million, \$267 million higher than in the first half of 2005. An increase in profit before tax of \$1,018 million was offset by a \$483 million increase in working capital requirements, mainly as a result of higher sales volumes and a \$197 million increase in tax paid.

Net cash outflows from investing activities of \$11 million for the first half contrast with inflows of \$477 million for the similar period of 2005. The reduction is a result of \$331 million expenditure on collaboration deals with Abraxis BioScience, Inc., Protherics PLC, Targacept, Inc. and AtheroGenics, Inc. together with outflows of \$203 million in respect of the acquisition of KuDOS Pharmaceuticals Limited.

* - Cash flows before share issues and returns to shareholders; movements in short term investments, fixed deposits and short term borrowings; and acquisitions.

Investments

In January, the Company acquired KuDOS Pharmaceuticals Limited, a UK biotechnology company focused on the discovery and development of oncology therapies based on inhibition of DNA repair. The acquisition provides the Company with a widely recognised expert group and technology platform that complements the existing capabilities of the oncology franchise, one of the Company's key therapy areas. The acquisition price of \$210 million, which was settled in cash, consists mainly of an intangible asset of \$285 million, goodwill of \$12 million and a deferred tax liability of \$85 million.

In April, the Company announced an agreement with Abraxis BioScience, Inc. to co-promote for five and a half years their cancer therapy product ABRAXANE[®] in the US from 1 July as well as the divestment of the Company's US anaesthetic and analgesic products to Abraxis BioScience, Inc. The co-promotion of ABRAXANE[®] provides the Company with access to the key US chemotherapy market and at the same time complements and extends the US oncology product portfolio. For the right to co-promote ABRAXANE[®] the company paid Abraxis BioScience, Inc. \$200 million which has been classified as an intangible asset on the balance sheet and is to be amortised over the term of the agreement which includes two years after the completion of the co-promotion (7.5 years). The divestment of the US anaesthetic and analgesic products, which was completed 28 June, resulted in a gain of \$235 million, of which \$109 million was recognised in quarter two with the remaining \$126 million to be recognized over the five year supply contract.

The Company announced in May its intention for AstraZeneca UK Limited to acquire the remaining share capital of Cambridge Antibody Technology Group plc. On 22 June, it was announced that the offer to acquire the entire share capital of Cambridge Antibody Technology Group plc had been declared unconditional. The cost of acquisition, including all directly attributable expenses was substantially settled in July, although Cambridge Antibody Technology Group plc has been consolidated from the date of the offer being declared unconditional. Cash was used to acquire all the equity instruments of Cambridge Antibody Technology Group plc. The Company has consolidated total net assets of approximately \$1,200 million, including intangible assets and goodwill of approximately \$1,300 million, representing products in development, royalty income from launched products and the technologies utilized by Cambridge Antibody Technology Group plc in developing monoclonal antibodies together with the resultant libraries and a deferred tax liability of \$390 million plus other net assets of \$300 million.

In July, the Company announced collaboration with Abbott to co-develop and market a combination product using Crestor[™] and Abbott's proprietary, next generation TriCor[®] (ABT-335).

Dividends

The Board has recommended a 29 percent increase in the first interim dividend to \$0.49 (26.6 pence, SEK 3.60) to be paid on 18 September 2006 to all shareholders on the register on 11 August 2006.

Share Repurchase Programme

During the second quarter, 19.5 million shares were repurchased for cancellation at a total cost of \$1,063 million bringing the total repurchases for the first half of the year to 31.1 million shares at a total cost of \$1,627 million. During the first six months, 18.2 million shares were issued in consideration of share option exercises for a total of \$746 million.

The total number of shares in issue at 30 June 2006 was 1,568 million.

The share buy back programme is calculated to have added 3 cents to EPS for the half year after allowing for an estimate of interest income foregone.

Although it has not yet done so, the Company remains open to the possibility of using its existing authority from shareholders to give irrevocable instructions to banks, in order to continue the share repurchase programme during close periods ahead of publication of its results. Appropriate announcements about any such transactions would be made.

Updated R&D Pipeline Table

The R&D pipeline table was updated in conjunction with the Business Review meeting held on 8 June. A copy of this table is available on the Company's website, www.astrazeneca.com, under information for investors.

Pipeline developments that have occurred subsequent to this update include:

- With the completion of the acquisition of CAT, the following compounds have been added to the pipeline: CAT-3888 (in Phase II development for hairy cell leukaemia); CAT-354 (in Phase I development for asthma); and two preclinical compounds, CAT-8015 (haematological malignancies) and CAT-5001 (solid tumours).
- In collaboration with Abbott, the Company is co-developing a single pill, fixed-dose combination of Crestor™ and Abbott's next generation TriCor® (ABT-335) for mixed lipid disorders for the US market. In parallel, a combination product based on Abbott's currently marketed fibrate TriCor® and AstraZeneca's Crestor™ will also be evaluated.
- The development of the intravenous dosage form of AZD7009 for atrial fibrillation conversion has been discontinued.
- The US regulatory submission has been made for Seroquel SR™ for the treatment of schizophrenia. The filing in the EU is expected before the end of the year.
- On 21 July, the US FDA approved Symbicort™ for the maintenance treatment of asthma in patients aged 12 years and older.

Calendar

26 October 2006	Announcement of third quarter and nine months 2006 results
1 February 2007	Announcement of fourth quarter and full year 2006 results

David Brennan
Chief Executive Officer