

Annual Report

2002



Pharma



Surface Specialties



INDUSTRY FOR A BETTER LIFE

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Commercial Registry of Brussels No. 85.078 VAT No. BE 403.053.608

The UCB Group in brief

In € and \$ million	1998	1999	2000	2001	2002	
	€	€	€	€	€	\$
Group turnover ⁽¹⁾	1 646	1 842	2 204	2 475	2 514	2 713 + 2%
Total of assets/liabilities	1 519	1 807	2 303	2 564	2 621	2 828
Own funds ⁽²⁾	872	1 042	1 206	1 391	1 565	1 688
Value added ⁽³⁾	745	846	1 003	1 164	1 225	1 322
Capital expenditure during the year	154	106	177	194	164	177
R&D expenditure	128	173	182	218	262	283 +20%
Operating Profit before depreciation (EBITDA) ⁽⁴⁾	442	544	620	756	833	899
Depreciation ⁽⁵⁾	-187	-235	-243	-290	-330	-356
Operating Profit (EBIT) ⁽⁶⁾	255	309	377	466	503	543
Net financial charges ⁽⁷⁾	-13	-9	-7	-4	-9	-10
Profit before tax :						
ORDINARY	242	300	370	462	494	533 + 7%
EXCEPTIONAL	-15	-1	6	-6	-27	-29
Total	227	299	376	456	467	504
Taxation	-67	-79	-107	-136	-136	-147
Share in profits/losses of apportioned companies		-	-	-2	1	1
Profit after tax	160	220	269	318	332	358 + 4%
- Depreciation ordinary ⁽⁸⁾	75	89	99	111	118	127
exceptional ⁽⁹⁾	3	1	2	3	9	10
- Write-back of depreciation on R&D costs	-15	-14	-17	-29	-39	-42
- Capital grants, less subsidies included in profits	-	-	-	-	-	-
- Residual value of assets sold	5	4	1	4	9	10
- Differences in provisions	1	8	73	41	-26	-28
Cash flow ⁽¹⁰⁾	229	308	427	448	403	435
Profit distributed	55	73	93	111	117	126
R.O.C.E. ⁽¹¹⁾	23	24	24	25	24	
Personnel employed at 31st December	8 914	9 214	9 910	10 013	10 326	

Exchange rate used on 31.12.2002 : 1 euro = 1.079 US dollars

(1) The turnover is that published in the official presentation of the profit and loss account. The turnover does not include the royalties which are shown in the consolidated profit and loss account under «other operating income».

(2) The main items included in own funds are the capital of UCB S.A., the share premium account, revaluation surpluses, consolidated reserves and minority interests.

(3) The value added is made up of depreciation (not including depreciation on R&D costs), employment costs, net financial charges and ordinary profit before taxation. Employment costs include the remuneration of Group personnel, social charges and pensions.

(4) EBITDA : Earnings Before Interests and Taxes, Depreciation and Amortization

(5) Ordinary Depreciation and Depreciation on R&D costs.

(6) EBIT : Earnings Before Interests and Taxes.

(7) Net financial charges include income from non-consolidated shareholdings.

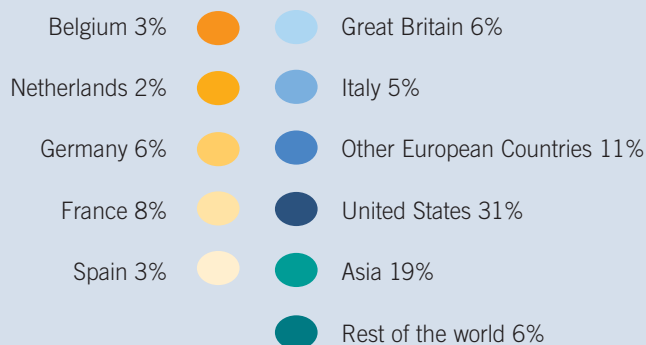
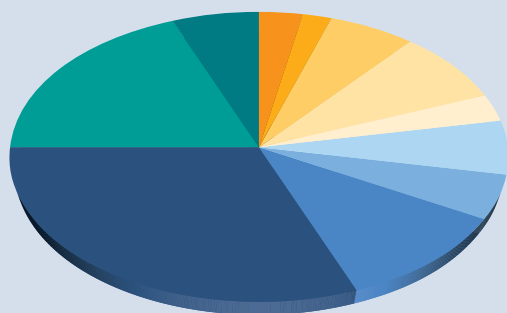
(8) and (9) These amounts do not include depreciation on R&D costs.

(10) Cash flow includes the total profits after taxation, including depreciation (not including depreciation on R&D costs), variations upwards or downwards in provisions for risks and charges, together with capital grants.

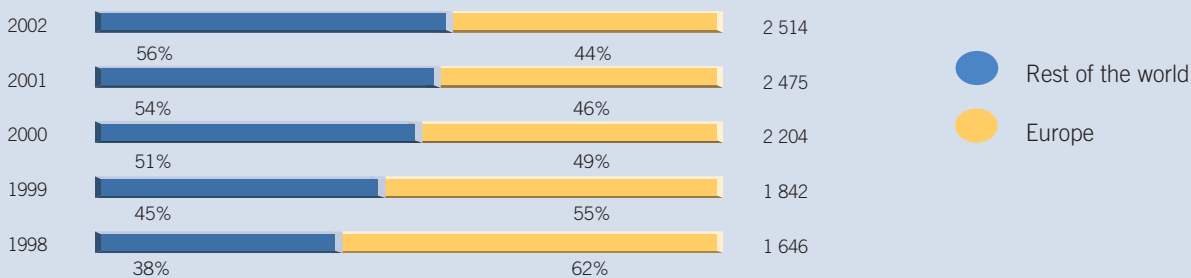
(11) «Return on Capital Employed»: this is the ratio between the ordinary profits (before taxation and financial charges) and capital employed (average over the two years of the total of the assets, after deduction of financial resources provided free of charge in the ordinary course of business, such as commercial debts and invoices to be received).

Profit/(loss) by Sector in € million	2001			2002		
	Ordinary	Except.	Total	Ordinary	Except.	Total
Pharma	403	8	411	440	1	441
Surface Specialties	49	-13	36	34	-18	16
-Chemicals	40	-7	33	47	-6	41
-Films	9	-6	3	-13	-12	-25
Non-sectorial	10	-1	9	20	-10	10
	462	-6	456	494	-27	467
Taxation			-136			-136
Share in the profits/losses of apportioned companies			-2			1
Total profit after taxation			318			332

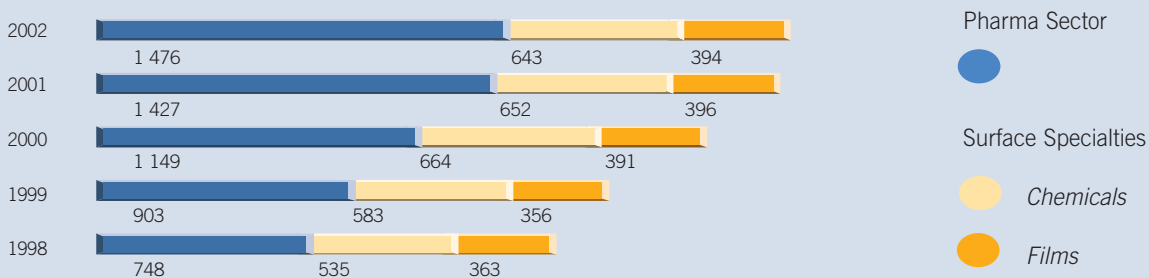
Geographical distribution of consolidated turnover



Evolution of consolidated turnover (in € million)



Consolidated turnover by Sector (in € million)



Share of sales by Sector

Sector	2001	2002
Pharma	58%	59%
Surface Specialties	42%	41%
Chemicals	26%	26%
Films	16%	15%
	100%	100%

Mission & Strategy

Americas

people employed: 1,535
industrial sites: 4
sales subsidiaries: 7
turnover: € 858 million

Asia/Pacific

people employed: 1,613
industrial sites: 10
sales subsidiaries: 25
turnover: € 496 million

Europe

people employed: 7,133
industrial sites: 14
sales subsidiaries: 58
turnover: € 1,133 million

UCB focuses on products with a high added value, in markets where it aims to be amongst the world leaders.

UCB aims to be a pharmaceutical and specialty chemical company which operates on a global scale. It is committed to pharmaceuticals (UCB Pharma), as well as to technically innovative products for surface applications (Surface Specialties).

While UCB's first objective is to satisfy the needs of its **customers** and its target population, it also seeks to improve the environment and the welfare of mankind. Towards its **personnel**, UCB is developing a policy of training and internal movement, which will enable each person to develop his respective talents and to adapt skills to UCB's international dimension. For its **shareholders**, UCB seeks to offer an optimal return to those who have put their confidence in its shares.

UCB's strategy of innovation and globalisation is to specialize in

products with a high added value, which result from its own research in markets where it aims to be a world leader.

The development of its markets and products have dictated changes in the structure. In addition to the parent company, UCB SA, the UCB Group currently comprises some one hundred and fifty subsidiaries and affiliated companies, based mainly in Europe, but also located in the fast-growing markets of the Americas and Asia.

The names of the main subsidiaries are given in the list of consolidated companies on pages 32 and 33. Contact addresses on the main continents are given on page 51. UCB's vast network of agents and licensees extends sales coverage to virtually every country in the world.

New Structures

Pharma core business

It is with confidence that UCB Pharma regards the future; it is committed to offering the medical profession clear solutions to the challenges of allergies, asthma and problems of the central nervous system.

UCB makes daily progress in the understanding of allergic respiratory illnesses.



In 1999 the antiallergic *Zyrtec* entered into the very exclusive club of the "blockbusters". In 2002 it continues its success: in the United States, it is the only antihistamine, which doctors can prescribe for babies from six months to two years. The new antiallergic *Xyzal* has been approved by the European Union. After the United States and several European countries, where it has achieved great success, the antiepileptic *Keppra* (levetiracetam) continues to be introduced progressively in Europe and Asia.



Due to genomics, the researchers at UCB Pharma can "construct" new medicines in a more rational way than previously.



The therapeutic solutions proposed by UCB Pharma, like those offered by *Keppra* to the problem of epilepsy, are very innovative.

75 years of projects and success

Created in 1928 by the merger of 13 factories manufacturing various intermediate chemicals, Union Chimique Belge has transformed itself over recent decades into UCB, becoming a world leader in its pharmaceutical and



The founder of UCB, Emmanuel Janssen, understood the importance that the chemical industry was destined to become.



UCB Pharma is the primary development axis of the Group

Surface Specialties becomes world-class business by acquiring the Resins, Additives and Adhesives activities from Solutia and by integrating UCB's Chemicals and Films.

UCB is 75 years old

UCB is built on a long-term strategy. This anticipation, based on innovation and research, enables it to be amongst the world leaders in its specific chosen areas.

Surface Specialties

on the starting-blocks

At the end of 2002, the **Chemical** and **Film** Sectors were merged and UCB acquired the **Resins, Additives and Adhesives** activities from Solutia. Together they form a new unit, called Surface Specialties, a world player, competitive and with a strong R&D guarantee for the future.

This new unit responds to the need to achieve the most synergies possible, but also to the growing demand from customers for integrated technical solutions.

Officially opening the new R&D centre at Wigton, the British Prime Minister, Tony Blair, emphasised on that occasion that

"the only way of being competitive today was to invest massively in R&D". An R&D based from now on at Surface Specialties on the mastery of resins and of highly effective, more selective and environmentally friendly surface technologies.



The activities recently acquired by "Surface Specialties" cover liquid surface resins, technical resins, additives and adhesives.

chemical specialties. This development has been the result of a consistent desire to respond to the challenges of the times by pursuing a strategy of specialization, which through many investments and disinvestments has enabled a new company to be developed.

A company based on innovation fed by research, together with internationalization through acquisitions on all the continents.

Due to the development of its pharmaceutical leg, UCB has become, as a result of its own discoveries, a world leader in its therapeutic fields.

It is the same for the chemical and film specialties, today strengthened by an important acquisition, which lifts UCB to the level of the largest companies in the field of surface treatment technology.

The success of UCB is based on a long term strategy, which is supported by the stability of its shareholdings and by the determination of successive managements to pursue a policy of innovation and globalization.



From its origins in the Avenue Louise (Brussels) to the UCB Center today.

Directors | Senior Management | Auditors



Mark Eyskens,
Chairman of the Board of Directors.



Georges Jacobs,
Chairman of the Executive Committee.

Board of Directors

Mark Eyskens, Chairman
 Baron Daniel Janssen, Deputy Chairman
 H.R.H. Prince Lorenz of Belgium, Director
 Alan Blinken, Director
 Baron Karel Boone, Director
 Baron Jacobs, Director
 Eric Janssen, Director
 Guy Keutgen, Director
 Countess Diego du Monceau de Bergendal, Director
 Mrs Jean van Rijckevorsel, Director
 Jean-Louis Vanherweghem, Director

Honorary Directors

Baron Jaumotte, Honorary Chairman of the Board of Directors
 Willy De Clercq, Honorary Chairman of the Board of Directors
 Paul Etienne Maes, Honorary Chairman of the Executive Committee
 Francis Cattoir, Honorary Director
 Count Didisheim, Honorary Director
 Mrs André Janssen, Honorary Director
 Alain Jubert, Honorary Director
 Baron de Neve de Roden, Honorary Director
 Baron Velge, Honorary Director

Auditors (College of "Commissaires")

Daniel Goossens, Auditor
 Daniël Van Woensel, Auditor

Executive Committee

Georges Jacobs, Chairman
 Edouard Croufer
 Ben Van Assche

Central Services

Vincent Damien, Chief Information Officer
 Jean-Pierre Pradier, Director Corporate Human Resources
 Jettie Van Caenegem, Director Legal Affairs & Intellectual Property
 Marc Wiers, Adviser to the Executive Committee

Pharma Sector

Edouard Croufer, Director-General
 Thomas Beck, Director Global R&D
 Keith Bragman, Director Global Clinical Development
 François Meurgey, Director Global Marketing
 Gerd Johnschner, Director Medical & Regulatory Affairs
 Simon Looman, Director Europe
 Bruno Strigini, Director Asia
 Anthony Tebbutt, Director USA and Canada

Surface Specialties

Ben Van Assche, Director-General
 Monika Riese-Martin, Director Global Strategic Integration
 Frank Aranzana, Director Global Business Unit Films & Adhesives
 Steven A. Zollmann, Director Global Business Unit Coating Resins & Additives
 Jan Vandendriessche, Director Global R&D
 Claude Grunewald, Director Global Technical Operations
 François Thys, Director Global Purchasing
 André Jordens, Director Europe
 Larry Golen, Director Americas
 Frank Coenen, Director Asia/Pacific
 Pol Vanderhaeghen, Director Taminco

Statement by the Chairmen

The past year achieved an ordinary profit before tax, which was a record of € 494 million, an increase of 7% compared with 2001, which had been a particularly favourable year in the pharmaceutical field. The ordinary profit margin of the Group is increasing; it reached 20%, compared to 19% the previous year.

The strategy of the Group, in an uncertain economic climate, remains clearly defined: balanced growth of the two activities of UCB, Pharma and Surface Specialties. In the Pharma Sector, which provides the base of the Group profits, the objectives are, on the one hand, to consolidate the position of leadership in the field of antiallergics and, on the other hand, in neurology to pursue the promising potential of its antiepileptic, *Keppra*, and of its successors. UCB intends to complete its potential of internal growth with a programme of targeted acquisitions. For Surface Specialties, the objective is, in addition to the merger of the Chemical and Film Sectors, to achieve the integration of the activities acquired from Solutia at the beginning of 2003, which should generate substantial synergies. The new Sector, with a total turnover of more than € 1,500 million, will have available a range of projects and know-how, which are of a nature to strengthen its position as a world leader in its field of specialties.

In 2002, the **Pharma** Sector continued to expand in its two therapeutic groups, in particular due to its strong growth in the USA. The ordinary profit of the Sector increased by more than 9%.

In allergy/asthma, *Zyrtec* confirmed its position of being the most sold antihistamine in the world. Its main competitor in the prescription market is now exclusively available on an OTC basis in the USA. This clarifies the situation to the advantage of *Zyrtec*, which continues to increase its market share. In addition, the use of *Zyrtec* by children from six months has been approved by the FDA, which makes it the only antiallergic medicine indicated for this age range. An extension of its patent for six months, up to December 2007, has been granted on the basis of the results of a paediatric clinical study programme. The American sales of *Zyrtec* reached \$ 1,115 million by the end of the year, an increase of 13% compared to the previous year.

On the Japanese market, the market share of *Zyrtec* has been maintained at 17%, despite the arrival of a new competitive product on the market. The reduction of 6% in the price of medicines in 2002 contributed to a fall in turnover expressed in local currency of 6%.

In Europe, the expiry of patent protection for *Zyrtec* is gradual and will be staggered until 2007. The antiallergic range saw a fall, but this was limited thanks to the good reputation of *Zyrtec*

and the launch of its successor, *Xyzal*. The promotion of *Xyzal* should be intensified due to new highly favourable comparative data.

In neurology, *Keppra* has passed the significant threshold, with a turnover increasing by 89%. Due to its intrinsic qualities, *Keppra* has now already established itself as the third antiepileptic of the new generation in the world in the epilepsy indication and that after only the second full year of marketing. The ease of use of *Keppra* has been confirmed by the results of new clinical studies. Thanks to its expertise in neurology, UCB has several new molecules in its pipeline, one of which is in clinical development and some others are approaching that stage.

The chemical activities confirm the growth of their results (+18%), which show a net improvement in their contribution to the Group. In the field of films, after showing a loss of € 13 million in 2002, a return to break-even started in the course of the last quarter of the past year, due to a recovery programme and improvement in the markets. This recovery was confirmed at the beginning of 2003 and should continue.

In summary, the creation of **Surface Specialties** constitutes a major step in the evolution of UCB. The regrouping and the acquisition of new activities place UCB in the first rank in the surface treatment market, with an unequalled portfolio of complementary technologies. The UCB Group is very confident in the future of this new business project.

The ordinary profits of the whole Group before tax reached € 494 million, compared to € 462 in 2001, an increase of 7%. The results of the year 2002 were affected by the losses made in the Film activities. Due to the exchange rates used for consolidation, the movement of the euro/dollar rate has had an adverse effect on the growth of profits. After taking account of the exceptional results and taxation of € 136 million, total profits after taxation amounted to € 332 million, an increase of 4% compared to those of 2001.

As a sign of confidence and to support the development of the Group in the best way in 2003, the Board of Directors last December approved a programme of R&D and of investments for a total amount of € 501.5 million. The research programme, growing at 17%, confirmed the desire of UCB to continue with its strategy of innovation.



Georges Jacobs



Mark Eyskens

Report of the Directors

Ladies and Gentlemen,

In accordance with the legal and statutory requirements, we have pleasure in presenting to you our report on the activities of the UCB Group during the previous year and the consolidated accounts at the end of 2002. We also submit for your approval the annual accounts of UCB S.A. for the year ended 31st December, 2002.

General situation

The **consolidated turnover** of the UCB Group rose from € 2,475 to € 2,514 million, an increase of 2%. The globalization policy continued: the share of sales made outside Europe, constantly increasing, reached 56% of total turnover, compared with 54% in 2001.

The ordinary **profits** of the Group before tax amounted in 2002 to € 494 million, compared with € 462 million the previous year, an increase of 7%. After taking account of the exceptional results and of taxation, the total profits of the Group amounted to € 332 million, compared with € 318 million in 2001, a growth of 4%.

Numbers employed by the Group throughout the world were 10,326, compared to 10,013 the previous year, 313 people more. This growth reflected an increase in numbers employed within the pharmaceutical activities across the sites at Braine and Atlanta. However these figures do not include the 1,700 people, who have been integrated into the Group in February, 2003, following the acquisition of the Resins, Adhesives and Additives activities from Solutia. The cost of wages, salaries and social charges followed the movement in numbers employed. They reached € 604 million, compared with € 585 million the previous year, equivalent to 24% of the turnover of the Group. Complementary information on these matters is shown in the Human Resources section of this report.

UCB devoted more than € 35 million in 2002 to the protection of the **environment**. The effects are explained in the section devoted to the environment.

Expenditure on **Research and Development** by the Group amounted to € 262 million, compared with € 218 million in 2001, an increase of 20%. The main trends in R&D are explained in the pages on each Sector.

Investments fell from € 194 to € 164 million (of which € 100 were for the Pharma Sector, € 39 for the Chemical activities and € 19 for the Film activities). The most significant investments were: in the Pharma Sector, new installations for the manufacture of *Keppra* and for the Bioproducts activities, together with

the commissioning of high technology equipment for R&D; in Chemicals, the purchase of the polyurethane activities of Beom Woo in Korea and the completion of the monomers factory in Shanghai; in Films, the improvement in the production process of BOPP (Bioriented Polypropylene).

On the **financial structure**, the surplus on cash flow amounted to € 507 million and the shareholders funds, after distribution, were of the order of € 1,565 million. The Group had a net increase in its net treasury and this despite a significant programme of investments made, mainly in the United States and on various European sites.

The cash available at the end of 2002 will be partially affected by the acquisition of the Resins, Adhesives and Additives activities from Solutia, but it should rapidly be rebuilt, leaving ample possibilities for new acquisitions within the Group.

UCB S.A., the mother company of the Group, holds directly or indirectly the shareholdings in the subsidiaries. It also develops its own industrial activities. Its total profit in 2002 amounted to € 339 million, an increase of 2% compared to the previous year. After taking account of the profit brought forward from the previous year of € 120 million, the balance available for distribution amounts to € 459 million. The Board of Directors proposes at the end of this report to distribute a gross dividend of € 117 million.

As far as the use of the authorized capital reserved to the personnel of the UCB Group performing directorial or senior management functions is concerned, an option plan on shares was approved by the Board of Directors in the context of the Belgian legislation of 1999. In 1999, a first issue of 147,000 subscription rights on UCB shares was reserved for some 270 members of the personnel. A second issue took place in 2000, covering around 480 people and 237,500 subscription rights.

Since 2001, it has been decided no longer to make use of the authorized capital to issue subscription rights to the personnel,

Group research expenditure

In € million	2001	% of total expenditure	% of turnover	2002	% of total expenditure	% of turnover
Pharma	168	77%	12%	213	81%	14%
Surface Specialties	50	23%	5%	49	19%	5%
-Chemicals	35	16%	5%	35	14%	5%
-Films	15	7%	4%	14	5%	4%
TOTAL	218	100%		262	100%	

but to issue purchase options on existing shares, to be purchased by the company or by one of its subsidiaries. In 2001, this issue covered 346,800 share options, reserved to 490 members of the personnel. In 2002, 450,000 options were issued to members of the personnel of the UCB Group, performing directorial or senior management functions; they covered around 560 people.

The company has decided not to make use itself of the authorization granted to it by the General Meeting of shareholders of 2001 to purchase its own shares to cover share purchase option plans set up for the members of the personnel of the UCB Group performing directorial or senior management functions. It is UCB Fipar, an indirect subsidiary of UCB S.A., which has by agreement taken over all the obligations of UCB in this matter.

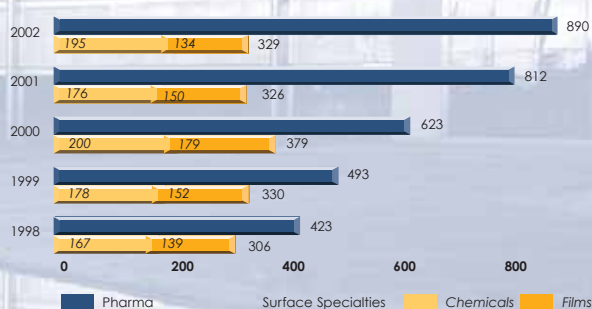
Group investments

In € million	2001		2002	
Pharma	75	39%	100	61%
Surface Specialties	113	58%	58	36%
-Chemicals	77	39%	39	24%
-Films	36	19%	19	12%
Non-sectorial	6	3%	6	3%
TOTAL	194	100%	164	100%

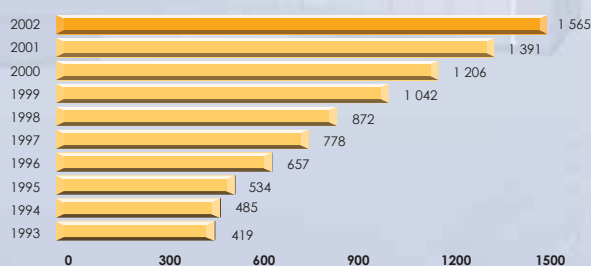
Cash flow and Ordinary profit/loss (in € million)



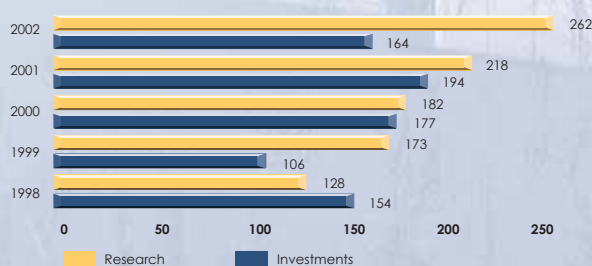
Value added by Sector (in € million)



Own funds (in € million)



Investments and Research costs (in € million)



Pharma

In 2002 the Pharma Sector achieved two essential objectives of its growth strategy in its two fields of pharmaceutical specialties (allergy/respiratory illnesses and neurology): the pursuit of the growth of **Zyrtec** in the USA and the success of the new antiepileptic **Keppra** in all the markets, where it had been introduced. The worldwide sales of the Sector amounted to € 1,476 million, compared with € 1,427 million in 2001, an increase of 3.5%. The growth of turnover would have been 7% without the adverse impact of the rates of exchange between the dollar and the yen compared to the euro.



In 2002 the sales of the antiepileptic Keppra increased by 89%



More than ever, UCB Pharma is the main activity of the Group.

The success of the antiepileptic Keppra continues in the United States, in Europe and in Asia.

Xyzal, new antiallergic, is introduced in Europe.

Allergy

Zyrtec is the most sold antihistamine in the world in number of units. The total amount of sales achieved in 2002, including those of licensees, was € 1.7 billion, a growth of 2% compared with 2001. The share of UCB in this turnover was € 724 million, which represented 49% of the turnover of the Sector. The growth in the USA widely covers a reduction of sales in Europe and in Japan.

In the United States, the total sales of *Zyrtec* (including the nasal decongestant form *Zyrtec-D*) reached \$ 1,115 million and its market share rose from 23% to 24%. In accordance with the co-promotion agreements between UCB Pharma Inc. (USA) and Pfizer Inc. for these two products, € 269 million are included in

the consolidated turnover of UCB. Two important facts are worthy of being enumerated in 2002 :

- The American health authorities (Food and Drug Administration, FDA) approved in November the use of *Zyrtec* for children from the age of 6 months, which makes it the only antiallergic medicine approved for this age group. This testifies once more to the effectiveness and excellent safety in use of *Zyrtec*.
- In addition, following the realisation of a complete programme of paediatric studies, the duration of the patent for cetirizine was extended by 6 months, up to December 2007.

In Europe, the development of market conditions presented UCB with significant challenges. The arrival of generic versions of cetirizine in certain countries and a pollen season of very

Main products

The Pharma Sector's brief is the research, production and marketing of prescription medicines covering the fields of allergy/asthma and neurology.

The major pharmaceutical specialties include:

- **Zyrtec** (cetirizine) and **Xyzal** (levocetirizine), antiallergics prescribed for seasonal allergic rhinitis, perennial allergic rhinitis and chronic idiopathic urticaria.
- **Keppra** (levetiracetam), a new antiepileptic, which significantly reduces the frequency of seizures.
- **Nootropil** (piracetam), a cerebral function regulator and the first in the class of "nootropic" agents.
- **Lortab** (hydrocodone-paracetamol), an analgesic which reduces sensitivity to most types of pain.
- **Atarax** (hydroxyzine), a non-benzodiazepinic tranquillizer which has given its name to the class of ataraxics.
- **Balsoclase-Sedotussin-Toclase** (pentoxyverine), a codeine-free anticough.
- **Mistabron** (mesna), mucolytic, **Postafène** (meclizine), one of the first antihistamines, **Longifène** (buclizine), another antihistamine, **Catabex** (dropropizine), anticough, **BUP-4**, for the treatment of incontinence, **Stogar**, for the treatment of gastric ulcers, **Somatostatin-UCB**, for the treatment of bleeding oesophagus ulcers, and **Rocornal**, for the treatment of angina.

UCB is also present in biotechnology, through UCB-Bioproducts. Its objectives are to make available to the scientific community peptides by extraction or synthesis, to improve the technology of peptide synthesis and to synthesise new peptides or biologically active "peptidomimetics".



Edouard Croufer,

Director-General of the Pharma Sector.

"In 2003, UCB Pharma wishes to strengthen its world leadership in allergy, to develop the success of the antiepileptic Keppra, thus increasing the share of new products in its turnover, and to enter promising new molecules into the phase of clinical trials."

weak intensity were unfavourable to the sales of *Zyrtec*. UCB introduced levocetirizine, under the name of **Xusal** in Germany and **Xyzal** in Great Britain, as well as in 16 other countries. Recent clinical studies had shown that this new antiallergic showed excellent effectiveness. Combined sales of *Zyrtec* and *Xyzal/Xusal* in Europe amounted to € 315 million, compared with € 354 million in 2001, representing an average market share of 34%.

In Japan, the hope for growth in the sales of *Zyrtec* could not be achieved. The exchange rate of the yen against the euro, the price reduction imposed of 6% and strong competition resulted in sales of *Zyrtec*, expressed in yen, falling by 6%. Converted into euros, they amounted to € 141 million in 2002. The market share of *Zyrtec* was maintained at 17%.

Neurology

At the world level, the new antiepileptic **Keppra** is at present available in 24 countries and has been approved in 10 others, awaiting price approval by the health authorities in the respective countries. Its usage has passed an important threshold, the 200,000 patient-years, which is equal to the cumulated treatment of 200,000 patients during a full year. *Keppra* has systematically achieved a quicker penetration than that of its rivals in the market for new antiepileptics. It already occupies the third place in the specific field of the treatment of epilepsy among these new products and has achieved there substantial market shares: 22% in the USA, 19% in Germany, 14% in Italy and 12% in Great Britain. The results of an important Phase IV clinical study, conducted in the USA under conditions of daily use, have confirmed the capacity of *Keppra* significantly to reduce the frequency of epileptic seizures, together with its safety in use and easy utilisation. This is as important for the doctor as for the patient and also results in a very low risk of interaction with other medicines.

World sales of *Keppra* increased by 89%; they rose from € 122 million in 2001 to € 231 million in 2002, of which € 164 million were in the United States.

The sales of **Nootropil** (piracetam), in very slight decline, reached € 129 million. A significant increase of 8% was seen in Asia.

Atarax (hydroxyzine) a non-benzodiazepinic tranquillizer, a product of UCB for many years, saw its sales reach the amount of € 41 million.

Other products

Several products continue to make a significant contribution to the sales of the Pharma Sector.

In the United States, the sales of **Lortab** (hydrocodone-paracetamol), an anal-

gesic of UCB Pharma Inc., amounted to \$ 40 million, in the face of increased competition from other generic products. Due to the takeover of Alza Corporation by another pharmaceutical group, the agreement with UCB Pharma Inc. for the co-promotion of **Ditropan XL** (oxybutynin chloride), a treatment for urinary incontinence, was breached at the end of 2001. Due to compensation equal to the profit of one year of the co-promotion, this change has had no impact on the profits for 2002. A new licence agreement was made with Elan in June 2002 for the co-promotion of **Frova** (frovatriptan), for the treatment of migraine. The new product has generated a turnover of \$ 11 million after being on the market for 7 months. In the co-promotion with Elan, UCB provides three-quarters of the promotion of the medicine through a sales force oriented towards general practitioners, as well as a promotion for neurologists.

In Japan, the products resulting from the acquisition of Fujirebio contributed € 78 million to the consolidated sales of UCB, being at the same level as in 2001 in local currency terms. The sales of **Stogar** (lafutidine), a medicine against gastric ulcers, amounted to € 17 million. The other principal products were **BUP-4** (propiverine hydrochloride), a medicine against urinary incontinence (€ 28 million) and **Cinalong** (cilnidipine), a calcium blocker for the treatment of hypertension (€ 11 million).

Peptides

UCB-Bioproducts consolidated its position of world leader in the manufacture of **peptides**, used as active ingredients in new medicines by the pharmaceutical and biotechnological industries. Sales rose to € 49 million in 2002. Around 40 projects are being carried out, from laboratory research to the manufacture of commercial products. A development laboratory and a new pilot plant have been built on the site of UCB in North Augusta (USA) and have been operational since the beginning of 2003. This new structure will enable UCB to optimise the control of the main market, which is still the USA in this field of high technology for the development of new types of medicines.

Research and Development

The R&D units continue their studies of new pharmaceutical forms (potable solutions, intra-venous, etc.) and of therapeutic extensions of **Keppra** in epilepsy: paediatrics, generalised epileptic seizures and monotherapy for newly diagnosed patients. Registration files could be lodged from 2004, both in Europe and in the United States. Exploratory studies are being undertaken to identify other potential applications for **Keppra** outside epilepsy. In Japan, the Phase III programme (the last step before a request for registration) is in progress and the registration file could be lodged by the end of 2004.

Clinical studies are in progress on **Xyzal**, envisaging a therapeutic extension for children from the age of two and the marketing of new pharmaceutical forms.

Efletirizine (ucb28754) is a new antiallergic molecule, whose effectiveness and tolerance seem excellent. The last phases of development are in progress.

In the field of neurology, the new molecule, **ucb 34714**, is in the course of development. Phase II, which will soon begin, has as its objective a first evaluation of active doses and of good tolerance with several epileptic patients. It should be remembered that the pharmacological studies and the first clinical results confirmed the potential of this molecule for the treatment of chronic neurological conditions, such as epilepsy and pain.

The original molecule, linking antiallergic properties to those of an antiasthmatic

The antiallergic **Zyrtec** has been granted approval in the United States for use with babies from the age of six months.



Global allergy turnover (*) in the market

In € million	2001	2002	Variation (in local currency)
USA	1 104	1 184	+13%
EUROPE	354	315	-11%
JAPAN	163	141	-6%
REST OF THE WORLD	51	58	+12%
TOTAL (incl. licensees)	1 672	1 698	+2%

(*) Including Zyrtec, Xyzal, Cirrus and Zyrtec-D

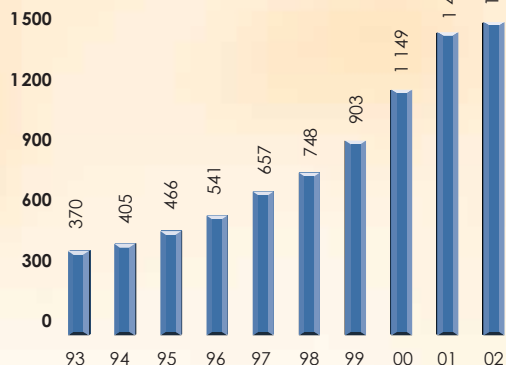
World-wide turnover for Keppra

In € million	2001	2002	Variation (in local currency)
USA	96	164	+ 79%
EUROPE	26	66	+ 156%
REST OF THE WORLD	-	1	
TOTAL	122	231	+ 89%

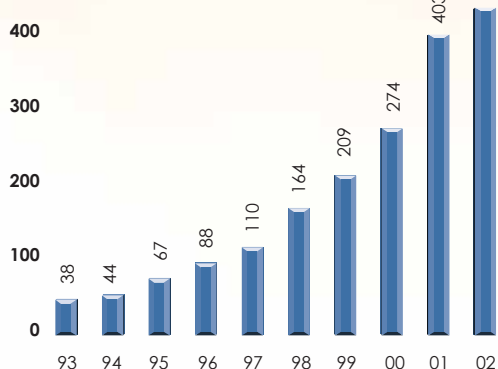


Pharmaceutical R&D continues to develop new molecules in allergy/asthma and in neurology.

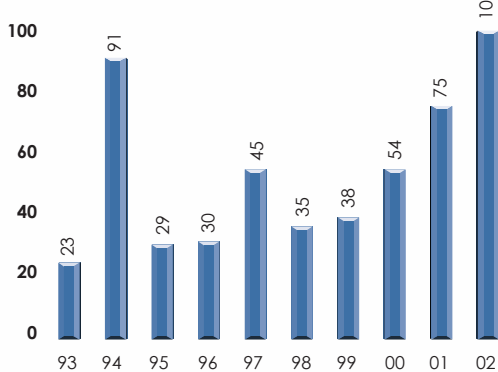
**Consolidated turnover
(in € million)**



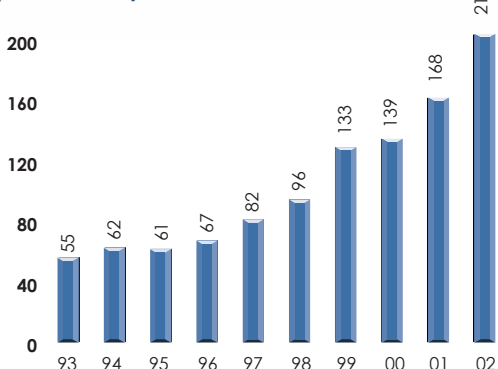
**Ordinary profits before taxation
(in € million)**



**Investments
(in € million)**



**Research & Development expenditure
(in € million)**



(ucb 35440) is in Phase I of clinical development and moves to Phase II during 2003.

In September 2002, the Pharma Sector made an agreement with the Canadian company, Cardiome Pharma, for the acquisition of the technology and the intellectual property of the research programme of Cardiome in the field of coughs. This agreement should enable the Pharma Sector to discover new treatments for the control of coughs and to move towards the treatment of respiratory illnesses.

The R&D of UCB employs around 800 people throughout the world, of whom 370 are in research and 430 in development. Their geographic spread is 620 in Europe, 140 in the United States and 40 in Asia and Japan.

Acquisitions and licences

With its strong presence among paediatricians and specialists in allergy and neurology, in the main world markets, UCB Pharma continues actively to scan the market, searching for possibilities for acquisitions or licences. The objective is to enrich the portfolio through products complementary to the existing range of specialties. The recent acquisition of technology from Cardiome (Canada) in the field of coughs and the taking of a licence from Frova (treatment of migraine) in the USA are two recent moves.



In Europe, the antiallergic Xyzal was in 2002 the subject of scientific studies which resulted in very favourable comparative data.

Turnover of the main medicines

In € million	2000		2001		2002	
ZYTEC/XYZAL/CIRRUS	641	56%	756	53%	724	49%
KEPPRA	31	3%	122	9%	231	16%
NOOTROPIL	130	11%	136	10%	129	9%
PEPTIDES	41	4%	39	3%	49	3%
LORTAB	39	3%	45	3%	42	3%
ATARAX	36	3%	41	3%	41	3%
BUP-4	17	1%	28	2%	28	2%
STOGAR	7	1%	16	1%	17	1%
SOMATOSTATIN	13	1%	14	1%	14	1%
OTHERS	194	17%	230	16%	201	14%
TOTAL	1 149	100%	1 427	100%	1 476	100%



Keppra has become the third medicine for the treatment of epilepsy among the new antiepileptics.

Key figures Pharma

In € million	2000	2001	2002
Consolidated turnover	1 149	1 427	1 476
among which			
Europe	45%	41%	40%
America	28%	35%	39%
Asia/Pacific	25%	23%	19%
Rest of the world	2%	1%	2%
Total	100%	100%	100%
Operating profit before depreciation (EBITDA)	444	614	681
Depreciation	-160	-200	-236
Operating profit (EBIT)	284	414	445
Net financial charges	-10	-11	-5
Profits before taxation :			
ordinary	274	403	440
exceptional	15	8	1
Total	289	411	441
Cash flow	283	353	293
Value added			
Remuneration	301	351	394
Depreciation (*)	38	47	51
Financial charges	10	11	5
Ordinary profit before taxation	274	403	440
Total	623	812	890
Turnover per employee ⁽¹⁾	0.22	0.24	0.23
Value added per employee ⁽²⁾	0.12	0.14	0.14
Capital expenditure during the year	54	75	100
R&D expenditure	139	168	213
ROCE	42	53	49
Personnel employed at 31st December	5 603	6 047	6 544

(1) Consolidated turnover/Average numbers employed in the Sector

(2) Value added/Average numbers employed in the Sector

(*) Not including depreciation on R&D costs

Surface Specialties

The end of the year 2002 was marked by two major events, which changed the structure of the non-pharmaceutical activities of UCB: the **merger** of the Chemical and Film Sectors and the **acquisition** of the Resins, Additives and Adhesives activities of Solutia, consolidated from the 1st February, 2003. This double operation has enabled a unit on a world scale to be created by the merger of the non-pharmaceutical activities of the Group within a new Sector, called **Surface Specialties**.



Uvekol resins, curable by UV beam, are used mainly in the manufacture of certain types of glass, such as acoustic glass used in the construction industry, together with safety glass. These latter, used, for example, for bus stops in Amsterdam, can resist vandalism or violent shocks.





The UCB Group acquired the Resins, Additives and Adhesives activities from Solutia, which with UCB's Chemicals and Films have been merged into a single unit called Surface Specialties.

Surface Specialties becomes a world-class business.

New research centres are opened at Wigton (Great Britain) and Drogenbos (Belgium), enabling Surface Specialties to strengthen its strategy of innovation in its specific chosen fields.

Based on an up-to-date range of technologies and on production sites throughout the world, Surface Specialties will have a solid position in resin activities for surface treatments, such as coatings, inks and adhesives and specialty films, together with interesting growth prospects, linked to the use of environmentally friendly technologies. Significant synergies are expected at the level of research, customer service and economies of scale. In 2002, the new unit would have had 4,700 employees throughout the world, with a total turnover of € 1,500 million. This critical mass, achieved by Surface Specialties, will considerably strengthen the position of UCB and will in future enable it to present a range of technologies and products unequalled on the market.

The profits of the non-pharmaceutical leg should increase very significantly in 2003, due to the acquisition of Solutia's activities, the recovery in the Film activities and the synergies generated.

Chemical activities

Despite a slightly less favourable economic climate, the chemical specialties of UCB saw only a slight fall in sales, with a turnover of € 643 million, compared with € 652 million in 2001. Due to an effort in cost control and a more favourable mix of products, the contribution of the chemical activities to the ordinary profits of the Group increased by 18% to reach € 47 million, achieving an ordinary profit margin of 7.3%, an improvement over 2001. As an illustration of the strategy of innovation pursued by UCB, 15% of the turnover of the activities of the chemical specialties were generated by products developed in the last 5 years. During the year 2002 volumes increased by 9%, with a significant contribution from the Asian market, which saw its volumes grow by close on 30%.

UCB is the world market leader for **Radcure** resins (sold under the trade mark *Ebecryl*) and has strengthened its market share,

Main products

Surface Specialties is focused on the manufacture of technically innovative products and solutions for surface applications, where it is amongst the world leaders. These specialties are regrouped as follows :

1. COATING RESINS & ADDITIVES

- **Radcure** resins, which harden instantaneously when they are submitted to ultraviolet rays or accelerated electron beams (trademarks : *Ebecryl*, *Uvekol*, *Uvecoat*, *Viatkin*, *Viaflex*, *Viascreen*);
- **Liquid coating resins**, a significant part of which uses water as a vehicle for oligomers (trademarks : *Resydrol*, *Beckopox*, *Ucecoat DW*)
- Polyester resins for **powder** coatings (trademarks : *Crylcoat*, *Alftalat*)
- **Additives**, an important ingredient in high performance coatings (trademarks : *Additol*, *Modaflow*).

2. FILMS & ADHESIVES

- **Bi-axially oriented polypropylene (BOPP) films** (trademark : *Propafilm*)
- **Self-adhesive labels**, made of speciality BOPP films (trademarks: *Rayoart*, *Rayoweb* and *Rayoface*)
- Pressure sensitive **adhesives** (trademarks : *Gelva*, *Ucecryl*, *Ucefix*, *Solucryl*)
- **Security films**, in BOPP, of which the main application is for bank notes (trademark : *Guardian*)
- **Cellulose films**, derived from wood pul, and biodegradable (trademark : *Cellophane*).

3. TECHNICAL RESINS

- **Technical resins** : melamine and phenolic resins, as well as unsaturated polyester resins, are the basis of heavy duty laminated surfaces
- **Textile coatings** (trademark: *Breathe* and *Ucecoat*).



Ben Van Assche, Director-General of Surface Specialties.

"In 2003, the new unit Surface Specialties has the ambition to integrate and exploit the synergies of its three components: the Films and Chemicals of UCB, together with the activities acquired from Solutia."

which has now reached above 35%. The consolidated turnover of this activity amounted to € 264 million. The UV/EBC technology continues its breakthrough worldwide, in particular in Asia, where the resins and inks curable by UV beam show strong growth. *Radcure* resins (whose total annual production capacity is 75,000 tonnes) have the advantage of offering a more environmentally friendly technology than the traditional coating processes, based on solvents, still most widely used.

Radcure resins are used in the graphic arts and in industrial coatings. In the field of graphic arts, they are used as base products for inks and varnishes. Their special properties enable their use in inks for labels and food packaging on a paper or plastic substrate. UCB has recently enhanced its range through *Viagraph* products, which respond to the specific needs of customers by offering preformulated solutions adapted to each application. In the field of industrial coatings, *Radcure* resins are mainly used in the protection of artificial wood (office furniture) or real wood (parquet). The new *Raylok* high performance products enlarge the range by providing products of higher added value, which particularly offer a better fire resistance. *Uvekol S* resins, which also belong to industrial coatings, are used in the manufacture of safety glass and also have sound proofing properties.

Crylcoat polyester resins for powder paints generated a turnover of € 144 million, compared with € 141 million in 2001. Used in the building industry for their resistance to UV light and due to their excellent behaviour in coating in a humid environment, they continue to make progress. The demand for the "super-durable" range of resins, used for example for the facing of work engines in civil engineering or agriculture continued to develop, mainly in the United States. The advent of new applications on substrates other than metal, with the first commercial developments of *Uvecoat*, used for the treatment of wood and plastic, enabled the market for powders to grow. In the coming years, the market for *Crylcoat* resins should continue to benefit from its position of being a more environmentally friendly coating technology than the great majority of technologies base on solvents still available on the market.

The sales of acrylic resins, *Ucecryl*, *Ucefix* and *Solucryl*, have stabilised at a level of € 28 million. Aqueous emulsion acrylic resins continue to be of interest to the Group. This interest is expressed through the development programmes for this

technology and by the recent acquisition of the American Graphic Arts division of Air Products. The integration of the resins, additives and adhesives activities of Solutia will also enable our presence to be strengthened in this range of products, particularly in the industrial field.

Polyurethane resins, mainly used for textile coating, generated a turnover of € 28 million, as in 2001. The strategy of UCB to develop its presence on the Asian market is illustrated by the purchase of the activities of Beom Woo in Korea. UCB thus established a bridge head in Asia, a continent which represents in this activity an essential part of the world market with volumes four times those of the European market. UCB has developed there the *Breathe* trade mark, a microporous resin for breathable textiles and *Ucecoat* for other textile coatings, including the artificial leather industry.

For **methylamines and their derivatives**, turnover fell from € 185 to € 179 million, a slight decline of 3%. True to its strategic desire to pursue the development of specialty chemicals, where they can claim world leadership, the UCB Group confirmed its intentions to separate itself from its activities in methylamines and their derivatives. In order to facilitate this transfer, UCB has integrated these activities in an entity named Taminco, independent and distinct from Surface Specialties. It continued to develop in close co-operation with its customers and brought this year a very positive contribution to the results of the non-pharmaceutical leg.

Film activities

The Film activities faced a difficult economic climate, which showed itself through an increase in the price of raw materials and an unprecedented competitive environment. Turnover was € 394 million in 2002, compared with € 396 million in 2001. The activities showed ordinary losses amounting to € 13 million. UCB undertook a programme of improvement and rationalisation of considerable scope, through a restructuring of the existing business, a general reduction in costs and an improvement in production output. The recovery started during the last months of 2002. These activities should again be profitable in 2003, due also to the advent of new applications in the market for specialties of high added value.

The activities of the **BOPP films** (bioriented polypropylene) of UCB generated a turnover of € 221 million, compared with € 204 million in 2001, an increase of 8%. With a total capacity of 90,000 tonnes, the UCB Group is amongst the world producers of first rank. Due to its unique technology, based on the principle of bubble extrusion, UCB has developed a large range of applications in the field of specialties: self-adhesive labels, overwrapping, coated packaging films and security products.

In films for self-adhesive labels, where UCB is world leader, sales rose from € 52 to € 59 million, a growth of 13%. BOPP films have the ecological characteristic of facilitating and reducing the cost of recycling, offering an alternative to the use of paper for labels. In coated films UCB is the second largest world producer. In this field UCB is able to apply its chemical expertise in the matter of resins alongside its BOPP technology. The main applications are labels and long life packaging, which offers excellent protection together with easy opening. The BOPP films used in the overwrapping of CD/DVD discs, cassettes, etc. exploit to the maximum the unique properties of the elasticity of the films, made possible by the bubble extrusion technology.



A technology acquired from Solutia, waterborne resins, particularly environmentally friendly, used in a wide range of applications: automobile bodywork, treatment of wood surfaces, etc.

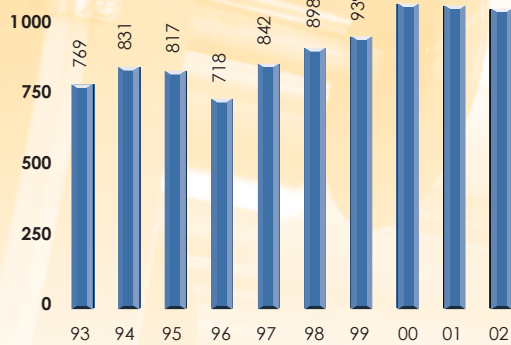


Mexico is the first country in North America to choose UCB's "Guardian" substrate for its banknotes.

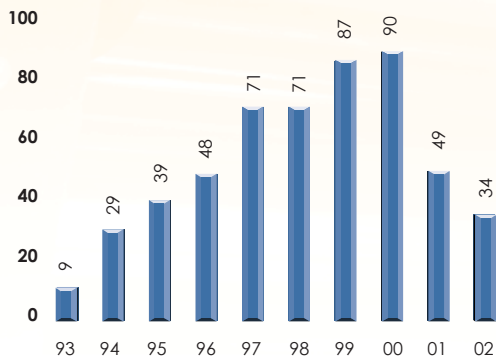


The firm Louis Roederer has chosen, for packaging its bottles of Champagne, UCB's Cellophane for its sparkle, which enhances the luxury aspect of the product. Coloured in mass, the film does not lose its transparency, whilst constantly protecting the wine from UV light.

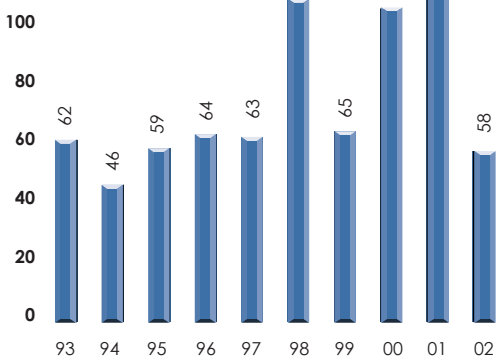
Consolidated turnover (in € million)



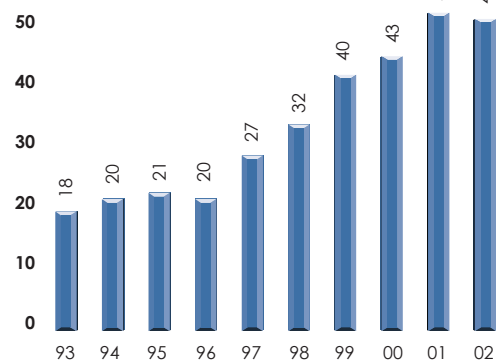
Ordinary profits before taxation (in € million)



Investments (in € million)



Research & Development expenditure (in € million)



In the field of polymeric base for banknotes, the *Guardian*[®] product continues its breakthrough with new notes recently approved in Nepal and Mexico. 21 countries today use this technology, which meets the demand for a reduction in the risk of counterfeiting, whilst considerably increasing the resistance of the banknotes and the duration of their life. Another characteristic is that the used *Guardian*[®] polymeric base can be completely recycled, unlike paper banknotes. Numerous patents covering elements of security have again also been lodged in the past year. Securrency Pty Ltd, the joint subsidiary on this film activity between UCB and the Reserve Bank of Australia, is the only company in the world to hold this technology. Other possible applications of this are in the course of development, as for example certain official documents, such as property certificates, identity cards, entrance tickets, etc. or again in the context of authentication and the protection of certain branded products against reproduction or counterfeiting.

In **cellulose films**, sales were € 173 million. The process of substitution of *Cellophane* by more recent technologies appropriate to synthetic films has continued. With a world market share close to 70%, the strategy of UCB is to concentrate on the possibility of utilising the strengths of *Cellophane* in specific innovative applications.

Amongst the significant developments, we see the new *NatureFlex*[®] range of cellulose films, which have the characteristic of being able to be biodegraded by composting after use. In Europe some large chain stores have already opted for this new product for the packaging of their fresh produce. The "breathable" character of *Cellophane* also makes it an ideal packaging material for non-pasteurised cheese. One also finds membranes of cellulose film in long-life batteries, mainly used in computers and portable telephones.

Research and Development

The possibilities for the development of *Radcure* resins are numerous. Promising development programmes are in progress in the field of coating steel rollers. Due to the application of a fine layer of *Radcure* on these, the metal producers would be in a position to offer their customers a product of higher added value, whilst avoiding a preliminary treatment which is costly and often damaging to the environment. In the field of automobile manufacture, the use of *Radcure* enables the thickness of the steel layer of the bodywork to be diminished, which contributes to a significant reduction in the weight of the vehicle. Still in the field of automobiles, UCB is developing a new application for the painting of the bodywork. The objective is to offer better protection, with instantaneous drying times and the suppression of solvent emissions. The decoration of plastic items is also being studied and promises a significant potential for development.

The main objective of the Films activities is to accelerate the processes of research, development and bringing to the market of innovative applications. The success of the move to specialties is essential for the future of this unit. The new Research Centre at Wigton (Great Britain), operational since April 2002, should make a major contribution to this.

In BOPP films, a new generation of "breathable" films is being developed for fresh produce. Due to this new application, there would no longer be a need to perforate the film to preserve food in the optimum manner. UCB is also exploring the development of an adhesive sensitive to temperature. It offers the char-

acteristic of separating automatically on contact with hot water. New markets could thus be opened up, as for example those of self-adhesive labels, repositionable notes and easily removable bandages.

In cellulose films, R&D is planning to bring to the market a new technology offering an ideal complement to plastic self-adhesive labels and to paper labels with liquid adhesive. This new application enables the use of the cellulose substrate in the same way as transparent paper. The transparency of the label offers multiple opportunities for development.



Polyester resins for powder paints are used in the protection of metal surfaces. They provide exceptional resistance to the finished products, such as the metallic structures of utility vehicles and competition bicycles.

Key figures Surface Specialties

In € million	2000	2001	2002 Chemicals	2002 Films	2002 TOTAL
Consolidated turnover	1 055	1 048	643	394	1 037
among which Europe	56%	53%	52%	54%	53%
America	27%	29%	27%	28%	27%
Asia/Pacific	15%	17%	20%	15%	19%
Rest of the world	2%	1%	1%	3%	1%
Total	100%	100%	100%	100%	100%
Operating profit before depreciation (EBITDA)	180	149	116	32	148
Depreciation	-80	-87	-61	-30	-91
Operating profit (EBIT)	100	62	55	2	57
Net financial charges	-10	-13	-8	-15	-23
Profits before taxation :					
ordinary	90	49	47	-13	34
exceptional	-9	-13	-6	-12	-18
Total	81	36	41	-25	16
Cash flow	156	71	59	32	91
Value added					
Remuneration	221	202	106	102	208
Depreciation (*)	58	62	34	30	64
Financial charges	10	13	8	15	23
Ordinary profit before taxation	90	49	47	-13	34
	379	326	195	134	329
Turnover per employee ⁽¹⁾	0.26	0.28	0.38	0.21	0.29
Value added per employee ⁽²⁾	0.09	0.09	0.11	0.07	0.09
Capital expenditure during the year	109	113	39	19	58
R&D expenditure	43	50	35	14	49
ROCE	15	8	14	-2	6
Personnel employed at 31st December	4 069	3 687	1 726	1 779	3 505

⁽¹⁾ Consolidated turnover/Average numbers employed in the Sector

⁽²⁾ Value added/Average numbers employed in the Sector

(*) Not including depreciation on R&D costs

Non-sectorial Activities

The ordinary profits shown above cover the financial results, which are not directly attributable to a Sector of the Group.

(in € million)	2000	2001	2002
Profits before taxation :			
ordinary	6	10	20
exceptional	-	-1	-10
Total	6	9	10

Results of UCB SA and proposed Distribution

The operations of UCB S.A. resulted in a net profit after taxation of € 338,797,872.42 in 2002, compared to € 331,080,696 in 2001. This profit includes an exceptional profit of € 56,453,378.55.

After taking account of the profit brought forward from the previous year of € 119,936,853.34, the balance available for distribution amounts to € 458,734,725.76. The Board proposes to you the following distribution:

1. Distribution to shareholders of a gross dividend of	€	116,746,400.00
2. Transfer to legal reserves		-
3. Transfer to distributable reserves	€	220,000,000.00
4. Carried forward	€	121,988,325.76
	€	458,734,725.76

In accordance with the legal requirements, the balance sheet submitted for your approval has been drawn up on the basis of this distribution.

If you approve the above proposal, the net dividend will be € 0.60 per share, against the surrender of coupon No 5, compared to

€ 0.57 the previous year. This amount takes account of a withholding tax of 25%. Coupon No. 5 will be payable as from the 13th June, 2003, at the branches and agencies of Fortis Bank.

The appointments as Directors of Baron Daniel Janssen, Baron Karel Boone and Mr Alan Blinken expire at the end of the Shareholders Meeting. Being eligible, these Directors offer themselves for re-election. Mr Daniël Van Woensel, Auditor, having reached the strict age limit, which the members of the firm, with which he is associated, have imposed, has advised the Board that he will tender his resignation at the next Shareholders Meeting. To replace him, the Board will propose to the same Shareholders Meeting to appoint Mrs Emmanuèle Attout, Auditor.

Finally, the Board wishes to express its warmest thanks to all the personnel of the Group throughout the world for their active and effective co-operation, in a context often made difficult by the world economic climate.

Brussels, 14th March, 2003.
THE BOARD OF DIRECTORS

Corporate Governance

The aim of Corporate Governance is to optimize the organization of the administration and management of quoted companies. UCB shows below information on the way its Board of Directors and Executive Committee operate, together with their relationship to the shareholders.

Composition of the Board

The Directors representing Financière d'Obourg and Financière de Tubize, who are the permanent stable shareholders of UCB, are Baron Daniel Janssen (also Deputy Chairman of the Board), Eric Janssen, Countess Diego du Monceau de Bergendal and Mrs Jean van Rijckevorsel.

Baron Jacobs, Director, is entrusted with the day-to-day management and in this capacity chairs the Executive Committee, which forms the management of the company. Baron Jacobs is the only Executive Director.

The other Directors are considered independent. They are Mark Eyskens (Chairman of the Board), Minister of State and former Prime Minister, H.R.H. the Prince Lorenz of Belgium, Alan Blinken, former Ambassador of the United States in Belgium, Baron Karel Boone, Chairman of Lotus Bakeries, Guy Keutgen, Director-

Secretary General of the Fédération des Entreprises de Belgique and Professor Jean-Louis Vanherweghem, Chairman of the Board of Directors of the University of Brussels. They respond to the legal criteria set out in article 524 of the Companies Code and to those fixed by the Board of Directors as follows:

- an independent Director should have been non executive in the Group for at least three years
- he should have no business or other relationship with the Group, which could compromise the independence of his judgement.

In regard to this last criteria, the fact of being, to a significant extent, a customer, a supplier or a shareholder of the Group is taken into account by the Board in its scrutiny of each case. It will be proposed to the Shareholders Meeting of 2003 to recognise them as independent Directors in the context of the law.

The appointments of the Directors are subject to renewal on the following dates : Mark Eyskens (2004), Baron Daniel Janssen (2003), H.R.H. the Prince Lorenz (2004), Alan Blinken (2003), Baron Karel Boone (2003), Baron Jacobs (2005), Eric Janssen (2005), Guy Keutgen (2005), Countess Diego du Monceau de Bergendal (2005), Mrs Jean van Rijckevorsel (2005) and Jean-Louis Vanherweghem (2005). The appointment of a Director is for a period of three years and is renewable.

There are no special regulations, statutory or otherwise, covering the nomination of Directors and the renewal of their appointment, other than the age limit which is, in principle, 70 years, and which the members of the Board of Directors have imposed on themselves. In application of this rule, the appointments as Directors of the Chairman of the Board, Mr Mark Eyskens and of Mr Eric Janssen would expire at the end of the Shareholders Meeting of 2003. As an exceptional case, the Board proposes not to change the current composition of the Board and has decided to extend by two years the age limit of these two Directors, which will take effect at the end of the Shareholders Meeting of 2005. There are no specific regulations on the exercise of the function of Director. The fees of the Directors are decided by the General Meeting of Shareholders and were fixed at the Annual Meeting of 1999 at € 31,000 per year; the Shareholders Meeting of 2001 fixed that of the Chairman and Deputy Chairman at € 62,000 per year. The fees of the Directors are fixed and do not include a variable element nor stock options.

Proceedings of the Board of Directors

The Board of Directors meets 6 to 8 times a year and decisions are taken in the majority of cases unanimously. In the case of a vote, the Articles of Association provide that decisions should be taken by simple majority, the Chairman having a casting vote in the case of a tie.

The powers which the Board of Directors reserves to itself cover mainly the following matters, on which the Board, moreover, receives all the necessary information: the defining of strategic objectives and the putting in place of structures needed to achieve these objectives; the supervision and control of management, i.e. of the Executive Committee, whose members it appoints; the approval of the balance sheets and profit and loss accounts of the UCB Group and of UCB S.A., together with the investment programmes; appointments to management posts in the Group and their remuneration;

the appointment of external people to represent UCB in certain subsidiaries or in major external bodies; long term financial operations, together with mergers, acquisitions and disinvestments; charitable donations and major affiliations to outside bodies. The Board is kept informed of the developments in the activities of the subsidiaries by the Chairman of the Executive Committee.

One important responsibility of the Board is the proposing of the distribution of the annual profit. Without prejudice to the final decision of the Shareholders Meeting, the line currently being followed by the Board is to propose that approximately 35% of the consolidated profits should be distributed by way of dividend.

At the request of the Chairman of the Executive Committee, the Board can also be asked to arbitrate in the case of a divergence of view between the majority of the members of the Executive Committee and its Chairman.

The Board of Directors has set up a *Remuneration Committee*, which fixes the total remuneration and other possible benefits granted to members of the Executive Committee, together with the criteria for allocating options in share option plans decided by the Board, and which approve any change in the system of remuneration offered to personnel performing directorial functions in the Group. The Remuneration Committee is chaired by the Deputy Chairman of the Board; its other members are the Chairman of the Executive Committee, Countess Diego du Monceau de Bergendal and Baron Karel Boone. It meets once a year and is attended by the Chairman of the Executive Committee and the Director of Group Human Resources, who also provides secretarial services to its meetings. The Committee reports to the Board on its activities. In February 2003, the Board of Directors decided to change this Remuneration Committee into a Remuneration and Appointments Committee and to increase its remit by asking it:

- to examine the candidates proposed for the approval of the Board of Directors for appointment as members of the Board of Directors of UCB S.A., members of the Executive Committee and directors of the functional departments of the Group reporting to the Chairman of the Executive Committee. For nominations as members of the Board of Directors, the Committee will be advised in advance by the Board of the criteria for selection.
- to make recommendations to the Board of Directors of UCB S.A. as to the remuneration (structure and form of remuneration) of the members of the Board of Directors, the members of the Executive Committee and the directors of the functional departments of the Group reporting to the Chairman of the Executive Committee.
- to review annually the performance evaluations of the members of the Executive Committee and the directors of the functional departments of the Group reporting to the Chairman of the Executive Committee.

The Board has also set up an *Audit Committee* from amongst its own members, to which it has entrusted the internal audit of the Group. It is currently made up of Eric Janssen as Chairman, Mark Eyskens and Guy Keutgen. It meets three times a year before the meetings of the Board of Directors, at which the half-year results and the provisional and definitive annual results are approved. It is attended by the Adviser to the Executive Committee, the Group Chief Accountant and the Auditors. The Committee reports to the

Board of Directors on its activities. Secretarial services are provided by the Secretary of the Board.

The Executive Committee

Its members are appointed by the Board of Directors. It is currently made up of the Chairman, who is a Director, together with the two Directors-General of the Sectors: Edouard Croufer (Pharma) and Ben Van Assche (Surface Specialties). The Committee meets in principle every fortnight.

The Executive Committee forms the top management of UCB. It directs the Group in the widest sense and supervises the proper functioning of the day-to-day management of the two Sectors and of the subsidiaries of which they are composed.

Each Sector has a decentralised organisation into profit centres, by types of market or activity. The Executive Committee is responsible for putting in place the control and co-ordination of the strategic lines of the Group, with the assistance of the Central Services in the financial, administrative, legal, human resources and investment fields. This light management structure gives the UCB Group mobility, flexibility and rapidity in decision making, which enables it to seize its opportunities.

The fixed part of the gross remuneration of the members of the Executive Committee amounted to € 1.8 million in 2002. The variable part, which was essentially linked to the movement in the profits of the Group, amounted to € 2.2 million in the same year.

In 2002, 45,000 purchase options on UCB S.A. shares were granted to members of the Executive Committee. These options are exercisable from the 15th February, 2006, to the 31st May, 2012 (except in the periods from the 1st January to the 15th February and the month of July each year) at the price of € 41.68, the average price for May, 2002. The total number of options on UCB shares granted to members of the Executive Committee and not yet exercised on the 31st December, 2002, amounted to 144,000.

The members of the Executive Committee benefit, like a significant part of the personnel of the Group, from a pension plan, which complements the statutory pensions, aiming to reduce as far as possible the difference between their resources before and after taking statutory

retirement. This complementary pension is financed by personal contributions from the participants, by a collective contribution made by UCB to these pension funds and by the income generated by them.

External Audit

The "College of Commissaires" (Auditors) of the UCB Group and of UCB S.A. is composed of Daniel Goossens and Daniël Van Woensel. They are appointed for three years by the Shareholders Meeting in accordance with the law and their appointments are renewable. The last renewal took place in 2001. Mr. Daniël Van Woensel, having reached the strict age limit, which the members of the firm, with which he is associated, have imposed, has advised the Board that he will tender his resignation at the next Shareholders Meeting. To replace him, the Board will propose to the same Shareholders Meeting to appoint Mrs Emmanuèle Attout, Auditor. Neither the Auditors, nor the firms associated with them undertake any other activities for the UCB Group than those of the external audit.

Relations with the principal shareholders

The principal shareholder of UCB SA is Financière d'Obourg SA, which holds a little more than 40% of the capital of the Company. By a decision of a General Meeting of shareholders of UCB, defensive warrants were issued in 1998 outside the rights of preference and were entirely subscribed for by Financière d'Obourg SA. An ad hoc committee was set up by the same General Meeting of shareholders, which also appointed its members. It is responsible for deciding, in predefined circumstances, the time to implement this defensive mechanism and also to approve any transfer of these warrants. The holders of the warrants have entered into an agreement with UCB SA, ensuring their respect for the conditions of issuing and exercising these warrants. The warrants and the agreements have a duration of five years. It will be proposed to the Shareholders Meeting of UCB for 2003 to issue new defensive warrants to be subscribed for by Financière d'Obourg. Their conditions of issue, exercise and transfer will be identical.

Human Resources

The challenges which UCB faces and the image, which it gives of itself throughout the world should, more each day, encourage the recruitment of young talents, experts and future managers. UCB creates the conditions under which its personnel give of their best, frees their creativity and continually enriches its acquisitions. Shared values channel the energies and encourage conduct appropriate to the objectives of Group progress. The strategic management of Human Resources at world level enables the culture of the company to influence the whole of the Group, to strengthen the links and to integrate most successfully the people newly joining the Group: a clear strength as we welcome the hundreds of colleagues coming from the recent acquisition of Solutia.

Corporate values in the service of growth

UCB wishes to be innovative and is well seen as such. Amongst other things because its employees are encouraged to express their creativity, to take initiatives and to debate the alternatives to majority opinions in a constructive fashion. These creative men and women, experts in various disciplines, should be capable of cooperating, of sharing their knowledge, to facilitate the emergence of a learning organization and to transform innovative ideas into quality products for the customers of the Group.

To adapt rapidly to an ever changing environment, UCB requires its employees to know how to anticipate events and take the measures necessary to achieve the desired change. The corporate culture is also characterized by a close cooperation between central departments and regions. This constructive style of dialogue is made possible by the size of the Group, which still enables personal contacts at all levels. The corporate culture of UCB is not predetermined, but is a significant component, on which each can have a real impact.

The challenges of recruitment and mobility

Action is taken at world level to organize strategic recruitment, particularly from the better schools and universities. In addition

The Human Resources Department of the Group has actively participated in the integration of Surface Specialties and the creation of its new structures. Here, at one of the first integration meetings in February, 2003, of the new management team of Surface Specialties, from left to right: Markos Aschauer, Head Global Business Unit Technical Resins, Jan Vandendriessche, Director Global R&D, Larry Golen, Director Americas, Francois Thys, Director Global Purchasing, Monika Riese-Martin, Director Global Strategic Integration, Maddy Lauwers, Contoller, Frank Aranzana, Director Global Business Unit Films & Adhesives, Steven A. Zollman, Director Global Business Unit Coating Resins & Additives, André Jordens, Director Europe, Claude Grunewald, Director Global Technical Operations, Frank Coenen, Director Asia/Pacific, and Ben Van Assche, Director-General of Surface Specialties.

Numbers employed in the Group by country

	End 2001		End 2002		Difference
Belgium	3 337	33%	3 462	33%	+ 125
Great Britain	1 449	14%	1 293	13%	- 156
France	526	5%	576	6%	+ 50
Germany	448	4%	388	4%	- 60
Italy	325	3%	300	3%	- 25
Spain	319	3%	316	3%	- 3
Switzerland	139	1%	159	1%	+ 20
Turkey	112	1%	123	1%	+ 11
Greece	105	1%	106	1%	+ 1
Portugal	79	1%	82	1%	+ 3
Central & Eastern Europe	168	2%	168	2%	-
Nordic Countries	82	1%	83	1%	+ 1
Rest of Europe	79	1%	77	1%	- 2
Europe	7 168	72%	7 133	70%	- 35
United States	1 273	13%	1 408	14%	+ 135
Latin America	87	1%	127	1%	+ 40
Americas	1 360	14%	1 535	15%	+ 175
Japan	398	4%	489	5%	+ 91
India	304	3%	306	3%	+ 2
China	185	2%	204	2%	+ 19
Australia	138	1%	158	1%	+ 20
Malaysia	129	1%	134	1%	+ 5
Philippines	97	1%	99	1%	+ 2
Korea	100	1%	131	1%	+ 31
Thailand	42	-	46	-	+ 4
Taiwan	35	-	36	-	+ 1
Rest of Asia	8	-	10	-	+ 2
Asia/Pacific	1 436	13%	1 613	14%	+ 177
Rest of the world	49	1%	45	1%	- 4
Total group	10 013	100%	10 326	100%	+ 313



Numbers employed in the Group by Sectors at 31st December, in the most important Sites

	2001	% Group	2002	% Group	Difference
PHARMA SECTOR					
Sites of Brussels	216		208		- 8
Braine-l'Alleud	1 801		1 964		+ 163
Paris and Limay	477		528		+ 51
Barcelona	241		249		+ 8
Turin	306		292		- 14
Sindorf and Rosslau	314		288		- 26
Athens	105		106		+ 1
Istanbul	112		123		+ 11
Watford (UK)	115		112		- 3
Bulle and Zurich	116		132		+ 16
Other European Sites	383		387		+ 4
Europe	4 186		4 389		+ 203
Atlanta	659		813		+ 154
Boston	86		101		+ 15
Latin America	66		90		+ 24
Japan	395		484		+ 89
Bombay and Vapi (India)	304		306		+ 2
Makati City (Philippines)	95		97		+ 2
Other Asian Sites	210		222		+ 12
Rest of the world	46		42		- 4
Outside Europe	1 861		2 155		+ 294
Total Pharma Sector	6 047	60%	6 544	63%	+ 497
SURFACE SPECIALTIES					
CHEMICALS					
Sites of Brussels	27		33		+ 6
Drogenbos	634		612		- 22
Ghent	337		323		- 14
Schoonaarde	27		27		-
Leuna and Sindorf	97		90		- 7
Other European Sites	101		85		- 16
Europe	1 223		1 170		- 53
Atlanta and North Augusta	222		218		- 4
China	146		162		+ 16
Seremban (Malaysia)	72		69		- 3
Rest Asia	57		88		+ 31
Rest of the World	15		19		+ 4
Outside Europe	512		556		+ 44
Total Chemicals	1 735	17%	1 726	17%	- 9
FILMS					
Sites of Brussels	23		23		-
Merelbeke	140		137		- 3
Wigton (UK)	993		912		- 81
Bridgwater (UK)	318		262		- 56
Burgos (Spain)	25		18		- 7
Other European Sites	45		20		- 25
Europe	1 544		1 372		- 172
Atlanta + Tecumseh	252		217		- 35
Craigieburn (Australia)	133		153		+ 20
Rest of the world	23		37		+ 14
Outside Europe	408		407		- 1
Total Films	1 952	20%	1 779	17%	- 173
NON-SECTORIAL					
Sites of Brussels	132		135		+ 3
Atlanta	54		60		+ 6
Others	93		82		- 11
Total Non-sectorial	279	3%	277	3%	- 2
Total Group	10 013	100%	10 326	100%	+ 313

Human Resources has put in place a system of identifying the specialists best suited to fill certain functions, wherever they are in the Group. UCB relies on these recruits to become even more innovative: particularly in research the emulation and exchange of ideas between researchers of several nationalities are encouraged. Young staff are invited to enhance their professional experience within the Group, including across frontiers. Their adaptability enables them to move from one industrial Sector of the Group to another, from which they will thus benefit from new skills. As a result, links are forged, networks created, communications improved. UCB tames the globalisation of the economy due to a management team with a true international mentality, but respectful of local sensitivities.

Global Management

UCB has put in place global management procedures. Recruitment, transfers, promotions, and succession planning for employees with high potential and for management staff are reviewed and co-ordinated by the Executive Committee itself. The remuneration policy, together with that on pensions, is based on two principles: benchmarking, which enables local conditions to be taken into account and performance, which is assessed on the basis of identical systems and norms relating to the objectives of each person. Continuing training and information are managed globally. The international character of UCB is reflected in the figures, which follow.

Deployment of Human Resources

1) Numbers employed worldwide

The past year saw an increase in personnel in America (+175) and in Asia (+177), which confirms the continuing globalisation of the Group. Although numbers employed fell slightly in Europe, they continued to increase mainly in pharmaceutical research in Belgium (+125) and in the sales and marketing teams in France (+50).

The figures are those at the 31st December, 2002, and do not yet include the 1,700 colleagues who came from Solutia in February 2003.

2) Main production Sites

In the Pharma Sector, the numbers employed in R&D at Braine, Atlanta and Boston showed the sharpest increase. In Surface Specialties, the increase in numbers employed is most significant in Korea, following the acquisition of the company, Beom Woo in September, 2002. The reductions were mainly on the Sites at Wigton and Bridgwater.

Qualifications of the personnel

1) Structure of employment

The percentage of management increased significantly in both Sectors, particularly following the strengthening of the research teams.

1998

management : 33 % monthly-paid : 36 % hourly-paid : 31 %

1999

management : 32 % monthly-paid : 37 % hourly-paid : 31 %

2000

management : 34 % monthly-paid : 37 % hourly-paid : 29 %

2001

management : 37 % monthly-paid : 36 % hourly-paid : 27 %

2002

management : 38 % monthly-paid : 36 % hourly-paid : 26 %

UCB has continued its programme of international recruitment and of development for its Sectors, with a particular effort in R&D, in order to respond to the needs of the Group in this field.

Employment structure in 2002

Management

Sector	Pharma	3 191	
	Surface Specialties	665	
	- Chemicals	425	
	- Films	240	
Non-sectorial		134	
Total		3 990	38%

Monthly-paid

Sector	Pharma	2 439	
	Surface Specialties	1 115	
	- Chemicals	636	
	- Films	479	
Non-sectorial		136	
Total		3 690	36%

Hourly-paid

Sector	Pharma	914	
	Surface Specialties	1 725	
	- Chemicals	665	
	- Films	1 060	
Non-sectorial		7	
Total		2 646	26%

TOTAL GROUP		10 326	100%
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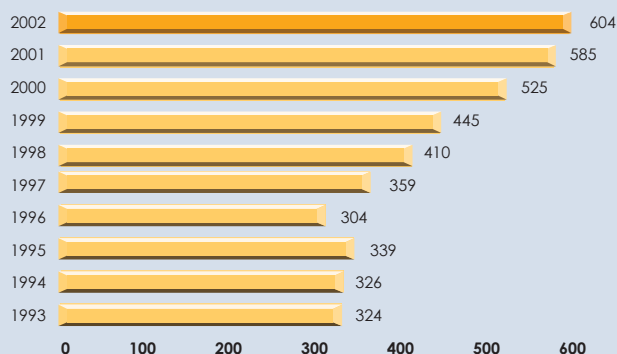
2) Wages, salaries and social charges

The total of wages, salaries and social charges increased from € 585 to € 604 million.

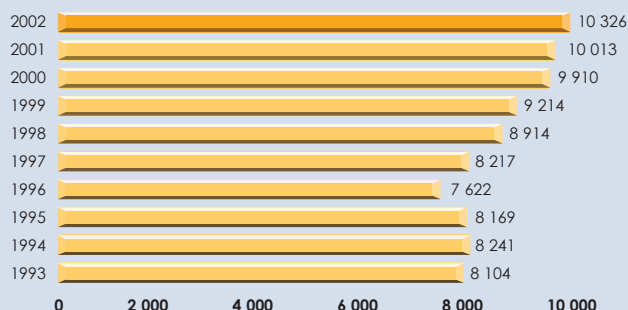
At the Group level on a world basis, the amount spent on social charges (legal, extra-legal or contractual) and taxes was significant : so that, if someone received a net income of € 100, the average total cost to UCB was € 150. In Belgium on the other hand, when someone received a net income of € 100, the average total cost to UCB exceeded € 250.

For the UCB Group as a whole, the average salary cost per person employed was € 58,721. In Belgium, it was € 64,894.

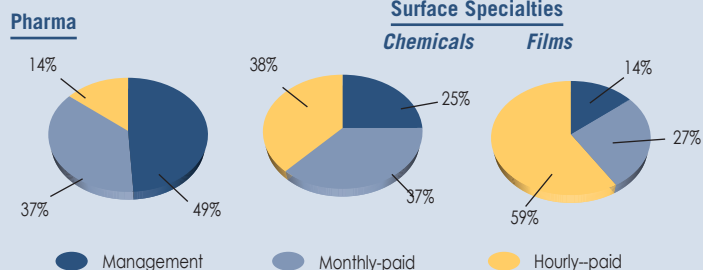
Wages, salaries and social charges (in € million)



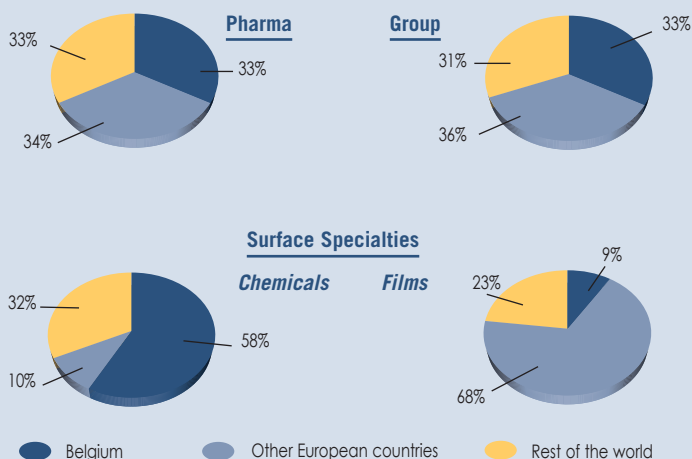
Change in numbers employed



Breakdown of personnel by Sector



Distribution of personnel employed



Environment

UCB manages the environment and safety in an increasingly integrated manner at the level of the Group as a whole. The rules of conduct have been established in the context of the "Responsible Care" programme of the chemical industry and are based on the standards ISO 14000 (environment) and OSHAS 18000 (safety). The recognized basic principle is the continuous improvement of performance, which is the foundation of the "Licence to operate"

UCB has participated in the Responsible Care programme since 1991. This programme is closely linked to the principles of sustainable development based on equilibrium between the respect for people, for the environment and for economic profit. It is in this context that UCB has, in 2002, defined its Responsible Care policy, which, in addition to the Environmental and Safety policies of the Group, includes a commitment at the level of Product Stewardship and recognizes a responsibility to the community, whilst also committing itself to ensuring the economic growth of its activities.

The year 2002 saw the ISO 14001 certification of the sites at Madrid (Spain) and Drogenbos (Belgium), which thus joined the certified sites at Bulle (Switzerland) and Limay (France). This effort to put in place a management system for the environment, with certification as one of its objectives, will be pursued in 2003.

Developments

The index of **liquid effluent** fell slightly in 2002. This reflected the positive impact of the operations of the biological station at Drogenbos and the more effective treatment of liquid effluent at Madrid. It should also be noted that a biological station was successfully commissioned in February 2002 at Seremban (Malaysia). This unit enables the total quantity of liquid effluent of the site to be treated rather than incinerated, thereby respecting the very strict norms in force.

The **atmospheric emissions**, composed of volatile organic composites (VOCs) have reduced due to the improvement in the recovery processes of the gaseous emissions and a slight reduction in the *Cellophane* activities. Thus in addition to the completion of the VOC treatment unit at Drogenbos, the factory at Schoonaarde (Belgium) successfully commissioned a membrane unit, which enables the recycling of recovered VOCs. The emissions of sulphur oxide have diminished significantly, mainly due to the choice of using a growing proportion of natural gas, compared to oil, in the consumption of combustibles.

For **waste**, we should note a significant replacement of the quantities discharged in favour of incineration with heat recovery. This has enabled the index to be maintained at a constant level, despite the increase in volumes.

The total Group consumption of **energy** amounted to 6.24 PJ in 2002. The large consumer is Surface Specialties. The energy efficiency, however, of this Sector continues to improve, due to an increasingly rational use of energy. This effort has also had an impact on the emissions of CO₂, which in our fields of activity result almost exclusively from the conversion of primary energy. This optimization of energy and its impact on CO₂ emissions relate, on the one hand, to the principle of continuous improvement and, on the other hand, contribute to the effort required in the context of the Kyoto Protocol.

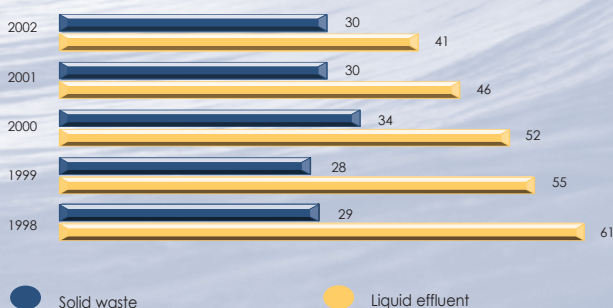
Investments

The investments for the protection of the environment and the improvement of safety amounted € 15 million, equivalent to 9% of the industrial investments of the Group. These environmental investments were mainly approved for the Belgian factories at Wondelgem and Drogenbos, on the one hand, for the implementation of a new production process for DTMT and, on the other hand, for the installation of a totally new loading station for acrylics.

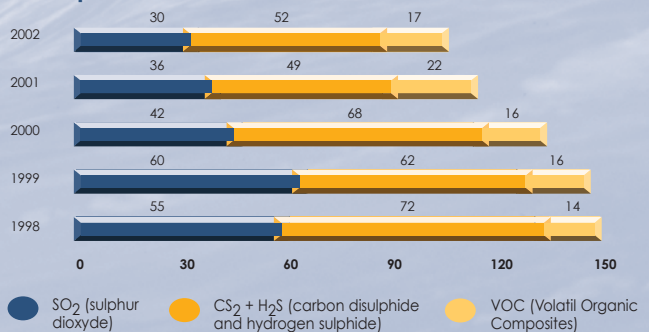
In addition, a good number of the industrial investments and all the infrastructure investments have a significant ecologic component, as for example the new factory for *Radcure* monomers in China; which has included, from the stage of conception, the latest knowledge on the management of the flows of materials and energy. We should also note that the new buildings, commissioned since 2002, such as the R&D centres at Drogenbos and at Wigton (U.K.), the Bioproducts laboratory at North Augusta (USA) and the Pharma buildings at Bulle (Switzerland) and Atlanta (USA) each paid particular attention to the working environment of the people occupying them and to their harmonious integration into the natural context of their surroundings.

The operating costs, including the running costs of the effluent treatment plants, the treatment of waste, together with the costs of the personnel dealing with these problems, were € 20.4 million. The total expenditure on the environment thus amounted to more than € 35 million in 2002.

Indices of pollution *



Atmospheric emissions



(*) In order to be able to measure the progress achieved on environmental matters, UCB has adopted indices of pollution. These indices enable it to measure the pollution in all its components and to translate the results into their impact on the environment. Each of the criteria has applied to it a weight coefficient (1987=100, except for the VOCs 1995=100) representing its nuisance potential to the surrounding area, the choice of which is based on European norms, and on a hierarchy of values generally accepted as relevant. The utilisation of a common language thereby enables the results of all the activities of the Group to be integrated in a homogeneous manner.

Consolidated Accounts and Annual Accounts of UCB SA at 31st December, 2002

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Consolidated Balance Sheet

A comparison of the consolidated balance sheets over 10 years can be found on page 42

ASSETS

(After distribution)

	31/12/2000 € thousand	31/12/2001 € thousand	31/12/2002 € thousand
FIXED ASSETS	742 907	853 820	889 291
I. Formation expenses (ann. VII)	1 217	638	466
II. Intangible assets (ann. VIII)	213 447	240 504	254 829
III. Consolidation differences (ann. XII)	22 387	22 662	27 732
IV. Tangible fixed assets (ann. XI)	495 978	580 258	589 413
A. Land and buildings	170 056	190 213	207 791
B. Plant, machinery and equipment	236 086	243 726	300 991
C. Furniture and vehicles	19 249	23 618	23 817
D. Leasing and other similar rights	3 495	5 715	5 158
E. Other tangible fixed assets	4 055	4 600	3 077
F. Assets under construction and advance payments	63 037	112 386	48 579
V. Financial fixed assets (ann. I to IV and X)	9 878	9 758	16 851
A. Apportioned companies	171	459	6 010
1. Investments	171	459	6 010
2. Amounts receivable	-	-	-
B. Other companies	9 707	9 299	10 841
1. Shares	4 042	4 007	3 942
2. Amounts receivable	5 665	5 292	6 899
CURRENT ASSETS	1 560 229	1 710 034	1 731 644
VI. Receivables of more than one year	77 259	80 758	71 856
A. Trade receivables	14 425	21 636	21 992
B. Other amounts receivable	62 834	59 122	49 864
VII. Stocks and contracts in progress	397 598	432 162	415 609
A. Stocks	397 496	432 162	415 609
1. Raw materials and consumables	90 935	98 725	91 035
2. Work in progress	60 315	80 229	85 373
3. Finished goods	189 747	191 919	181 419
4. Goods purchased for resale	55 501	60 024	57 111
5. Buildings for resale	-	-	-
6. Advance payments	998	1 265	671
B. Contracts in progress	102	-	-
VIII. Amounts receivable within one year	664 514	741 288	683 518
A. Trade receivables	444 759	448 761	416 553
B. Other amounts receivable	219 755	292 527	266 965
IX. Investments	266 929	339 054	443 136
A. Own shares	-	-	22 404
B. Other investments and deposits	266 929	339 054	420 732
X. Cash at bank and in hand	109 031	88 782	61 644
XI. Deferred charges and accrued income	44 898	27 990	55 881
TOTAL ASSETS	2 303 136	2 563 854	2 620 935

The consolidated accounts have been drawn up in accordance with the regulations of the Royal Decree of the 1st September, 1986, concerning the annual accounts of holding companies, modified by the Royal Decree of the 25th November, 1991. In accordance with these Decrees, the consolidated accounts include the balance sheet, profit and loss account and the annex. In addition, the notes which follow the accounts refer to the financial situation of the Group, as shown in the balance sheet and the consolidated profit and loss account.

LIABILITIES

	31/12/2000 € thousand	31/12/2001 € thousand	31/12/2002 € thousand
CAPITAL AND RESERVES	1 189 419	1 382 633	1 555 155
I. Capital	437 799	437 799	437 799
II. Share premium account	79	79	79
III. Revaluation surpluses	21 553	21 356	1 967
IV. Reserves (ann. XI)	708 736	916 779	1 132 258
V. Consolidation differences (ann. XII)	13 161	14 955	3 758
VI. Conversion differences	7 515	- 8 794	- 21 445
VII. Investment grants	576	459	739
MINORITY INTERESTS			
VIII. Minority interests	16 931	8 043	10 125
PROVISIONS, DEFERRED TAX AND LATENT TAXATION LIABILITIES	180 170	244 911	201 558
IX. A. Provisions for risks and charges	174 058	214 265	185 243
1. Pensions and similar obligations	22 068	22 964	26 893
2. Taxation	138	138	126
3. Major repairs and maintenance	2 715	4 062	3 099
4. Other risks and charges	149 137	187 101	155 125
B. Deferred tax and latent taxation liabilities	6 112	30 646	16 315
CURRENT LIABILITIES	916 616	928 267	854 097
X. Amounts payable in more than one year (ann. XIII)	198 600	203 336	126 412
A. Financial liabilities	193 283	198 604	121 684
1. Subordinated loans	-	-	-
2. Unsubordinated loans	84 893	83 256	49 032
3. Leasing and other similar obligations	672	899	863
4. Credit institutions	42 822	46 524	14 555
5. Other loans	64 896	67 925	57 234
B. Trade creditors	-	-	99
1. Suppliers	-	-	99
2. Bills of exchange payable	-	-	-
C. Advances received on contracts in progress	-	-	-
D. Other amounts payable	5 317	4 732	4 629
XI. Amounts payable in one year or less (ann. XIII)	678 053	677 147	681 110
A. Current portion of amounts payable after one year	7 363	4 689	54 040
B. Financial debts	164 466	158 349	127 994
1. Credit institutions	163 102	155 578	127 576
2. Other loans	1 364	2 771	418
C. Trade debts	253 057	234 467	210 345
1. Suppliers	248 651	232 617	208 462
2. Bills of exchange payable	4 406	1 850	1 883
D. Advances received on contracts in progress	1 014	913	67
E. Taxes, remuneration and social security	131 687	141 616	122 373
1. Taxes	65 390	67 467	60 051
2. Remuneration and social security	66 297	74 149	62 322
F. Other amounts payable	120 466	137 113	166 291
XII. Accrued charges and deferred income	39 963	47 784	46 575
TOTAL LIABILITIES	2 303 136	2 563 854	2 620 935

Consolidated Profit & Loss Account

	31/12/2000 € thousand	31/12/2001 € thousand	31/12/2002 € thousand
I. Sales and operating income	2 586 983	2 903 703	2 923 320
A. Turnover	2 204 266	2 475 333	2 514 009
B. Changes in work in progress, finished goods and orders in process	60 765	36 832	- 15 131
C. Production capitalized	150 758	187 503	217 221
D. Other operating income	171 194	204 035	207 221
II. Cost of sales and operating charges	- 2 210 138	- 2 437 904	- 2 420 923
A. Materials	706 038	711 224	701 547
1. Purchases	733 334	721 551	740 947
2. Changes in stocks	- 27 296	- 10 327	- 39 400
B. Services and miscellaneous	675 495	787 840	795 951
C. Wages, salaries, social charges and pensions	525 163	585 342	604 125
D. Depreciation and reductions in value on formation costs and on tangible and intangible fixed assets	242 511	289 570	329 722
E. Reductions in value on stocks, orders in process and on commercial debts	3 813	1 072	6 035
F. Provisions for risks and charges	35 991	41 048	-42 747
G. Other operating charges	20 401	21 056	25 389
I. Depreciation on consolidation differences	726	752	901
III. Operating profit	376 845	465 799	502 397
IV. Financial income	90 447	118 876	127 990
A. Income from financial fixed assets	2 165	2 234	-
B. Income from current assets	23 599	32 912	24 090
C. Other financial income	64 683	83 730	103 900
V. Financial charges	- 97 676	- 122 820	- 136 758
A. Interest and other debt charges	29 455	38 010	25 625
B. Depreciation on consolidation differences	-	-	-
C. Reductions in value on current assets other than those covered in II E above	302	170	92
D. Other financial charges	67 919	84 640	111 041
VI. Ordinary profit before taxation	369 616	461 855	493 629
VII. Exceptional income	65 929	112 634	109 328
A. Write-back of depreciation and of reductions in value on tangible and intangible fixed assets	17 791	29 820	38 483
B. Write-back of depreciation on consolidation differences	-	-	-
C. Write-back of reductions in value of financial fixed assets	-	1	1
D. Write-back of provisions for exceptional risks and charges	14	30 205	35 350
E. Surpluses on disposal of fixed assets	46 455	50 273	1 446
F. Other exceptional income	1 669	2 335	34 048
VIII. Exceptional charges	- 59 787	- 118 214	- 136 581
A. Exceptional depreciation and reductions in value on formation costs on tangible and intangible fixed assets	3 089	4 099	8 690
B. Exceptional depreciation on consolidation differences	-	-	-
C. Reductions in value of financial fixed assets	-	-	2 354
D. Provisions for exceptional risks and charges	31 933	22 611	51 821
E. Deficits on disposal of fixed assets	882	642	670
F. Other exceptional charges	23 883	90 862	73 046
IX. Profit for the year before taxation	375 758	456 275	466 376
X. A. Transfer from deferred tax and latent taxation liabilities	75	63	460
B. Transfer to deferred tax and latent taxation liabilities	- 53	-	-
XI. Taxation on profits	- 107 093	- 136 314	- 136 137
A. Taxation	- 107 199	- 139 957	- 136 314
B. Adjustment of taxes and write-back of tax provisions	106	3 643	177

	31/12/2000 € thousand	31/12/2001 € thousand	31/12/2002 € thousand
XII. Profit of the consolidated companies	268 687	320 024	330 699
XIII. Share in the profits (losses) of apportioned companies	6	- 1 543	1 114
A. Profits	6	89	1 168
B. Losses	-	- 1 632	- 54
XIV. Consolidated profit	268 693	318 481	331 813
A. Minority interests	682	- 471	- 413
B. Share of the Group in the profit	268 011	318 952	332 226

SUMMARISED PRESENTATION OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31/12/2001 € thousand	31/12/2002 € thousand		
I. Ordinary profit			(1) The detail of depreciation on fixed assets:	
Turnover	2 475 333	2 514 009	Ordinary depreciation	- 110 993 - 118 077
Other income	428 370	409 311	Depreciation on R & D costs	- 179 329 - 212 546
Operating costs and other charges	- 2 147 582	- 2 090 300		- 290 322 - 330 623
Depreciation (1)	- 290 322	- 330 623	Depreciation amounted to € 329,722 thousand compared with	
Operating profit (2)	465 799	502 397	€ 289,570 thousand in 2001 (Item II D) plus depreciation on consolida-	
Financial income (3)	- 3 944	- 8 768	tion differences of € 901 thousand against € 752 thousand in 2001	
Ordinary profit before tax	461 855	493 629	(Item II I).	
II. Exceptional profit	- 5 580	- 27 253	(2) Operating profit or EBIT (Earnings Before Interest and Taxes)	
III. Profit before tax	456 275	466 376	(3) Detail of financial income/charges by Sector:	
Deferred taxation	63	460	Pharma Sector	- 11 003 - 4 515
Taxation	- 136 314	- 136 137	Surface Specialties	
Share of UCB in the results of the			- Chemicals	- 2 365 - 7 671
apportioned companies	- 1 543	1 114	- Films	- 10 740 - 14 592
IV. Profit after tax	318 481	331 813	Non-sectorial activities	+ 17 930 + 18 010
Profit attributable to minority interests	- 471	- 413	Income from non-consolidated shareholdings	+ 2 234 -
Profit attributable to UCB	318 952	332 226		- 3 944 - 8 768

Main exceptional results by Sector

		31/12/2001 € thousand	31/12/2002 € thousand	
Pharma	Write-back of depreciation on R&D costs	26 218	31 209	
	Provisions for risks and charges	- 5 182	- 10 122	
	Restructuring costs	- 6 350	- 15 647	
	Depreciation	- 2 417	- 2 035	
	Start-up costs	- 1 631	- 2 170	
	Other	- 1 882	- 640	
	Total Pharma	8 756	595	
Surface Specialties	<i>Chemicals</i>	Write-back of depreciation on R&D costs	2 463	1 973
		Provisions for risks and charges	- 1 240	- 1 609
		Litigations	- 4 883	- 4 824
		Restructuring costs	- 2 104	- 1 472
		Other	- 1 740	- 631
		Total Chemicals	- 7 504	- 6 563
<i>Films</i>	Provisions for risks and charges	-	- 10 500	
	Surplus and deficits on the sales of assets, write-back of reevaluation surplus and on consolidation difference	34 863	30 483	
	Start-up costs of industrial units and stopping of product	- 2 050	- 2 193	
	Litigations	- 3 502	- 49	
	Restructuring costs	- 32 577	- 28 494	
	Other	- 3 038	- 754	
	Total Films	- 6 304	- 11 507	
	Non-sectorial	Surplus on the sales of assets	153	63
Write down in value		-	- 11 458	
Other		- 681	1 617	
Total non-sectorial	- 528	- 9 778		
TOTAL	- 5 580	- 27 253		

I. RULES OF CONSOLIDATION

A. Rules which govern the methods of consolidation by total integration and explanations of divergence from these rules:

All companies, whether Belgian or foreign, in which UCB SA holds a controlling interest in law or in fact, are consolidated in accordance with the total integration method.

However, those companies where UCB SA does not hold, directly or indirectly, more than 50% of the shares, but the Group exercises a decisive influence on the appointment of the majority of directors or managers, or on the direction of management, are also consolidated by the total integration method.

B. Rules which govern the methods of consolidation by proportional integration and explanations of divergences from these rules: No Group company is covered by the definition of joint subsidiary.

C. Rules which govern the methods of consolidation by apportionment and explanations of divergences from these rules:

The companies, in which the shareholding of the Group is between 20% and 50%, and subsidiaries which are in liquidation or are dormant, have been treated by the apportionment method of consolidation.

II. EXCLUSIVE SUBSIDIARIES

Subsidiaries consolidated by total integration and apportioned companies

PHARMA SECTOR	<i>Proportion of capital held (in %)</i>	SURFACE SPECIALTIES	<i>Proportion of capital held (in %)</i>
UCB Pharma SA (France)	100	Chemicals	
UCB Pharma SpA (Italy)	100	UCB Chemicals Italia Spa (Italy)	100
UCB Pharma AB (Sweden)	100	UCB Química Ibérica SA (Spain)	100
UCB Pharma OY (Finland)	100	UCB Chemicals Nordic A/S (Denmark)	100
UCB Pharma AG (Switzerland)	100	UCB (Chem) Ltd (United Kingdom)	100
UCB Pharma (Produtos Farmaceuticos) Lda (Portugal)	100	Taminco GmbH (Germany)	100
UCB Pharma SA (Spain)	100	M.I.O. Schoonaarde SA (Belgium)	100
UCB Pharma A.E (Greece)	100	UCB Prosol SA (Belgium)	100 *
UCB Pharma BV (Netherlands)	100		<i>outside Europe</i>
UCB Pharma Ltd (United Kingdom)	100	Shanghai UCB Speciality Chemicals C° Ltd (China)	100
UCB Pharma SA (Belgium)	100	Taminco Choline Chloride (Shanghai) C° Ltd (China)	100
Vedim Pharma (Prod. Químicos e Farmaceuticos) Lda (Portugal)	100	UCB Chemicals Corporation (USA)	100
UCB Healthcare SNC (France)	100	SK UCB C° Ltd (Korea)	50
Vedim Pharma SA (Spain)	100	Daicel UCB C° Ltd (Japan)	55
Vedim Pharma SNC (France)	100	UCB Chemicals (Malaysia) Sdn Bhd (Malaysia)	100
UCB Pharma Gesellschaft mbH (Austria)	100	UCB Chip Inc. (USA)	100
UCB Pharma AS (Turkey)	100	UCB Chemicals Korea C° Ltd (Korea)	100
Rodleben Pharma GmbH (Germany)	100	Taminco Inc. C° Ltd (USA)	100
SCI du Mantois (France)	100		
UCB Pharma SRO (Czech Republic)	100	Films	
UCB Farchim SA (AG,Ltd) (Switzerland)	100	UCB T & R Graham Ltd (United Kingdom)	100
UCB (Pharma) Ireland Ltd (Ireland)	100	UCB Sidex Ltd (United Kingdom)	100 *
UCB Pharma Sp.z.o.o. (Poland)	100	UCB Services Ltd (United Kingdom)	100
Vedim Pharma GmbH (Germany)	100	UCB Films PLC (United Kingdom)	100
UCB Pharma A/S (Norway)	100	UCB Sidac Ltd (United Kingdom)	100 *
UCB Healthcare GmbH (Germany)	100	La Cellophane Española SA (Spain)	100 *
Vedim Sp.z.o.o. (Poland)	100	UCB Films Italia Srl (Italy)	100 *
	<i>outside Europe</i>	GIC SA (Belgium)	100
UCB Pharma SA (Argentina)	100 *	M.I.O. Zwijnaarde SA (Belgium)	100
Fipar (Thailand) Ltd (Thailand)	100	UCB Cellophane Ltd (United Kingdom)	100
UCB Japan C° Ltd (Japan)	100	UCB Films España SA (Spain)	100
UCB Pharma Inc. (Canada)	100 *		<i>outside Europe</i>
UCB India Ltd (India)	100	Securrency Pty Ltd (Australia)	50
Uni-Mediflex Private Ltd (India)	100	UCB Films (Asia-Pacific) Pty Ltd (Australia)	100
UCB Pharma Ltd (Hong-Kong)	100	UCB Films Inc. (USA)	100
UCB Taiwan Ltd (Taiwan)	100	UCB Flip Inc. (USA)	100 *
Korea UCB C° Ltd (Korea)	100		
UCB Pharma (Thailand) Ltd (Thailand)	100	NON-SECTORIAL ACTIVITIES	
UCB Pharma Inc. (USA)	100	Société Financière UCB SA (Luxembourg)	100
UCB (SA) (Proprietary) Ltd (South Africa)	100	UCB Fipar SA (Belgium)	100
UCB Philippines Inc. (Philippines)	100	UCB Finance NV (Netherlands)	100
UCB Research Inc. (USA)	100	Fin. UCB SA (Belgium)	100
UCB Phip Inc. (USA)	100	UCB España SA (Spain)	100
UCB Pharma Nanjing C° Ltd (China)	96,15	Actias Réassurance SA (Luxembourg)	100
UCB-Bioproducts Inc. (USA)	100	UCB (Investments) Ltd (United Kingdom)	100
UCB Coprom Lp (USA)	100	The Viking Trading C° Ltd (United Kingdom)	100
UCB Pharco Inc. (USA)	100		
Vedim SA de CV (Mexico)	100		

(*) Apportioned companies

<i>Proportion of capital held (in %)</i>		<i>Proportion of capital held (in %)</i>	
Vedim Ltd (United Kingdom)	100	UCB Services SAS (France)	100
Pabelfima BV (Netherlands)	100	UCB Actias SA (Belgium)	100
Société Commerciale UCB SA (France)	100		<i>outside Europe</i>
UCB GmbH (Germany)	100	UCB Asia Pacific Sdn Bhd (Malaysia)	100
UCB France SA (France)	100	UCB Australia Pty Ltd (Australia)	100
UCB Investissements SA (Switzerland)	100	UCB Inc. (USA)	100
UCB Hungary Ltd (Hungary)	100	UCB Singapore Private Ltd (Singapore)	100
Doutors Réassurance SA (Switzerland)	100	UCB Chemphar Inc. (USA)	100
Cogefina SA (Switzerland)	100	UCB de Mexico SA de CV (Mexico)	100
		UCB do Brasil Lda (Brazil)	100

III. JOINT SUBSIDIARIES

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IV. APPORTIONED COMPANIES

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V. OTHER COMPANIES

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VI. RULES OF VALUATION

All the assets, liabilities, rights and commitments included in the consolidated accounts have been valued in accordance with uniform rules. The rules of valuation adopted for the consolidated accounts are the same as those used by UCB SA for its annual accounts. They form an integral part of the consolidation manual sent to all Group companies. The transmission of data relating to the preparation of the consolidated balance sheet has been made in accordance with a uniform accounting plan based on the standard accounting plan laid down by Belgian legislation. If, in the financial statements of the companies included in the consolidation, certain elements on the balance sheet have not been valued in accordance with the rules adopted for the consolidated accounts, these elements have, for the purpose of consolidation, been subject to the appropriate adjustment, unless the effect would be negligible in relation to a true and fair view. Assets, liabilities and commitments of overseas subsidiaries included in the consolidation have, for the purpose of their integration in the consolidated accounts, been converted into euros either in accordance with the «monetary/non-monetary» method, or at the rate current at the end of the year, the choice of method being that required to give a true and fair view in accordance with article 20 of the Royal Decree of the 6th March, 1990. Exchange differences which result from the application of the «monetary/non-monetary» method and the closing rate method are respectively taken to the profit and loss account and to the heading «conversion differences» in capital and reserves. Income and expenditure have been converted at the average rate over the year.

I. Formation expenses

Formation expenses, which are not taken in the profit and loss account of the year, in which they are incurred, are depreciated over a maximum period of five years.

II. Intangible fixed assets

R&D costs have been transferred to intangible fixed assets at their purchase or cost price. In order to make the previous years comparable, R&D costs capitalised have been wholly depreciated as a charge against current profits but the difference between the actual amount of depreciation taken in the year and the gross amount capitalised have been treated as a write-back of depreciation in the exceptional profits. A straight line depreciation rate of 33 1/3 % has been applied to these costs, based on a three year life. The depreciation of the purchase price of patents, licences and similar items is calculated either in accordance with a prudent assessment of the economic life of such intangible asset or at a minimum rate equal to that of the assets required to handle the patent or process, or

by a fixed period of depreciation not lower than five years, equal to 20 %, per annum. The purchase or cost price of intangible fixed assets, other than those referred to above, and which are eligible for subsidies, have been wholly depreciated in the year in which these expenses were incurred. Software acquired which is not essential for the functioning of the computer system and of a value above € 1,250 has been treated as intangible fixed assets and depreciated over five years on a straight line basis. Intangible fixed assets, whose depreciation is taken over a period of five years or less, are removed from the balance sheet along with the relevant depreciation during the fifth year following their inclusion in assets.

The rates of exchange used on the 31st December 2002, have been as follows:

Currency 1€ = x foreign currency	Closure exchange rate		Average exchange rate	
	2001	2002	2001	2002
Canadian dollar	1.405	1.656	1.386	1.479
US dollar	0.884	1.048	0.896	0.942
Pound sterling	0.610	0.651	0.622	0.629
Swiss franc	1.482	1.454	1.510	1.467
Swedish crown	9.307	9.149	9.252	9.167
Norwegian crown	7.977	7.273	8.045	7.511
Danish crown	7.436	7.429	7.451	7.433
Turkish lire (100)	12658.228	17543.860	10204.082	14367.816
Polish zloty	3.561	4.024	3.670	3.852
Czech crown	31.766	31.646	34.058	30.766
Hungarian forint	245.038	236.016	256.608	243.250
South African rand	10.768	9.009	7.618	9.915
Indian rupee	42.535	50.251	42.159	45.679
Japanese yen (100)	1.160	1.243	1.087	1.179
Hong-Kong dollar	6.890	8.177	6.983	7.344
Australian dollar	1.731	1.858	1.732	1.737
New Zealand dollar	2.129	2.000	2.132	2.039
Thai baht	39.170	45.269	39.842	40.509
Singapore dollar	1.632	1.819	1.604	1.687
South Korean won (100)	11.765	12.438	11.561	11.862
Taiwan new dollar	30.969	36.430	30.272	32.492
Mexican new peso	8.112	10.989	8.364	9.055
Brazilian real	2.043	3.716	2.083	2.627
Ringitt (\$ Malaysian)	3.358	3.984	3.404	3.581
Philippines peso	45.537	55.866	45.577	48.377
Argentine new peso	0.884	3.532	0.895	2.655
Renminbi Yuan	7.313	8.673	7.415	7.795

III. Differences on consolidation

The positive consolidation differences included in the assets on the consolidated balance sheet have been depreciated over a 40 year period as a fair valuation of the economic life of such intangible fixed assets. The economic life has been based on the specific advantages of the acquisition, i.e. the estimated period of recovery of the premium paid.

Complementary or exceptional depreciation has been taken, if the maintenance as an asset of such difference on consolidation is no longer economically justified.

IV. Tangible fixed assets

Tangible fixed assets purchased from third parties have been included in the assets on the balance sheet at their purchase price; assets manufactured by the company itself have been valued at their cost price. The purchase or cost price has been depreciated on a straight line basis, without taking account of pro rata temporis. The depreciation has been calculated on the basis of the economic life of the assets concerned.

The annual rates have been as follows:

Apartments and houses	3 %
Administrative buildings	3 %
Industrial buildings	5 %
Tools	15 %
Furniture and office machinery	15 %
Vehicles	20 %
Computer equipment and office machinery	33 1/3 %
Prototype equipment	33 1/3 %

Where economic circumstances require, depreciation can be accelerated.

Software acquired essential for the functioning of the computer system has been treated as tangible fixed assets and has been depreciated in accordance with the rules in force for computer equipment, being 33 1/3 % per year.

Tangible fixed assets sold to third parties have been written off at their gross value. At the same time the depreciation already taken at the end of the previous year has been written back. Any differences between the amounts realised and the residual values have resulted in surpluses or deficits, which have been included in the exceptional profits and losses.

In the case of significant internal transfers (by sale or contribution) of a branch of activity or of a division, the assets transferred have been written back to their historical value for all internal operations of this type, which would result in a surplus of € 1,25 million or more in the books of the transferring company. In this case, the surplus has been eliminated and the depreciation on the tangible fixed assets transferred calculated on the basis of their historical cost. Depreciation relating to tangible fixed assets, thus transferred during the year, have been calculated pro rata temporis to their holding in the company.

Reciprocally, the rule of pro rata temporis applies to those tangible fixed assets entering into the balance sheet of the company following the acquisition during the year of a branch of activity or of a division.

V. Financial fixed assets

Apportioned shareholdings have been valued in accordance with the proportion held in shareholders' funds of the company concerned. Shareholdings which are not included in the scope of consolidation have been valued at cost price. A specific writedown has been made whenever the valuation made each year shows a permanent loss in value.

VI. Stocks

Bought-in items, both raw materials and supplies, have been valued at cost or market price, whichever is the lower.

The purchase price includes the value of the purchases increased by import duties or excise taxes, transport costs and taxes not recoverable and, where appropriate, unloading costs.

Write-offs are made annually on slow moving spares in order to achieve on a cumulative basis the same percentage write-offs as depreciation on the net corresponding tangible fixed assets. The annual charge may, however, not exceed 10 % of the value of the stock of these items at the end of the year.

Work in progress and finished goods have been valued at industrial cost, that is excluding general charges (other than factory overheads), depreciation and financial charges. This value has been reduced to likely selling prices, less related sales costs, if these are lower.

Merchant goods have been valued at their cost price or at market price at the end of the year, whichever is the lower. The purchase price of major raw materials and consumable stores, including those incorporated in work in progress and finished goods, has been fixed in accordance with the LIFO method. The purchase price of other stocks has been fixed in accordance with the FIFO method. When items included in the stocks have been the subject of internal sales within the Group at market prices, their stock value has been reduced to their cost, as if the sales had been made at cost price.

VII Receivables and liabilities

These are shown at their book value. Receivables have been written-down if their repayment, when due, is wholly or partly uncertain or doubtful.

VIII. Assets and commitments expressed in foreign currencies

Non-monetary assets and liabilities (intangible and tangible fixed assets, stocks, shareholdings), resulting from an operation in a foreign currency, have been and will continue to be entered into the accounts at their acquisition value in local currency resulting from the conversion of the amount from a foreign currency at the rate of exchange in force at the day on which the operation was done. This rule also applies to the conversion into local currency of **monetary** receivables and payables expressed in a foreign currency. At the end of the year, however, the counter value in local currency of these items has been subject to revaluation on the basis of the exchange rates on the dates at which the accounts are made up; realised exchange differences on foreign currency transactions are taken to the profit and loss account, as are non-realised exchange losses, whilst non-realised exchange profits are included under accrued charges and deferred income in the balance sheet.

IX. Provisions for risks and charges

All the risks borne by the company have been the subject of provisions reviewed each year, in accordance with the rules of prudence, good faith and sincerity. Technical provisions for the reassurance companies are included under this heading.

X. Income taxes

Accounting for income taxes is based upon the following principles:

- a current tax liability or asset is established on the estimated taxes payable or refundable, using current local tax rates;
- a deferred tax liability or asset is established on the estimated future tax effects attributable to temporary differences and carry forwards, using local tax rates that are expected to apply to the period when the liability is settled or the asset is realised;
- a reduction in the value of deferred tax asset is made where its realisation is not assured within the foreseeable future.

VII. FORMATION EXPENSES (€ thousand)

Net book value at the end of the previous year	638
Changes in the year	
- New expenses incurred	315
- Depreciation	- 419
- Conversion differences	- 58
- Other	- 10
Net book value at the end of the year	466
of which - Expenses of formation or of capital increases, loan issue expenses, and other formation expenses	466
- Restructuring costs	-

VIII. INTANGIBLE FIXED ASSETS (€ thousand)

	R&D costs	Concessions, patents, licences, etc.	Goodwill	Payments on account
a) Cost of acquisition				
At the end of the previous year	677 894	108 901	60 415	792
Changes in the year:				
- Purchases, including production capitalized	214 708	8 714	200	-
- Disposals and write-offs (-)	- 109 883	- 3 374	- 11 697	-
- Transfers from one item to another	-	11	-	-
- Conversion differences	- 463	- 6 399	- 7 829	- 211
- Other movements	-	1	- 52	-
At the end of the year	782 256	107 854	41 037	581
c) Depreciation and write-offs				
At the end of the previous year	511 294	63 730	31 893	581
Changes in the year:				
- Taken	221 288	11 205	3 956	74
- Written back as excessive (-)	- 38 400	-	-	-
- Cancelled following sales and disposals (-)	- 109 883	- 1 728	- 6 343	-
- Transfers from one item to another	-	1	-	-
- Conversion differences	- 2 650	- 3 286	- 4 601	- 170
- Other movements	-	- 5	- 57	-
At the end of the year	581 649	69 917	24 848	485
d) Net book value at the end of the year (a) - (c)	200 607	37 937	16 189	96

IX. TANGIBLE FIXED ASSETS (€ thousand)

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasing and other similar rights	Other tangible fixed assets	Assets under construction and advance payments
a) Cost of acquisition						
At the end of the previous year	293 472	794 636	79 064	13 768	14 324	114 969
Changes in the year:						
- Purchases, including production capitalized	30 359	59 703	13 170	623	1 387	43 347
- Disposals and write-offs (-)	- 857	- 6 775	- 3 548	- 22	- 2	- 1 590
- Transfers from one item to another	12 236	85 464	1 270	-	-	- 98 982
- Conversion differences	- 14 729	- 39 199	- 4 853	- 1 027	- 1 848	- 7 896
- Other movements	503	2 528	36	-	-	-
At the end of the year	320 984	896 357	85 139	13 342	13 861	49 848
b) Surpluses						
At the end of the previous year	705	295	13	117	2	-
Changes in the year:						
- Taken	-	-	-	-	-	-
- Cancelled	-	-	-	-	-	-
- Transfers from one item to another	-	-	-	-	-	-
- Conversion differences	-	-	-	-	-	-
- Other movements	-	-	-	-	-	-
At the end of the year	705	295	13	117	2	-
c) Depreciation and write-offs						
At the end of the previous year	103 964	551 205	55 459	8 170	9 726	2 583
Changes in the year:						
- Taken	13 440	72 943	10 769	609	2 445	1 265
- Written back as excessive (-)	-	- 83	-	-	-	-
- Received from third parties	-	-	-	-	-	-
- Cancelled following sales and disposals (-)	- 764	- 7 793	- 2 992	- 4	- 2	-
- Transfers from one item to another	320	1 357	904	-	-	- 2 583
- Conversion differences	- 3 265	- 24 091	- 2 961	- 474	- 1 383	4
- Other movements	202	2 123	157	-	-	-
At the end of the year	113 897	595 661	61 336	8 301	10 786	1 269
d) Net book value at the end of the year (a) + (b) - (c)	207 792	300 991	23 816	5 158	3 077	48 579
of which: - land and buildings				3 812		
- plant, machinery and equipment				4		
- furniture and vehicles				1 342		

X. FINANCIAL FIXED ASSETS (€ thousand)

	Apportioned companies	Other companies
1. Share capital		
a) Cost of acquisition		
At the end of the previous year	459	4 007
Changes in the year:		
- Purchases	-	-
- Sales and disposals	-	- 67
- Transfers from one item to another	21 851	-
- Conversion differences	- 81	2
At the end of the year	22 229	3 942
b) Surpluses	-	-
c) Write-offs		
- At the end of the previous year	-	-
- At the end of the year	-	-
d) Uncalled amounts		
- At the end of the previous year	-	-
- Changes in the year	-	-
e) Movements in the capital and reserves of apportioned companies	- 16 218	-
- Share in the result for the financial period	1 114	-
- Eliminations of dividends relating to this participation	- 17 332	-
Net book value at the end of the year (a) + (b) - (c) - (d) +/- (e)	6 011	3 942
2) Receivables		
Net book value at the end of the previous year	-	5 292
Changes in the year:		
- Additions	-	4 568
- Repayments	-	- 441
- Write-offs taken	-	- 2 355
- Write-offs written back	-	-
- Conversion differences	-	- 511
- Other movements	-	346
Net book value at the end of the year	-	6 899
Cumulative write-offs of receivables at the end of the year	-	-

XI. CUMULATIVE RESERVES (€ thousand)

At the end of the previous year	916 779
Changes in the year:	
- Share of the Group in the profit	332 226
- Other movements	-
- Declared dividend by UCB SA	- 116 747
At the end of the year	1 132 258

XII. STATEMENT OF DIFFERENCES ON CONSOLIDATION AND APPORTIONMENT (€ thousand)

	Consolidation differences		Apportionment differences	
	positive	negative	positive	negative
Net book value at the end of the previous year	22 662	14 955	-	-
Changes in the year:				
- Arising from an increase in the percentage held	5 972	-	-	-
- Arising from a decrease in the percentage held	-	-	-	-
- Depreciation	- 901	-	-	-
- Differences taken in profit	-	- 11 196	-	-
- Other changes	-	-	-	-
Net book value at the end of the year	27 733	3 759	-	-

Deferred and latent taxation liabilities (€ thousand)

- Deferred taxation	439
- Latent taxation	15 876
	16 315

XIII. CURRENT LIABILITIES (€ thousand)

A. Analysis of the amounts originally payable in more than one year according to their residual term of:

	not more than 1 year	between 1 to 5 years	over 5 years
Financial liabilities	54 040	14 276	107 408
- Subordinate debentures	9	-	-
- Unsubordinated debentures	25 781	-	49 032
- Leasing and other similar obligations	870	863	-
- Credit institutions	3 515	13 413	1 142
- Other loans	23 865	-	57 234
Trade creditors	-	99	-
- Suppliers	-	99	-
Other amounts payable	-	4 629	-
Total	54 040	19 004	107 408

B. Liabilities guaranteed by debentures secured or irrevocably promised on the assets of the consolidated companies

Financial liabilities	3 854
- Unsubordinated debentures	-
- Leasing and other similar obligations	-
- Credit institutions	3 854
- Other loans	-
Total	3 854

XIV. PROFITS FOR THE YEAR AND PREVIOUS YEAR (€ thousand)

A. Net turnover

Countries	Geographical distribution of turnover									
	Pharma Sector		Surface Specialties				Non-sectorial Activities		TOTAL	
	2001	2002	Chemicals		Films		2001	2002	2001	2002
Belgium	39 781	40 254	42 842	36 955	8 340	8 152	728	1 067	91 691	86 428
E.U.	455 958	452 489	272 061	275 202	177 884	176 840	-	20	905 903	904 551
Other European countries	88 785	89 596	22 523	22 628	28 650	29 632	-	54	139 958	141 910
America	489 434	575 021	182 402	170 633	118 325	112 148	-	117	790 161	857 919
Africa	18 660	16 245	5 134	4 345	8 763	7 033	-	-	32 557	27 623
Asia	331 557	298 025	117 251	124 127	41 673	45 133	-	-	490 481	467 285
Oceania	2 404	3 795	9 512	9 497	12 666	15 001	-	-	24 582	28 293
TOTAL	1 426 579	1 475 425	651 725	643 387	396 301	393 939	728	1 258	2 475 333	2 514 009

B. Average numbers employed and cost of personnel

Previous year

Year

1. Average number of persons employed	10 294	10 288
- Hourly paid	2 964	2 704
- Monthly paid	3 683	3 675
- Management	3 647	3 909
2. Costs of personnel (€ thousand)	585 342	604 125
3. Average number of persons in Belgium	3 404	3 456

C. Exceptional profit/loss (€ thousand)

Detail of other exceptional profits		
- Write-back of negative consolidation difference	-	11 197
- Write-back of revaluation surplus	198	19 389
Detail of other exceptional charges		
- Restructuring	58 546	41 474
- Costs of start-up and closure of activities	3 663	2 984
- Commercial litigations	21 078	17 509

XV. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (€ thousand)

A. 1. Amount of personal guarantees, given or irrevocably promised by the companies included in the consolidation, as security for debts or commitments of third parties	-
2. Amount of assets guarantees given or irrevocably promised by the companies included in the consolidation on their own assets, as security for debts and commitments of:	
- companies included in the consolidation	5 407
- third parties	-
3. Goods and assets held by third parties in their own name but for the risks and benefit of the companies included in the consolidation	-
4. a) Commitments to purchase fixed assets	18 652
b) Commitments to sell fixed assets	
5. a) Rights resulting from transactions relating to :	
- rates of interest	-
- rates of exchange	-
- price of raw materials or goods for resale	-
- other similar transactions	167 317
b) Commitments resulting from transactions relating to :	-
- rates of interest	-
- rates of exchange	-
- price of raw materials or goods for resale	-
- other similar transactions	1 089 443
B. Commitments relating to technical guarantees, in respect of sales or services already provided	-
C. Information concerning significant litigation and other major commitments not covered above	-
D. Commitments with respect to retirement and survivors' pensions in favour of their personnel or executives, at the expense of the companies included in the consolidation	-
The Group occasionally uses derivative instruments to cover risks inherent in the ordinary course of business; no derivative financial instrument is held for speculative purposes.	

XVI. RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS BUT NOT INCLUDED IN THE CONSOLIDATION (€ thousand)

	affiliated enterprises	
	previous year	year
1. Financial fixed assets	-	-
2. Amounts receivable	30 984	20 943
- after one year	21 827	17 696
- within one year	9 157	3 247
3. Current investments	-	-
4. Amounts payable	4 828	13 072
- after one year	-	-
- within one year	4 828	13 072
7. Financial results		
- Income from current assets	1 551	1 053
- Debt charges	302	281

XVII. FINANCIAL RELATIONSHIPS WITH DIRECTORS (€ thousand)

Total amount of remuneration granted during the year to the directors for their responsibilities in the consolidating company, its subsidiaries and its affiliated companies, including the amounts in respect of retirement pensions granted in respect of the same period to former directors.

5 113

Notes on the Consolidated Balance Sheet

ASSETS (€ thousand)

	31/12/2001	31/12/2002	Difference
I. Formation expenses	638	466	- 172
This item contains the formation expenses and other costs of the first setting up of the companies in the Group, which have been depreciated annually.			
II. Intangible fixed assets	240 504	254 829	+ 14 325
The intangible fixed assets include, at their original cost, as it appears in the books of the companies in the Group, all the working capital and industrial property rights, together with the research and development costs and goodwill.			
The net increase of € 14,325 thousand is explained as follows :			
- investments in the year		223 622	
- depreciation in the year		- 236 523	
- write-back of depreciation on R&D costs		38 400	
- differences on exchange rates and miscellaneous		- 11 174	
III. Consolidation differences	22 662	27 732	+ 5 070
The increase is mainly due to acquisition premiums in the new companies included in the consolidation for the first time			
IV. Tangible fixed assets	580 258	589 413	+ 9 155
The tangible fixed assets include all the land, buildings, equipment and furniture, at their original cost, as it appears in the books of the companies in the Group.			
The net increase of € 9,155 thousand in the tangible fixed assets of the Group is as follows :			
- investments in the year		148 589	
- depreciation in the year		- 101 471	
- differences on exchange rates and miscellaneous		- 37 963	
V. Financial fixed assets	9 758	16 851	+ 7 093
This item consists mainly of the shareholdings and receivables relating to the non-consolidated companies.			
VI. Receivables of more than one year	80 758	71 856	- 8 902
The difference is basically due to a decrease of the commercial receivables of La Cellophane Española for € 5 million transferred to apportioned companies and a reduction in the receivables of Société Financière UCB for € 4 million.			
VII. Stocks	432 162	415 609	- 16 553
The value of stores, raw materials, consumables, work in progress and finished goods have decreased. They have increased in some subsidiaries and decreased in others.			
VIII. Receivables of one year or less	741 288	683 518	- 57 770
The decrease comes from a reduction in commercial receivables as well as in miscellaneous receivables.			
IX. Investments	339 054	443 136	+ 104 082
This item covers mainly term deposits for one month or more.			

LIABILITIES (€ thousand)

	31/12/2001	31/12/2002	Difference
I. Capital	437 799	437 799	-
II. Share premium account	79	79	-
	437 878	437 878	-
III. to VI. Group reserves	944 296	1 116 538	+ 172 242
The increase of €172,242 thousand is explained as follows:			
- profits in the year		332 226	
- dividend declared by UCB SA		- 116 747	
- differences on exchange rates and others		- 43 237	
VII. Investment grants	459	739	+ 280
This item consists of grants received or to be received from governments by various companies in the Group and intended to be released to the profit and loss account year by year, in co-ordination with the depreciation charges on the corresponding fixed assets.			
VIII. Minority interests	8 043	10 125	+ 2 082
This item covers the share of third parties in the shareholders' funds of the consolidated companies. The increase of €2 million comes mainly from Securrency Pty Ltd.			
IX. Provisions for risks and charges and deferred taxation	244 911	201 558	- 43 353
The difference results from the reduction of provisions in several subsidiaries, of which La Cellophane Española in liquidation.			
X. Amounts payable in more than one year	203 336	126 412	- 76 924
The reduction is mainly due to the decrease in unsubordinated loan stock of UCB SA.			
XI. Amounts payable in one year or less	677 147	681 110	+ 3 963
The increase of €3,963 thousand is mainly due to movements in opposite directions of financial and commercial amounts payable.			

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (€ thousand)

	31/12/2001	31/12/2002
Ordinary profits		
- Turnover	2 475 333	2 514 009
Turnover amounted to €2,514,009 thousand, an increase of 1.6% compared to the previous year		
- Operating profit	465 799	502 397
Gross operating profit was equivalent to 20% of turnover, an increase of 7.9% compared to 2001.		
- Financial income	- 3 944	- 8 768
This does not include income from non-consolidated shareholdings, as it was the case for €2,234 thousand in 2001.		
- Ordinary profits before taxation	461 855	493 629
An increase of 7% compared to the previous year		
Exceptional profits	- 5 580	- 27 253
The detail of these exceptional items, which also include depreciation and provisions, has been shown separately at the end of the profit and loss account.		
Profits before taxation	456 275	466 376
- Deferred taxation	63	460
This item covers the deferred taxation relating to the subsidies included in the profits		
- Taxation	- 136 314	- 136 137
- Share of UCB in the profits of apportioned companies	- 1 543	1 114
This item covers the share of the profits after taxation of the apportioned companies such share being calculated in proportion to the number of shares held by the Group in these companies.		
Profits after taxation	318 481	331 813
Share of UCB in the consolidated profits		

The share of UCB in the consolidated profit of €331,813 thousand amounted to €332,226 thousand. In 2001, there was a consolidated profit of €318,481 thousand, and the share of UCB in that profit was €318,952 thousand.

Auditors' Report

Ladies and Gentlemen,

In accordance with the legal and regulatory requirements, we have the honour to report to you on the implementation of the audit task which you have entrusted to us.

We have audited the consolidated accounts as drawn up under the responsibility of the Board of Directors of the company for the year ended on the 31st December, 2002, in which the total balance sheet amounted to € 2,621 million, and the profit and loss account showed a consolidated profit for the year of € 332 million (share of the Group). The annual accounts of certain subsidiaries included in the consolidation have been checked by other external auditors. We have based our audit on their certificates and we have made specific additional checks in the context of the consolidation. We have also checked the consolidated management report.

Unqualified approval of the consolidated accounts.

Our checks have been made in accordance with the norms of the «Institut des Reviseurs d'Entreprises». These professional norms demand that our audit should be organised and implemented in such a manner as to obtain a reasonable assurance that the consolidated accounts do not include any significant errors, taking account of the legal and regulatory requirements applicable in Belgium.

In accordance with these norms, we have taken account of the organisation of the consolidated group in terms of administration and accounting, together with its systems of internal control. We have obtained the explanations and information required for our audit. We have examined by sample the proofs of the amounts included in the annual accounts. We have evaluated the bases of the rules of evaluation, the rules of consolidation and any significant accounting estimates made by the company, together with the presentation of the consolidated accounts as a whole. We believe that the work done by ourselves and by those of our colleagues who have audited the accounts of the subsidiaries, provide a reasonable basis for the expression of our opinion.

In our view, based on our audit work and on the reports of our colleagues, the consolidated accounts for the year ended on the 31st December, 2002, give a true view of the assets, the financial situation and the consolidated profits, in accordance with the legal and regulatory requirements applicable in Belgium, and the information given in the annex is appropriate.

In addition, the consolidated management report contains the information required by law and is in agreement with the consolidated accounts.

Brussels, 2nd April, 2003
The Auditors
(College of «Commissaires»)

D. VAN WOENSEL

D. GOOSSENS

Financial Data

CONSOLIDATED BALANCE SHEET AFTER DISTRIBUTION (in € million)

Assets	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Gross industrial assets	1 183	1 290	1 321	1 209	1 354	1 518	1 744	1 983	2 201	2 359
Depreciation	- 754	- 821	- 855	- 776	- 868	- 957	- 1112	- 1 250	- 1 357	- 1 487
Net industrial assets	429	469	466	433	486	561	632	733	844	872
Other net assets	19	22	22	23	17	39	40	87	91	89
Fixed assets	448	491	488	456	503	600	672	820	935	961
Stocks and contracts in progress	179	186	198	178	235	251	307	398	432	416
Receivables of one year or less	257	287	277	309	387	440	550	664	741	683
Investments	215	214	161	274	208	149	164	267	339	443
Cash at bank and in hand	34	43	37	46	53	55	80	109	89	62
Deferred charges and accrued income	30	22	27	30	43	24	34	45	28	56
Current assets	715	752	700	837	926	919	1 135	1 483	1 629	1 660
Total assets	1 163	1 243	1 188	1 293	1 429	1 519	1 807	2 303	2 564	2 621
Liabilities										
Capital	260	261	261	262	262	262	438	438	438	438
Share premium account	2	2	4	5	5	5	-	-	-	-
Group reserves	189	211	258	380	500	589	585	750	944	1 116
Minority interests	13	9	9	9	10	15	18	17	8	10
Equity	464	483	532	656	777	871	1 041	1 205	1 390	1 564
Investment grants	3	2	2	1	1	1	1	1	1	1
Own funds	467	485	534	657	778	872	1 042	1 206	1 391	1 565
Deferred taxation	2	2	1	1	1	1	1	6	31	17
Provisions for risks and charges	62	77	78	81	85	85	95	174	214	185
Amounts payable in more than 1 year	264	222	198	168	126	118	133	199	203	126
Amounts payable in 1 year or less	352	439	353	354	398	388	463	625	614	611
Dividend of UCB SA	21	23	29	37	46	55	73	93	111	117
- interim dividend paid	- 5	- 5	- 5	- 5	- 5	-	-	-	-	-
Current liabilities	632	679	575	554	565	561	669	917	928	854
Total liabilities	1 163	1 243	1 188	1 293	1 429	1 519	1 807	2 303	2 564	2 621

N.B. For the purpose of comparison, the balance sheets have been recast in the form used in previous years and the headings are, therefore, in certain cases different from those shown in the official balance sheet, which follows the scheme provided for in the legal requirements concerning this matter.

SUMMARISED PRESENTATION OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (in € million)

	1994	1995	1996	1997	1998	1999	2000	2001	2002
I. Ordinary profit									
Turnover	1 297	1 341	1 260	1 501	1 646	1 842	2 204	2 475	2 514
Other income	119	129	141	183	215	296	383	428	409
Operating costs and other charges	- 1 177	- 1 201	- 1 113	- 1 320	- 1 419	- 1 594	- 1 967	- 2 147	- 2 090
Depreciation	- 143	- 142	- 138	- 165	- 187	- 235	- 243	- 290	- 330
Operating profit	96	127	150	199	255	309	377	466	503
Financial charges	- 23	- 22	- 10	- 13	- 13	- 9	- 7	- 4	- 9
Ordinary profit before tax	73	105	140	186	242	300	370	462	494
II. Exceptional profit	3	-	31	25	- 15	- 1	6	- 6	- 27
III. Profit before tax	76	105	171	211	227	299	376	456	467
Deferred taxation	2	-	-	-	-	-	-	-	-
Taxation	- 17	- 20	- 25	- 52	- 67	- 79	- 107	- 136	- 136
Results of apportioned companies	-	- 1	- 1	-	-	-	-	- 2	1
IV. Profit after tax	61	84	145	159	160	220	269	318	332
Profit attributable to minority interests	3	3	3	3	2	1	1	- 1	-
Profit attributable to UCB	58	81	142	156	158	219	268	319	332

MATURITY OF GROUP INDEBTEDNESS (€ thousand)

External loans of more than one year taken by the Group currently amount to € 175,724 thousand, of which € 54,040 thousand fall due during the year. The table below shows, by year, the amounts becoming due.

2003	2004	2005	2006	2007	more than 5 years	total < 1 year	total > 1 year	total loans
54 040	10 258	1 787	1 756	475	107 408	54 040	121 684	175 724

For UCB SA a detailed table of loans is shown on page 47.

CONSOLIDATED TABLE OF FINANCING (€ thousand)

	31/12/2000	31/12/2001	31/12/2002
<i>Trading activities</i>			
Net profits	268 693	318 481	331 813
Net change in the apportioned companies	6	1 631	16 218
Depreciation (including write-offs)	231 075	264 777	327 349
Provisions for risks and charges	73 009	65 320	- 26 679
Surpluses or deficits on the sale of assets	- 45 573	- 49 631	- 776
Gross margin from autofinancing (trading)	527 210	600 578	647 925
Net change in the requirement for working capital	- 180 954	- 127 129	- 50 957
NET CHANGE IN THE CASH REQUIRED FOR TRADING (a)	346 256	473 449	596 968
<i>Investment activities</i>			
Purchase of assets and shareholdings	- 327 316	- 376 896	- 383 997
Sale of assets and shareholdings	47 246	54 915	2 465
NET CHANGE IN THE CASH REQUIRED FOR INVESTMENTS (b)	- 280 070	- 321 981	- 381 532
<i>Financing activities</i>			
Increase in capital (including issue premiums)	-	-	-
Increase in shares held by third parties	-	-	4 318
Capital surpluses received	1 483	949	1 936
Net change in loans	60 367	680	- 62 802
Net change in financial debts in one year or less	71 981	- 11 026	32 938
Dividends paid	- 74 089	- 95 325	- 112 095
NET CHANGE IN THE CASH REQUIRED FOR FINANCING (c)	59 742	- 104 722	- 135 705
NET CHANGE IN CASH (d) = (a) + (b) + (c)	125 928	46 746	79 731
Conversion differences & changes in the scope of consolidation (e)	5 657	5 130	- 2 787
Cash at the beginning of the year (f)	244 375	375 960	427 836
Cash at the end of the year (g) = (d) + (e) + (f)	375 960	427 836	504 780

RATIOS (calculated after distribution)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Depreciation of industrial assets										
Industrial assets net/ Industrial assets gross	0.36	0.36	0.35	0.36	0.36	0.37	0.36	0.37	0.38	0.37
2. Degree of capital investment										
Fixed assets/Permanent funds	0.56	0.62	0.60	0.50	0.51	0.56	0.53	0.52	0.51	0.51
3. Degree of self-financing										
Own funds/Third party funds	0.74	0.71	0.93	1.19	1.38	1.55	1.56	1.32	1.50	1.83
4. Degree of long term self-financing										
Own funds/Permanent funds	0.59	0.62	0.66	0.72	0.79	0.81	0.82	0.76	0.76	0.83
5. Liquidity										
Assets readily available or realizable/ Short term borrowings	1.94	1.65	1.86	2.17	2.11	2.07	2.12	2.07	2.25	2.28
6. Return on capital										
Profit/loss for the year/Own funds	0.13	0.13	0.16	0.22	0.20	0.18	0.21	0.22	0.23	0.21
(*)	0.08	0.12	0.16	0.17	0.17	0.20	0.21	0.22	0.23	0.23
7. Net margin										
Profit/loss for the year/Turnover	0.05	0.05	0.07	0.11	0.11	0.10	0.12	0.12	0.13	0.13
(*)	0.03	0.05	0.07	0.09	0.09	0.11	0.12	0.12	0.13	0.14
8. Gross profitability										
Cash flow/Own funds	0.28	0.32	0.31	0.45	0.39	0.26	0.30	0.35	0.32	0.26
(*)	0.22	0.28	0.28	0.27	0.25	0.28	0.30	0.33	0.35	0.28
9. Gross margin										
Cash flow/Turnover	0.12	0.13	0.13	0.24	0.20	0.14	0.17	0.19	0.18	0.16
(*)	0.09	0.11	0.12	0.14	0.13	0.15	0.17	0.18	0.20	0.17
10. Level of self-financing of investments										
Investments during the year/Cash flow	0.66	0.89	0.56	0.34	0.36	0.67	0.34	0.41	0.43	0.41

Own funds = include outside interests, subordinated loan(s) and investment grants
 Third party funds = all long term loans and liabilities (except those subordinated)
 + current and short term liabilities including unpaid dividends.
 Permanent funds = own funds (as above) + provisions for risks and losses in value + deferred taxes
 + all other long term loans and liabilities.
 Profit/loss for the year } After eliminating interests on subordinated loan(s)
 Cash flow }

* Figures which do not take account of exceptional profits.

Jaarrekeningen van UCB NV

Balans

ACTIVA	Op 31/12/2000 €	Op 31/12/2001 €	Op 31/12/2002 €
VASTE ACTIVA	815 595 611,90	1 024 078 588,03	1 325 740 896,02
I. Oprichtingskosten	3 174,15	-	-
II. Immateriële vaste activa	118 455 733,21	141 460 389,08	179 187 226,62
III. Materiële vaste activa	154 405 804,00	179 288 960,76	203 078 836,29
IV. Financiële vaste activa	542 730 900,54	703 329 238,19	943 474 833,11
VLOTTENDE ACTIVA	547 044 988,89	565 808 353,76	507 118 247,97
V. Vorderingen op meer dan één jaar	27 635 332,11	26 961 947,01	22 538 330,89
VI. Voorraden en bestellingen in uitvoering	123 083 084,41	168 448 202,24	194 357 362,33
VII. Vorderingen op ten hoogste één jaar	345 573 236,04	323 362 488,89	268 279 807,84
VIII. Geldbeleggingen	29 564 341,64	22 923 436,45	8 341,64
IX. Liquide middelen	12 162 193,63	16 115 112,44	8 296 112,42
X. Overlopende rekeningen	9 026 801,06	7 997 166,73	13 638 292,85
TOTAAL DER ACTIVA	1 362 640 600,79	1 589 886 941,79	1 832 859 143,99

PASSIVA

EIGEN VERMOGEN	673 082 121,82	893 160 619,48	1 115 495 135,23
I. Kapitaal	437 799 000,00	437 799 000,00	437 799 000,00
II. Uitgiftepremies	79 206,00	79 206,00	79 206,00
III. Herwaarderingsmeerwaarden	-	-	-
IV. Reserves	135 969 609,09	334 904 445,28	554 904 445,28
V. Overgedragen winst	98 700 073,53	119 936 853,34	121 988 325,76
VI. Kapitaalsubsidies	534 233,20	441 114,86	724 158,19
VOORZIENINGEN EN UITGESTELDE BELASTINGEN	24 515 242,47	70 698 285,80	64 050 361,63
VII. Voorzieningen voor risico's en kosten	24 203 900,05	70 449 463,69	63 611 503,57
Uitgestelde belastingen	311 342,42	248 822,11	438 858,06
SCHULDEN	665 043 236,50	626 028 036,51	653 313 647,13
VIII. Schulden op meer dan één jaar	226 924 411,86	216 975 619,54	288 420 507,33
IX. Schulden op ten hoogste één jaar	420 875 484,14	392 344 636,72	346 729 421,03
X. Overlopende rekeningen	17 243 340,50	16 707 780,25	18 163 718,77
TOTAAL DER PASSIVA	1 362 640 600,79	1 589 886 941,79	1 832 859 143,99

Resultatenrekening

	Op 31/12/2000 €	Op 31/12/2001 €	Op 31/12/2002 €
I. Bedrijfsopbrengsten	979 490 659,60	1 149 444 984,19	1 253 177 908,14
II. Bedrijfskosten	- 907 704 508,68	- 1 060 643 703,30	- 1 092 869 971,82
III. Bedrijfswinst	71 786 150,92	88 801 280,89	160 307 936,32
IV. Financiële opbrengsten	148 578 736,40	333 763 073,70	203 860 628,89
V. Financiële kosten	- 35 774 219,76	- 36 166 233,72	- 37 622 706,84
VI. Winst uit de gewone bedrijfsuitoefening vóór belasting	184 590 667,56	386 398 120,87	326 545 858,37
VII. Uitzonderlijke opbrengsten	23 571 046,29	37 853 512,68	121 788 076,08
VIII. Uitzonderlijke kosten	- 6 307 184,67	- 31 818 443,29	- 65 334 697,53
IX. Winst van het boekjaar vóór belasting	201 854 529,18	392 433 190,26	382 999 236,92
Onttrekking aan de uitgestelde belasting	74 645,46	62 520,31	459 782,72
X. Belastingen op het resultaat	- 37 178 461,03	- 61 415 014,57	- 44 661 147,22
XI. Winst van het boekjaar	164 750 713,61	331 080 696,00	338 797 872,42
XII. Overboeking naar de belastingvrije reserves	-	-	-
XIII. Te bestemmen winst van het boekjaar	164 750 713,61	331 080 696,00	338 797 872,42

Resultaatverwerking: zie Jaarverslag, blz. 20.

De jaarrekening wordt na verdeling opgesteld in overeenstemming met het schema dat werd opgelegd door het Koninklijk Besluit van 30 januari 2001 naar uitvoering van het wetboek van vennootschappen. Deze rekening omvat de balans, de resultatenrekening en de door de wet voorziene toelichting; ze worden hierna verkort weer-gegeven. Conform de wetgeving worden het beheersverslag, de jaarrekening van UCB NV en het verslag van de Commissarissen gedepeoneerd bij de Nationale Bank van België. Zij kunnen aangevraagd worden bij: UCB NV - Global Communication - Researchdreef 60 - B-1070 Brussel. De commentaren op de rekeningen hebben betrekking op de financiële toestand van de vennootschap zoals deze uit de jaarrekening kan worden afgeleid. De resultaten worden eveneens besproken in het voorgaand beheersverslag. De Commissarissen hebben een opinie zonder voorbehoud gegeven met betrekking tot de statutaire jaarrekening van UCB NV.

Bijlage

DEELNEMINGEN EN MAATSCHAPPELIJKE RECHTEN IN ANDERE ONDERNEMINGEN

Naam en zetel	Maatschappelijke rechten			Gegevens geput uit de laatste beschikbare jaarrekening			
	gehouden door			Jaar-rekening per	Munt-een-heden	Eigen vermogen (in munteenheden)	Netto-resultaat
	Aantal	%	%				
Fin. UCB NV (België)	8 741 615	99,99	0,01	31/12/2002	EUR	745 232 589	30 623 783
Fipar (Thailand) Ltd (Thailand)	490	49,00		31/12/2002	THB	24 114 946	11 923 645
GIC NV (België)	4 332	99,98	0,02	31/12/2002	EUR	18 551 390	727 228
Korea UCB C° Ltd (Korea)	72 000	100,00		31/12/2002	KRW	676 276 901	72 283 810
Mio Zwijnaarde NV (België)	1	0,08	99,92	31/12/2002	EUR	50 790	761
Mio Schoonaarde NV (België)	52 135	99,99	0,01	31/12/2002	EUR	1 301 557	- 73 853
Taminco Choline Chloride (Shanghai) C° Ltd (China)	3 000 000	100,00		31/12/2002	CNY	12 350 823	- 2 741 009
Shanghai UCB Speciality Chemicals C° Ltd (China)	12 000 000	100,00		31/12/2002	CNY	85 968 234	- 17 803 115
Société Financière UCB SA (Luxemburg)	32 634	99,99	0,01	31/12/2002	EUR	127 653 599	3 805 381
SK UCB C° Ltd (Korea)	250 000	50,00		31/12/2002	KRW	6 969 719 787	1 994 881 877
UCB (Investments) Ltd (Groot-Brittannië)	35 006 834	77,92	22,08	31/12/2002	GBP	58 493 199	2 934 046
UCB (Pharma) Ireland Ltd (Ierland)	59 999	99,99	0,01	31/12/2002	EUR	77 931	242 623
UCB Pharma (Produtos Farmaceuticos) Lda (Portugal)	88 500	98,33	1,67	31/12/2002	EUR	239 919	684 215
UCB Actias NV (België)	1 249	99,92	0,08	31/12/2002	EUR	71 539	341 132
UCB Chemicals Korea C° Ltd (Korea)	80 000	100,00		31/12/2002	KRW	4 019 196 251	19 311 389
UCB de Mexico SA de CV (Mexico)	4 449 999	100,00		31/12/2002	MXN	4 631 810	- 2 123 167
UCB España SA (Spanje)	1 235 000	100,00		31/12/2002	EUR	9 105 810	34 702 328
UCB Finance NV (Nederland)	38 459	100,00		31/12/2002	EUR	23 690 787	68 930 000
UCB France SA (Frankrijk)	89 993	99,99	0,01	31/12/2002	EUR	14 354 910	1 042 704
UCB GmbH (Duitsland)	506 300	5,00	95,00	31/12/2002	EUR	4 221 845	- 7 894 921
UCB Hungary Ltd (Hongarije)	148 000 000	100,00		31/12/2002	HUF	148 000 000	531 183 097
UCB Inc. (USA)	66	100,00		31/12/2002	USD	34 090 804	100 887 218
UCB India Ltd (Indië)	3 528	100,00		31/12/2002	INR	70 754 959	80 579 853
UCB Japan C° Ltd (Japan)	41 980	100,00		31/12/2002	JPY	1 962 974 517	- 1 019 442 541
UCB Pharma NV (België)	117 120	99,99	0,01	31/12/2002	EUR	633 214	- 187 819
UCB Pharma (Thailand) Ltd (Thailand)	9 800	49,00	50,98	31/12/2002	THB	1 957 239	17 519 133
UCB Pharma AS (Turkije) (TRL miljoen)	868 130	7,93	92,07	31/12/2002	TRL	1 077 653	522 870
UCB Pharma Inc. (Canada)	611 000	100,00		31/12/2002	CAD	- 545 709	8 017
UCB Pharma Ltd (Hong Kong)	269 600	99,85	0,15	31/12/2002	HKD	945 295	14 766
UCB Pharma SA (Argentinië)	3 592 249	100,00		31/12/2002	ARS	- 2 859 695	8 299
UCB Pharma Ltd (Polen)	7 408	100,00		31/12/2002	PLZ	740 800	- 11 255 526
UCB Pharma Nanjing C° Ltd (China)	2 500 000	96,15		31/12/2002	CNY	20 734 787	- 6 314 011
UCB Pharma SA (Griekenland)	168 404	99,83	0,17	31/12/2002	EUR	2 781 993	- 1 360 389
UCB Pharma SRO (Tsjechië)	12 300 600	100,00		31/12/2002	CSK	14 015 202	3 629 752
UCB Prosol NV (België)	-	99,92	0,08	31/12/2002	EUR	30 180	288
UCB Services SAS (Frankrijk)	1	0,40	99,60	31/12/2002	EUR	42 246	119 219
UCB Singapore Private Ltd (Singapore)	250 000	100,00		31/12/2002	SGD	- 48 392	- 71 497
UCB Taiwan Ltd (Taiwan)	7 994	99,93	0,04	31/12/2002	TWD	17 446 862	32 964 626

Staat van het kapitaal

MAATSCHAPPELIJK KAPITAAL

1. Geplaatst kapitaal

Per einde van het vorige boekjaar

Bedragen in €

Aantal aandelen

437 799 000

Wijzigingen tijdens het boekjaar:

- Kapitaalverhoging

-

Per einde van het boekjaar

437 799 000

2. Samenstelling van het kapitaal

2.1. Soorten aandelen

Gewone aandelen

437 799 000

145 933 000

2.2. Aandelen op naam of aan toonder

Op naam

48 934 049

Aan toonder

96 998 951

Zie ook punt 1 van de «Bijkomende inlichtingen» blz. 46.

Op 1 januari 1999 is het kapitaal van UCB NV verhoogd, om uitgedrukt te worden in euro's. De aandelen zijn elk door honderd gedeeld; de pari van ieder aandeel bedraagt 3 euro's. UCB NV effecten in omloop op 31 december 2002: 145.933.000 aandelen (1). Gecreëerde effecten die op datum van aangifte recht geven tot het verwerven van aandelen die het maatschappelijk kapitaal vertegenwoordigen: 145.200 warranten die elk recht geven tot het onderschrijven van 1 gewoon UCB aandeel uitoefenbaar tussen 1 januari 2003 en 31 mei 2009; 236.700 warranten die elk recht geven tot het onderschrijven van 1 gewoon UCB aandeel uitoefenbaar tussen 1 januari 2004 en 28 februari 2010. Indien alle effecten uitgeoefend worden zal het kapitaal van UCB vertegenwoordigd zijn door 146.314.900 aandelen (2).

	(1) Ten opzichte van 145.933.000 aandelen	(2) Ten opzichte van 146.314.900 aandelen
NV Financière d'Obourg, Researchdreef 60, 1070 Brussel	58.860.000	40,33%
EuroPacific Growth Fund, 333 South Hope street Los Angeles, Ca. 90071 - USA	4.416.518	3,03%
		40,22%
		3,02%

De NV Financière d'Obourg zelf is ten belope van 67,23% in handen van de NV Financière de Tubize.

De NV Financière de Tubize wordt ten belope van 74,03% door de familie Janssen gehouden.

Onder toepassing van artikel 631§2 uit de wet op de handelsvennootschappen, heeft UCB Fipar NV, een filiaal dat onrechtstreeks gecontroleerd wordt door UCB NV, laten weten aan UCB NV, in 2002, 746.800 UCB aandelen verworven te hebben, die nog steeds in haar bezit zijn op 31 december 2002 en die 0,51% van de uitgegeven aandelen door UCB NV, vertegenwoordigen.

VERPLICHTINGEN TOT UITGIFTE VAN AANDELEN (bedrag in €)	Kapitaal	Aandelen
1. Als gevolg van de uitoefening van CONVERSIERECHTEN	-	-
2. Als gevolg van de uitoefening van de INSCHRIJVINGSRECHTEN		
- Aantal inschrijvingsrechten in omloop		381.900
- Bedrag van het te plaatsen kapitaal	1.145.700	
- Maximum aantal uit te geven aandelen		381.900

Beschrijving van de regeling inzake het aanvullend rust- of overlevingspensioen

I. Regeling voor bijkomend rustpensioen.

UCB NV heeft een reglement uitgewerkt waarbij een te bereiken doel wordt vooropgesteld voor de vergoeding van de gepensioneerde bedienden. Het vastgesteld doel wordt bereikt door storting aan de gepensioneerden boven het wettelijke pensioen:

- op het ogenblik van pensioenering, de renten of kapitalen naar aanleiding van de vereffening van groepsverzekeringsovereenkomsten die gedurende gans de loopbaan werden gevormd door stortingen van de gepensioneerde bedienden;
- eventueel, renten ten laste van de V.Z.W. Voorzorgsfonds UCB, een aanvullend pensioenfonds gevormd door maandelijkse bijdragen ten laste van de onderneming;
- een speciale anciënniteitsgebonden uitkering, betaald door de onderneming bij de opruiming.

II. Regeling voor aanvullend overlevingspensioen.

Anderzijds heeft UCB NV ten gunste van het rechthebbende bediendenpersoneel volgende verzekeringen afgesloten:

- verzekering overlijden;
- tijdelijke wezenrenten.

Deze verzekeringen worden gefinancierd via jaarlijkse premies ten laste van de onderneming. Bovendien stort de maatschappij aan de weduwe of weduwnaar van de bediende, overleden tijdens zijn/haar loopbaan, een speciale uitkering als rente.

III. Andere voordelen.

UCB NV heeft een intern reglement uitgewerkt waarbij aan de bediende inkomsten worden verzekerd gedurende een periode afhankelijk van de anciënniteit, voor afwezigheid wegens ziekte, ongeval, zwangerschap, enz.

Bijkomende inlichtingen

1. Uitgifte van een obligatielening met warranten

Op 9 juni 1998 is UCB overgegaan tot de uitgifte, buiten voorkeurrecht, van een obligatielening van € 991.574,10 op vijf jaar tegen een vlottende interestvoet, waaraan 400.000 warranten waren verbonden. De uitoefening van deze warranten, die zou leiden tot de uitgifte van 40.000.000 niet-gekwoeteerde UCB aandelen op naam waarvan de overdracht is onderworpen aan de controle van de Raad van Bestuur van UCB, is beperkt tot het geval waar de Raad zou vaststellen dat de stabiliteit van het aandeelhouderschap en het maatschappelijk belang worden bedreigd. De aandelen die voortspuiten uit de eventuele uitoefening van de warranten, zouden worden uitgegeven aan een prijs die verwijst naar de marktprijs gedurende een periode die hun uitgifte voorafgaat.

2. Wettelijke limiet inzake uitkering van dividenden

(art. 77bis-Wetten op de Handelsvennootschappen)

In toepassing van de uitzonderingen in art. 77bis 2° van de gecoördineerde wetten op de Handelsvennootschappen, omvat de vaste activa het nog niet afgeschreven bedrag van de O&O-kosten. De Raad acht inderdaad dat de sommen die jaarlijks worden besteed aan O&O in het domein van de Pharma en van de chemische specialiteiten tot doel hebben het oppuntstellen van nieuwe originele geneesmiddelen en van nieuwe chemische specialiteiten die de groei van deze twee sectoren zullen verzekeren, zodat het totaal bedrag van deze nog niet afgeschreven O&O-kosten een wezenlijk deel uitmaken van de vaste activa.

Toelichtingen bij de balans

ACTIVA

IMMATERIËLE VASTE ACTIVA

Zoals voorheen omvatten de bruto immateriële vaste activa van het boekjaar hoofdzakelijk de O&O-kosten, evenals bepaalde voor subsidie in aanmerking komende immateriële investeringen die geen O&O-uitgaven zijn (kosten voor commerciële studies, organisatiekosten). In 2002 bedroegen de uitgaven voor onderzoek en ontwikkeling €179.917 duizend tegen €135.550 duizend in 2001. Sedert het boekjaar 1984, overschreed de afschrijvingsvoet van de O&O-uitgaven deze van de degressieve afschrijving op basis van een levensduur van 4 jaar niet, namelijk 50% het eerste jaar en 25% het tweede en het derde jaar. Sedert het boekjaar 1990 worden deze kosten afgeschreven tegen een lineaire afschrijvingsvoet van 33,33% op basis van een duur van 3 jaar.

MATERIËLE VASTE ACTIVA

De materiële vaste activa stijgen met €23.790 duizend ten opzichte van 2001, als gevolg van bewegingen in verschillende richtingen. Tijdens het boekjaar 2002 werd voor een bedrag van €64.698 duizend geïnvesteerd, wat hoger is dan het bedrag van de afschrijvingen die €40.425 duizend bedroegen. Het buitendienst stellen en verkopen van diverse materialen heeft in 2002 geleid tot een vermindering van de vaste activa met €7.939 duizend en tot een terugname van afschrijvingen voor een bedrag van €7.455 duizend.

PASSIVA

EIGEN VERMOGEN

Kapitaal en uitgiftepremies blijven onveranderd sedert vorige balans.

SCHULDEN OP MEER DAN ÉÉN JAAR

De stijging met €71.445 duizend is vooral het gevolg van nieuwe leningen, gedeeltelijk gecompenseerd door de overdracht van andere leningen naar de korte termijn.

De toestand van de materiële vaste activa is als volgt:

Bruto vaste activa	€ 606.995 duizend
Afschrijvingen	€ - 403.916 duizend
Netto vaste activa	€ 203.079 duizend

De netto vaste activa bedragen 33,46% van de bruto vaste activa.

FINANCIËLE VASTE ACTIVA

De globale verhoging belooft € 240.146 duizend als gevolg van bewegingen in verschillende richtingen in de deelnemingen van verbonden ondernemingen waarvan de belangrijkste zijn :

Kapitaalverhoging van Fin UCB NV	€ 280.000 duizend
Aankoop van Beom Woo	€ 6.415 duizend
Gedeeltelijke cessie van UCB France SA	€ - 6.138 duizend
Vorderingen bij filialen	€ - 41.164 duizend

VOORRADEN

De totale stijging van de voorraden bedraagt € 25.909 duizend.

VORDERINGEN OP TEN HOOGSTE ÉÉN JAAR

Deze rubriek daalt met €55.082 duizend ten opzichte van 2001 hoofdzakelijk ingevolge een vermindering van voorschotten aan filialen.

GELDBELEGGINGEN

De vermindering met €22.915 duizend is het gevolg van de stijging van de financiële schulden. Deze schulden worden er echter gedeeltelijk terug door gecompenseerd.

SCHULDEN OP TEN HOOGSTE ÉÉN JAAR

Deze rubriek daalt met €45.616 duizend en is hoofdzakelijk het gevolg van terugbetalingen van leningen.

Terugbetalingsvervaldagen van de leningen (bedrag in €)

	Toegestaan bedrag	Rentevoet %	Laatste terugbetalingsvervaldag	Opeisbaar op meer dan één jaar op 31 12 2002	Opeisbaar op ten hoogste één jaar op 31 12 2002
Fin. UCB NV (krediet 27/12/96)	22 310 417,22	5,60	2003		2 231 041,72
Fin. UCB NV (krediet 12/12/97)	21 070 949,60	5,50	2003		2 974 722,30
Fin. UCB NV (krediet 14/12/98)	18 592 014,35	4,25	2004	1 859 201,44	1 859 201,44
Fin. UCB NV (krediet 01/10/99)	60 000 000,00	5,30	2005	6 000 000,00	2 000 000,00
Fin. UCB NV (krediet 13/12/99)	24 000 000,00	5,40	2005	4 000 000,00	1 000 000,00
Fin. UCB NV (krediet 01/10/99)	12 500 000,00	5,30	2004	12 500 000,00	
Fin. UCB NV (krediet 12/12/00)	42 000 000,00	5,70	2006	16 800 000,00	6 300 000,00
Fin. UCB NV (krediet 12/12/01)	54 225 000,00	5,15	2011	40 000 000,00	
Fin. UCB NV (krediet 26/06/02)	100 000 000,00	5,30	2012	100 000 000,00	
Fin. UCB NV (krediet 12/12/01)	40 000 000,00	4,35	2011	40 000 000,00	
Privé plaatsing (krediet 18/10/93)	12 394 676,24	7,75	2003		12 394 676,24
Privé plaatsing (krediet 21/10/93)	12 394 676,24	7,625	2003		12 394 676,24
Privé plaatsing (krediet 30/10/00)	57 475 397,17	8,79	2010	49 031 625,40	
Niet-converteerbare obligatielening	991 574,10	Floating	2003		991 574,10
G B./ Staat (leningen met staatswaarborg - afvalwaters)					
Gent (16/06/77)**	15 096,72	8,95*	2003		754,84
Nog terug te betalen op obligatielening					8 656,44
				270 190 826,84	42 155 303,32

* de rentevoet wordt om de vijf jaar herzien. ** krediet waarvan de schuldendienst verzekerd wordt door de Staat.

Information on UCB Shares

Shareholdings

The number of UCB shares in issue on the 31st December, 2002, amounted to 145,933,000. The permanent stable shareholding was that of Financière d'Obourg, whose total holding was more than 40% of the capital.

Stock Exchange capitalisation

UCB's shares are quoted on Euronext. On the 31st December, 2002, the Stock Exchange capitalisation of the Group was € 4,400 million, which placed UCB 9th in the list of Belgian quoted companies, representing 3.58% of the total Brussels Stock Exchange capitalisation and 4.31% of the BEL 20 index. In relation to the Euronext classification on the 31st December, 2002, UCB occupied the 70th position and 0.37% of the EURONEXT 100 index.

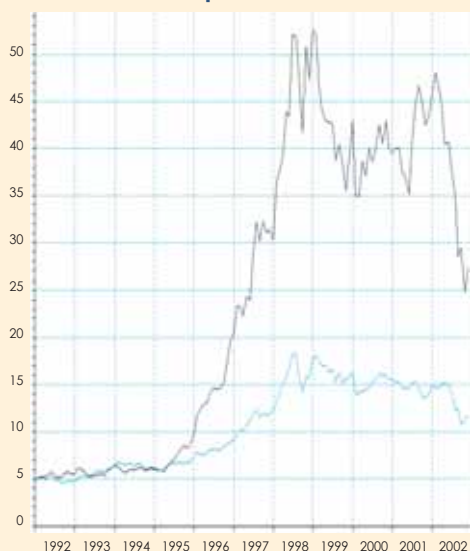
In € billion ⁽¹⁾	1998	1999	2000	2001	2002
Market Capitalisation	7.7	6.3	5.8	6.6	4.4
Other data					
In € per UCB share ⁽¹⁾	1998	1999	2000	2001	2002
Own funds of the Group	5.87	7.02	8.15	9.47	10.66
Consolidated cash flow	1.55	2.09	2.91	3.07	2.76
Ordinary consolidated profit after taxation	1.19	1.51	1.8	2.23	2.47
Exceptional consolidated profit	-0.11	-0.01	0.04	-0.04	-0.19
Total consolidated profit after taxation	1.08	1.5	1.84	2.19	2.28
Dividends per share					
Gross	0.38	0.50	0.64	0.76	0.80
Net	0.29	0.38	0.48	0.57	0.60
Highest and lowest share values	29.93/54.54	35.00/56.00	33.00/43.98	33.55/46.75	23.15/49.50
Price of the ordinary share at the end of December ⁽²⁾	52.55	43.5	39.48	45.47	30.00
Increase in price of the ordinary share	76%	-19%	-9%	15%	-34%
P.E.R. ⁽³⁾	44.2	28.8	21.9	20.4	12.1
Average number of shares dealt in per day	225 100	182 173	192 002	205 811	241 096
Number of UCB shares at 31st December	145 907 400	145 933 000	145 933 000	145 933 000	145 933 000

(1) The figures prior to 1999 are shown in euros and per share after dividend by 100, where appropriate, to be comparable.

(2) The price of the ordinary share was € 20 on the 13th March, 2003.

(3) "Price Earnings Ratio" : the ratio between the Stock Exchange price at the end of the year and the ordinary profit after tax per share.

Evolution of the UCB share price



— Price of the ordinary share of UCB on the Stock Market
— Index of share prices as whole on the Brussels Stock Exchange (dividends re-invested - index spot return).

Ranges of prices of ordinary shares of UCB in € ^(*)

	Highest price	Lowest price
1985	1.45	1.11
1986	2.47	1.31
1987	3.04	1.66
1988	2.40	1.72
1989	5.25	2.23
1990	6.64	4.19
1991	4.95	3.86
1992	5.89	4.66
1993	6.49	4.98
1994	6.47	5.50
1995	9.76	5.65
1996	21.01	9.69
1997	37.93	20.14
1998	54.54	29.93
1999	56.00	35.00
2000	43.98	33.00
2001	46.75	33.55
2002	49.50	23.15

Movement in dividends in € ^(*)

Net dividend per share for financial year	
1988	0.06
1989	0.08
1990	0.09
1991	0.09
1992	0.10
1993	0.11
1994	0.11
1995	0.15
1996	0.19
1997	0.24
1998	0.29
1999	0.38
2000	0.48
2001	0.57
2002	0.60

(*) The figures prior to 1999 are shown in euros and per share division by 100 to be comparable.

Regular information is issued by UCB in 2003 as follows:

Thursday, 6th February, 2003

(Preliminary Annual Results)

Friday, 14th March, 2003

(Final Annual Results)

Tuesday, 10th June, 2003

(Annual General Meeting of Shareholders and Information on Current State of Affairs)

Tuesday, 29th July, 2003

(Half Year Results)

Thursday, 18th December, 2003

(R&D and Investment Programmes - General Situation)

Furthermore, each time a major decision is taken, which could have a significant influence on the development of the Group, a specific press release is issued throughout the year.

The Annual General Meeting of Shareholders takes place on Tuesday the 10th June, 2003 at 11.30 a.m. Coupon n° 5 is payable as from the 13th June, 2003.

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The illustrations on the cover of this report have been enhanced using a UV varnish developed by Surface Specialties.

Application of article 523 of the Companies Code

Before any discussion or decision of the Board of Directors on the following item on the Agenda:

Stock option plan

1. Prospectus

2. Delegation of powers

Baron Jacobs, Director, declared having a direct financial interest in the outcome of the above-mentioned decisions. In accordance with article 523 of the Companies Code, this Director withdrew so as not to take part in the discussions of the Board of Directors nor in the vote.

The Board of Directors determined that article 523 of the Companies Code did apply to the proposed operation.

In consequence, in accordance with the requirements of this article and in view of its publication in the management report envisaged in article 96, line 7 of the Companies Code, the Board agreed:

- that the current operation is designed, as in the past, to promote the holding of shares by some 560 members of the personnel of the UCB Group performing directorial, senior management or similar functions in their company, to motivate them financially by continuing to associate them with the success of the company and to make them sensitive to the value of the UCB shares on the market, whilst respecting the rules governing privileged information.
- that it would be unjustified to exclude the Director and member of the Executive Committee of the company from the some 560 members of the personnel of the UCB Group performing directorial, senior management or similar functions to whom the benefits of the issue is reserved.
- that the financial consequences of the operation for the company are limited, consisting essentially of the difference which could occur between the price of the purchase of its own shares by the company and the price of the sale of these same shares to the personnel concerned on the execution of the options on the conditions fixed by the regulations, increased, where relevant, by the difference between the exercise price and the price of the UCB share on the stock exchange at that time.

1. Allocation

The Board of Directors approved the recommendations of the Remuneration Committee on the rules for allocating the options according the categories of their functions and their level of responsibility. A number of 400,000 options on UCB shares will thus be allocated to some 560 members of the personnel of the UCB Group performing directorial, senior management or similar functions.

2. Abbreviated Prospectus

The Board then prepared and approved the text of the Abbreviated Prospectus, relating to the issue of 400,000 options on UCB shares in favour of members of the personnel of the UCB Group performing directorial, senior management or similar functions.

3. Delegation of Powers

The Board decided to delegate all the necessary powers to the Chairman of the Executive Committee, being currently Baron Jacobs and to the Corporate Secretary of the company, being currently Mrs Michèle de Cannart d'Hamale, acting separately, with the power to subdelegate, in order to:

- a. ensure the implementation of the resolutions passed and particularly to finalize the rules of the issue, the prospectus and option exercise form.
- b. prepare or finalize and sign in the name of the Board of Directors any addendum to the prospectus, which might be required.

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