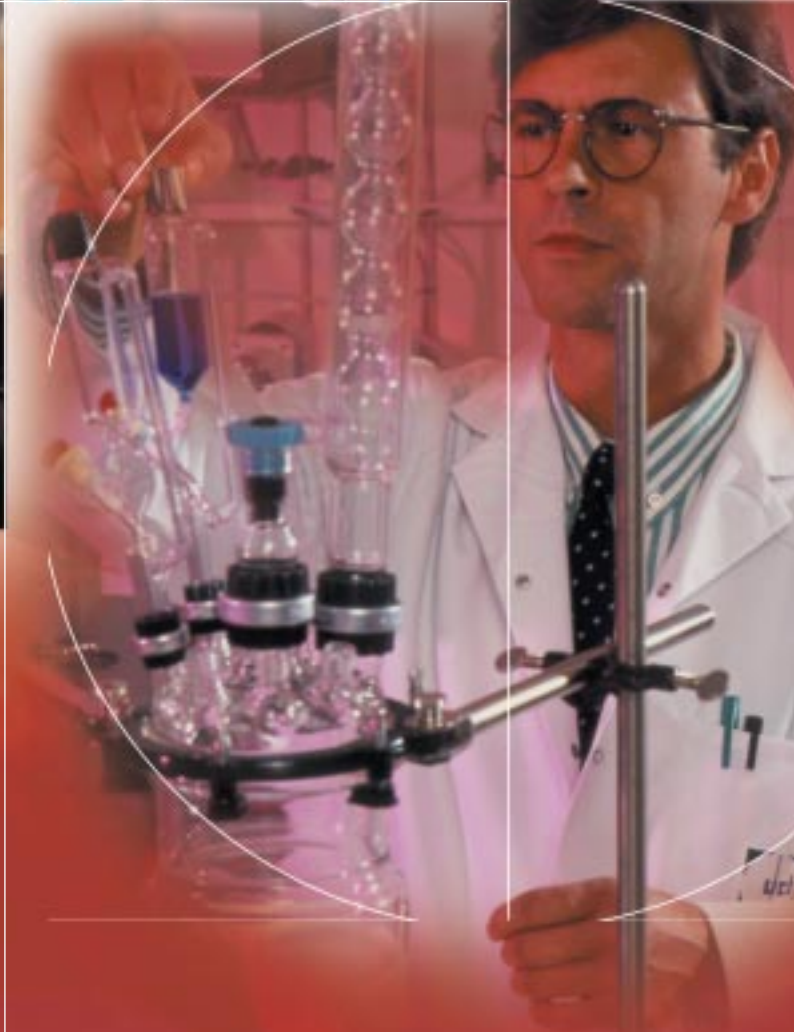


# Annual Report 2000



INDUSTRY FOR A BETTER LIFE

# 2000

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*S u m m a r y*

# The UCB Group in

In €, \$ and BF million (*)	1996	1997	1998	1999	2000		
	€	€	€	€	€	\$	BF
Group turnover (1)	1 260	1 501	1 646	1 842	<b>2 204</b>	2 050	88 920 + 20 %
Total of assets/liabilities	1 293	1 429	1 519	1 807	<b>2 303</b>	2 142	92 908
Own funds (2)	657	778	872	1 042	<b>1 206</b>	1 122	48 664
Value added (3)	515	627	745	846	<b>1 003</b>	932	40 443
Capital expenditure during the year	100	109	154	106	<b>177</b>	165	7 143
R&D expenditure	87	109	128	173	<b>182</b>	169	7 329 + 5 %
Operating Profit before depreciation (EBITDA) (4)	288	364	442	544	<b>620</b>	576	25 014
Depreciation (5)	-138	-165	-187	-235	<b>-243</b>	-226	-9 812
Operating profit (EBIT) (6)	150	199	255	309	<b>377</b>	350	15.202
Net financial charges (7)	-10	-13	-13	-9	<b>-7</b>	-6	-292
Profit before tax :							
ORDINARY (8)	140	186	242	300	<b>370</b>	344	14 910 + 23 %
EXCEPTIONAL (9)	31	25	-15	-1	<b>6</b>	5	248
Total	171	211	227	299	<b>376</b>	349	15 158
Taxation	-26	-52	-67	-79	<b>-107</b>	-99	-4.319
Profit after tax	145	159	160	220	<b>269</b>	250	10 839 + 22 %
Depreciation ordinary (10)	58	69	75	89	<b>99</b>	92	3 981
exceptional (11)	7	5	3	1	<b>2</b>	2	86
Write-back of depreciation on R&D costs	-4	-12	-15	-14	<b>-17</b>	-16	-679
Capital grants, less subsidies included in profits	-	-	-	-	<b>-</b>	-	-3
Residual value of assets sold (12)	73	77	5	4	<b>1</b>	1	36
Differences in provisions	18	3	1	8	<b>73</b>	68	2 946
Cash flow (13)	297	301	229	308	<b>427</b>	397	17 206 + 39 %
Profit distributed	37	46	55	73	<b>93</b>	87	3 768 + 27 %
R.O.C.E. (14)	18	20	23	24	<b>24</b>		
Personnel employed at 31st December	7 622	8 217	8 914	9 214	<b>9 910</b>		

(\*) The figures prior to 1999 have been converted into euros to enable comparisons to be made

Exchange rate used on 31.12.2000: 1 € = 40.3399 BF - 1 \$ = 43.3821 BF

(1) Since 1996, 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) Minority interests are included in ordinary profits, together with the share of UCB in the results of the apportioned companies.

(9) Including the surplus made by Financière UCB of € 25 million in 1997.

(10) and (11) These amounts do not include depreciation on R&D costs.

(12) Including the value of the assets of the Packaging Division, which ceased to be consolidated at the level of € 59 million in 1997 (in addition to € 69 million in 1996).

(13) 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.

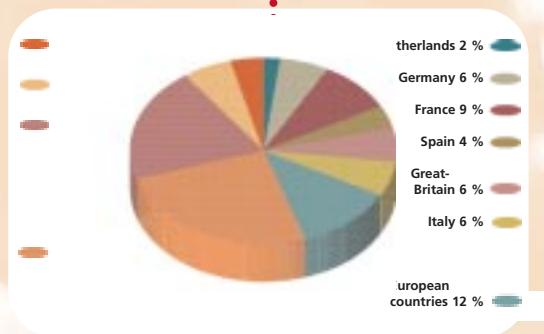
(14) "Return on Capital Employed": this is the ratio between the ordinary profits (before taxation and financial charges) and capital employed (average over the two years of the total of the assets, after deduction of financial resources provided free of charge in the ordinary course of business, such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

Sectors	Profit/(loss) by Sector (*) in € and BF million								
	1999			2000					
	Ordinary €	Except. €	Total €	Ordinary €	Except. BF	Total €			
Pharma	209	8	217	<b>274</b>	11 033	<b>15</b>	591	<b>289</b>	11 624
Chemical	64	-	64	<b>67</b>	2 685	<b>-2</b>	-58	<b>65</b>	2 627
Film	23	-11	12	<b>23</b>	935	<b>-7</b>	-282	<b>16</b>	653
Non-sectorial	4	2	6	<b>6</b>	257	<b>-</b>	-3	<b>6</b>	254
	300	-1	299	<b>370</b>	14 910	<b>6</b>	248	<b>376</b>	15 158
Taxation			<u>-79</u>			<b>6</b>		<b>-107</b>	<u>-4 319</u>
Total profit after tax			<u>220</u>					<u>269</u>	10 839

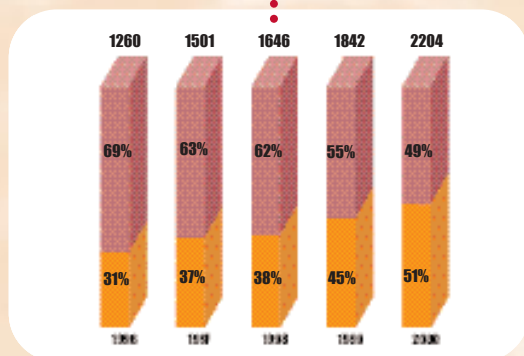
(\*) Included minority interests (€ 1 million in 1999 and € 1 million in 2000).

# Strong Points

Geographical distribution of consolidated turnover

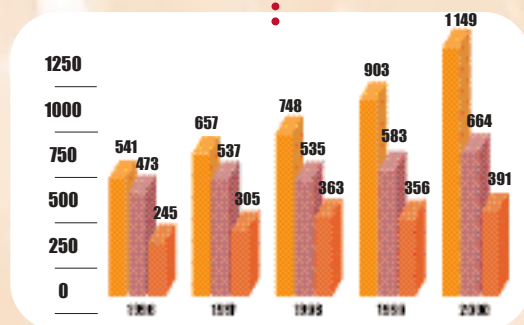


Evolution of consolidated turnover (in € million)



● Rest of the world ● Europe

Consolidated turnover by Sector (in € million)



● Pharma sector ● Chemical sector ● Film sector

Share of sales by Sector

Sectors	1999	2000
Pharma	49%	52%
Chemical	32%	30%
Film	19%	18%
	100%	100%

## Pharma Sector

In the

- **ZYRTEC**, an antiallergic, the medicine in its class most sold in the world;
- **NOOTROPIL**, a regulator of cognitive functions, without equivalent in the world;
- **KEPPRA**, a new antiepileptic.

## Chemical Sector

In the

- **RADCURE** resins, with an annual production capacity of 60,000 tonnes and a market share of around 35%, UCB is world leader ;
- **CRYLCOAT** resins, with a capacity of 90,000 tonnes per year and a market share of some 30%, UCB is amongst the world leaders ;
- **METHYLAMINES** and their **DERIVATIVES**, with a capacity of 260,000 tonnes per year and a market share of around 20%, UCB is amongst the major world producers

## Film Sector

In the

- **PROPAPFILM**: bioriented polypropylene film, with a capacity of 75,000 tonnes per year, UCB is the sixth largest world producer. In this field also UCB is concentrating on speciality applications, such as labels, overwrapping, security films (for bank notes ...), and coated films, areas in which it holds world leadership ;
- **CELLOPHANE**: cellulose films, with a capacity of 60,000 tonnes per year, UCB is the largest world producer.

# Mission & Strategy



**Americas**  
*people employed: 1 303*  
*industrial sites: 3*  
*sales subsidiaries: 10*  
*turnover:*  
*€ 631 million*



**Europe**  
*people employed: 7 206*  
*industrial sites: 16*  
*sales subsidiaries: 58*  
*turnover:*  
*€ 1 069 million*



**Asia / Pacific**  
*people employed: 1 354*  
*industrial sites: 9*  
*sales subsidiaries: 24*  
*turnover: € 473 million*

UCB aims to be a pharmaceutical and chemical Group which operates on a global scale. Its sphere of activities covers three industrial sectors : pharmaceuticals (Pharma Sector), speciality chemicals (Chemical Sector) and flexible films (Film Sector).

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.

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

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 140 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 48. UCB's vast network of agents and licensees extends sales coverage to virtually every country in the world.

# 2000

## Directors, Senior Management and Auditors



**Mark Eyskens, Chairman of the Board of Directors, and  
Georges Jacobs, Chairman of the Executive Committee.**

### BOARD OF DIRECTORS

Mark EYSKENS, Chairman  
Baron Daniel JANSSEN, Deputy Chairman  
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  
Philippe SAVERYS, 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  
Renaud GILLET, 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, Commissaire-Reviseur  
Daniël VAN WOENSEL, Commissaire-Reviseur

### EXECUTIVE COMMITTEE

Georges JACOBS, Chairman  
Edouard CROUFER  
William LOWTHER  
Ben VAN ASSCHE

### CENTRAL SERVICES

Marc WIERS, Adviser to the Executive Committee  
Jean-Pierre PRADIER, Director Corporate Human Resources  
Jettie VAN CAENEGEM, Director Legal Affairs &  
Intellectual Property  
Vincent DAMIEN, Director Administration & IT

### PHARMA SECTOR

Edouard CROUFER, Director-General  
Thomas BECK, Director R&D  
Philippe PROOST, Director Global Commercial Operations  
Anthony TEBBUTT, Director USA and Canada  
Yuji ORIHARA, Director Japan  
Simon LOOMAN, Director Europe  
Werner DE PRYCKER, Director Global Technical Operations  
Gerd JOHNSCHER, Director Medical & Regulatory Affairs  
Elmar SCHNEE, Director UCB Farchim

### CHEMICAL SECTOR

Ben VAN ASSCHE, Director-General  
Jan VANDENDRIESSCHE, Director Research & Technology  
Frank ARANZANA, Director Graphic Arts, Industrial Coatings  
& Pressure Sensitive Adhesives  
André JORDENS, Director Powder & Textile Coatings  
Pol VANDERHAEGHEN, Director Methylamines and Derivatives  
Frank COENEN, Director Asia  
Richard KEMMERER, Director Americas  
François THYS, Director Europe

### FILM SECTOR

William LOWTHER, Director-General  
John JENNINGS, Director Research & Marketing  
Stuart TURNBULL, Director Manufacturing Cello  
John WALES, Director Manufacturing OPP  
John FELL, Director Labels & Securities  
Andy NEWMAN, Director Americas  
Edgar THEUSINGER, Comptroller

# Statement by the Chairmen

The growth in ordinary profits before taxation of the UCB Group for the year 2000, exceeded 20% for the seventh consecutive year.

The **Pharma Sector** actively pursued its strategy of world-wide expansion and of specialization in two specific therapeutic fields: allergy/asthma and neurology. The success of this strategy can be measured by the following elements:

- a global presence in the significant pharmaceutical markets: Europe, Japan and the United States;
- an average rate of growth in sales amounting to more than 20% for several years;
- a profit margin of 24%;
- a rate of expenditure on R&D and a rate of launch of new products in line with the strategy of specialization.

In the field of allergy, the main areas of growth for *Zyrtec* are in America and Asia. In fact the sales of this medicine have increased sharply in the United States, from € 518 to € 764 million, which is reflected by its market share rising from 20% to 22%. In Japan, they reached € 205 million, a growth of 72% and a market share of 20%. Total sales of cetirizine world wide (mainly sold under the *Zyrtec* name) reached € 1,330 million, which was due to a joint effort of UCB and its licensees, the main one being Pfizer in the United States.

In January, 2001, UCB obtained from the German health authorities the registration of its new anti-allergic, levocetirizine, which will be marketed under the name *Xyzal* or *Xusal*. Its first launch successfully took place in Germany at the beginning of February, 2001. This new medicine will complement and strengthen the number one position of UCB in the European allergy market.

In neurology, sales of *Keppra* exceeded expectations. This new anti-epileptic was launched in the United States and in Switzerland in the second quarter of 2000, while it was introduced in Germany and in the United Kingdom at the end of last year.

To stiffen its presence in Japan, UCB successfully introduced *Stogar*, a new medicine for treating gastric ulcers, in May 2000. The development of this product in the other countries of Asia is continuing.

In the **Chemical Sector**, sales increased by 14%. Certain pressures on margins have been felt, due to the fluctuations in prices of raw materials. Nevertheless, due to its portfolio of niche specialized products, its profits increased by 4% compared to 1999.

The usage of *Radcure* resins, curable by UV/EBC beam, continues to develop, due to an extension into new markets. The UV powder resins confirm their take-off in new applications on substrates sensitive to heat, such as wood-based composites. This new resin, marketed under the trade mark *Uvecoat*, combines the ease of use

of powder paints with the advantages of low temperature fusion and beam curing.

In the **Film Sector**, sales increased by 10%. The profits, which reflected the costs linked to the development of new specialities, remained at a level comparable to those of 1999.

In the field of OPP films, specialities continued to make progress. The volume of sales for labels increased by 32%. Brazil and Bangladesh have been added to the list of countries, which have already adopted a polymeric base for the production of their bank notes. In China, a commemorative note was issued at the end of 2000.

In *Cellophane*, the purchase of the activities of the Mexican industrial group, Cydsa, in this field, together with the modernization of the production facilities in Kansas, strengthened the position of UCB in America, where turnover rose to € 60 million, and supported its efforts to integrate its activities in the field of cellulose films on a world-wide basis.

The ordinary profits before taxation for the whole Group exceeded expectations; they reached € 370 million, compared to € 300 million in 1999, an increase of 23%. After taking account of exceptional items and of taxation of € 107 million, the total profits after taxation amounted to € 269 million, an increase of 22% compared to those of 1999.

The prospects for 2001 remain good. In the **Pharma Sector**, in addition to the continued progress in allergy, due to *Zyrtec*, to *Xyzal* and to the planned launch of *Zyrtec-D* in the United States, the year will be influenced by the growth of *Keppra* in the United States and in Europe, together with that of *Stogar* in Asia. UCB has set itself the objective of pursuing its R&D efforts in line with the demanding performance criteria currently used in world pharmaceutical industry. The **Chemical Sector**, which faces a more competitive economic environment, will continue to develop its specialities world wide. In the **Film Sector**, profitability is beginning to improve in *Cellophane*, while OPP films should continue to expand in 2001, particularly in the USA.

To support the ambitious projects, which it has for the three Sectors, the Board of Directors approved last December a programme of R&D and investments of € 385 million for 2001. The research programme is growing by 25%.



Georges Jacobs



Mark Eyskens



# Report of the Directors

Ladies & Gentlemen,

In accordance with the laws and our Articles of Association, 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 2000. We also submit for your approval the annual accounts of UCB SA for the year ended 31st December, 2000.

## GENERAL SITUATION

The Group finished the year 2000 well, continuing its strategy of specialization and further building upon its strong points. The consolidated **turnover** of the UCB Group rose from € 1,842 to € 2,204 million, an increase of 20%, in which all three Sectors participated. A third of this growth came from the positive effect of currency fluctuations. The figures also included the turnover of € 47 million of the pharmaceutical division of Fujirebio, in Japan, purchased in June 2000, as well as the *Cellophane* activities of Cydsa, which amounted to € 19 million for six months. Internationalization continued and, for the first time, the share of sales made outside Europe, which are constantly growing, reached 51% of the total turnover for 2000.

The ordinary **profits** of the Group before taxation amounted to € 370 million in 2000, compared to € 300 million the previous year, an increase of 23%. After taking account of exceptional items and of taxation, the total profits of the Group amounted to € 269 million, compared to € 220 million in 1999, a growth of 22%.

**Numbers employed** in the Group throughout the world were 9,910, compared to 9,214 the previous year, an increase of 696 people. This included a rise in employment in Japan and in the United States, but also in Belgium, where numbers employed increased by 230 people. The cost of wages, salaries and social charges followed the rise in numbers employed. It rose to

€ 525 million, compared to € 445 the previous year, equivalent to 24% of the Group turnover. Additional information on this subject is included in the section on Human Resources in this report.

UCB devoted more than € 26 million in 2000 to the protection of the **environment**. The effects of this are explained in the section devoted to the environment.

Expenditure on **research and development** in the Group amounted to € 182 million, compared to € 173 million in 1999, an increase of 5%. The main trends in R&D are explained in the pages devoted to each Sector.

**Investments** rose from € 106 to € 177 million (of which 54 were in the Pharma Sector, 45 in the Chemical Sector and 64 in the Film Sector). New production units were brought into operation for the Film Sector in Great Britain, in Belgium and in Australia and for the Chemical Sector in China, in Belgium, in the United States and in Germany, whilst investments were continued on the majority of the sites. The main investments in the Pharma Sector were in purchase of the pharmaceutical activities of the Japanese group Fujirebio, new installations for the Bioproducts activity and the installing of high technology equipment for R&D.

As far as the **financial structure** is concerned, the improvement in cash flow amounted to € 376 million and own funds,

after distribution, were of the order of € 1,206 million. The extension of its international activities led the Group to take out a loan of US\$ 50 million repayable in 2010. This decision enabled an adequate level of liquidity to be maintained, taking account of the continued expansion of the Group, both by internal growth and by acquisitions.

In **UCB SA** the total profit amounted to € 165 million in 2000, an increase of 57% compared to the previous year. After taking account of the profit brought forward from the previous year of € 75 million, the balance available for distribution amounts to € 240 million. The Board of Directors proposes at the end of this report to distribute a gross dividend of € 93 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 has been approved by the Board of Directors in the context of new Belgian legislation. 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. An issue of share options is planned for 2001, which would cover some 500 people, for a total amount of 360,000 options. This new issue will not be made through authorized capital, but will involve existing UCB shares to be purchased by the company. The resolution of the Board on the 2000 issue was the subject of a notarized deed, which is included in full at the end of the report.



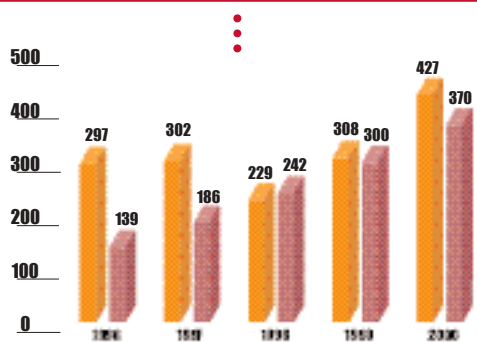
Group research expenditure (In € and BF million)

Sectors	1999			2000			
	€	% of total expenditure	% of turnover	€	BF	% of total expenditure	% of turnover
Pharma	133	77 %	14.7%	139	5 597	76%	12.1%
Chemical	26	15%	4.5%	31	1 246	17%	4.7%
Film	14	8%	3.9%	12	486	7%	3.1%
	<b>173</b>	<b>100%</b>		<b>182</b>	<b>7 329</b>	<b>100%</b>	

Group investments (in € and BF million)

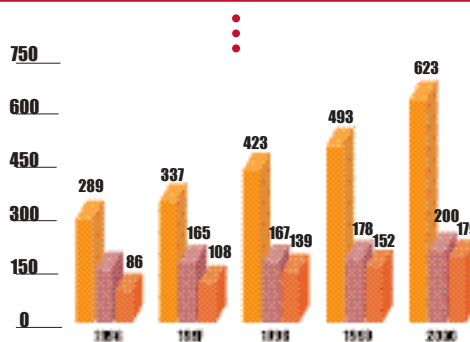
Sectors	1999		2000		
	€	%	€	BF	%
Pharma	38	36%	54	2 177	31%
Chemical	30	28%	45	1 825	25%
Film	35	33%	64	2 579	36%
Non-sectorial	3	3%	14	562	8%
	<b>106</b>	<b>100%</b>	<b>177</b>	<b>7 143</b>	<b>100%</b>

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



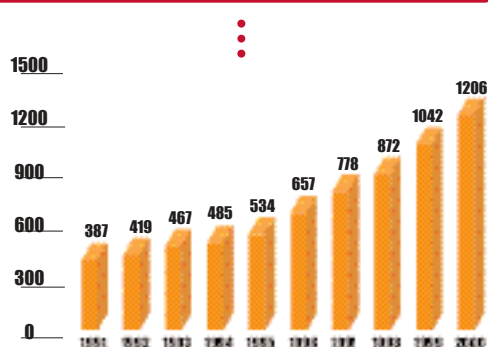
• Cash flow • ordinary profit / loss

Value added (in € million)

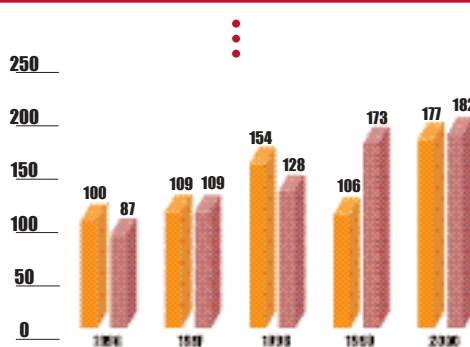


• Pharma sector • Chemical sector • Film sector

Own funds (in € million)



Investments and research costs (in € million)



• Investments • Research costs

UCB Center is the place in Brussels, where thousands of staff members from all over the world meet.



# PH A



*The task, that UCB has set itself, is to develop new prescription drugs in the fields of allergy and asthma, as well as in neurology.*

## Pharma Sector

The Pharma Sector has clearly reaped the benefits in 2000 of its move into the three major world pharmaceutical markets: Europe, the United States and Japan. World sales by the Sector rose to € 1,149 million, compared to € 903 million in 1999, an increase of 27%, partly influenced by the strength of the dollar and the yen. Sales increased by 90% in Asia/Pacific, due to the strengthening of activities in Japan, by 32% in America and by 31% in Eastern Europe. The major lines of growth were *Zyrtec*, the products from the purchase of Fujirebio in Japan and the new antiepileptic *Keppra*.

### ALLERGY/ASTHMA

The total world-wide sales of *Zyrtec* (cetirizine) in 2000 exceeded € 1,300 million, including the sales made by the licensees. The share of UCB in this turnover rose to € 641 million, compared to € 483 million in 1999, an increase of 33%. *Zyrtec* accounted for 55% of the turnover of the Pharma Sector. In terms of units, it has become the antihistamine with the largest sales in the world. (Source: IMS Health, Midas, December 2000)

European sales of *Zyrtec* rose to € 318 million, compared to € 287 million in 1999, an increase of 11%, giving an average market share of 40%. Of total sales of € 764 million in the United States, € 167 million were included in the consolidated turnover of UCB in accordance with the joint promotion agreements between UCB Pharma, Inc. (USA), and Pfizer, Inc.; market share increased from 20% to 22%. In Japan, in the second full year after its launch at the end of 1998, *Zyrtec* strengthened its firm second place with a market share which

rose from 16% to 20%, corresponding to an increase in turnover in Japan from € 119 to € 205 million.

### NEUROLOGY

*Nootropil* (piracetam) has seen its sales grow from € 124 to € 130 million, an increase of 5%. The increase in sales has been significant in Asia/Pacific (39%) and in Latin America (6%). Despite the fact that it is an older drug, *Nootropil* sales still continue to develop. It is also sold in Japan for the treatment of myoclonus of cortical origin.

6

*The antiepileptic drug Keppra was approved by the European Union in October 2000.*



*The research and development laboratories in Braine-l'Alleud (Belgium).*

# R M A

## Main products

**Atarax** (hydroxyzine), a non-benzodiazepenic tranquilizer produced for many years by UCB, continues to make progress. Its sales have risen to € 36 million, compared to € 32 million in 1999, an increase of 12%.

Sales of the antiepileptic **Keppra** (leviracetam) have exceeded expectations. Turnover, covering only a part of the year in some markets, has risen to € 31 million, of which 94% was in the United States. This new medicine was launched in the United States and in Switzerland in April, 2000, while it was introduced into Germany and the United Kingdom at the end of the year. Registration took place in the Nordic coun-

In co-operation with the Californian company Alza Corporation, UCB provides joint promotion in America of **DitropanXL** (oxybutynin-chloride), a treatment for incontinence. Since its launch in the United States in 1999 by Alza and UCB, **Ditropan XL** has taken a quarter of the market and has achieved second place in this strongly growing therapeutic field. Sales of **Ditropan XL** in the United States in 2000 have more than doubled, reaching \$ 179 million.

In Europe, the sales of **Biofenac** (aceclofenac), a non-steroidal anti-inflammatory, and of **Somatostatin-UCB**, a treatment for gastric ulcers, have each oscillated at around € 13 million.



**Edouard Croufer, Director-General of the Pharma Sector (standing, center), with staff members from all over the world. Left to right: Tom Beck (American), Gerd Johnscher (German), Yuji Orihara (Japanese), Tony Tebbutt (Canadian) and Girdhar Balwani (Indian).**

tries in December, 2000, and in Australia in February, 2001. This medicine shows a new possibility for treatment: clinical trials show that **Keppra** could significantly reduce the frequency of epileptic attacks. In addition to its effectiveness, this product is well tolerated and has few risks of interaction with other medicines.

### COMPLEMENTARY PORTFOLIO

In the United States, the sales of **Lortab** (hydrocodone-paracetamol), an analgesic of UCB Pharma, Inc. have fallen from € 55 to € 39 million due to increased competition from other generic products. Sales of the anti-cough expectorant **Duratuss** (hydrocodone-pseudoephedrine-guaifenesin) amounted to € 14 million, rising from € 13 million in 1999.

The pharmaceutical activities of Fujirebio, purchased in June, 2000, have been fully integrated and have contributed € 47 million to strengthening the position of UCB in Japan, which is the second most important pharmaceutical market in the world. Since its launch in May, 2000, the sales of **Stogar** (lafutidine), a medicine for the treatment of gastric ulcers, have amounted to € 6 million. In addition, the duration of the life of the patent has been prolonged for 5 years, taking it to 2012. The other main products in the sales of Fujirebio are **BUP-4** (propiverine-hydrochloride), a medicine which treats incontinence, and **Cinalong** (cilnicipidine), a calcium blocker for the treatment of hypertension, contributing € 17 and € 8 million respectively to the consolidated turnover of UCB Japan during a period of 7 months in 2000.

**Zyrtec** (cetirizine), an antiallergic prescribed for a large number of indications, both respiratory and dermatological.

**Nootropil** (piracetam), a cerebral function regulator and the first in the class of "nootropic agents".

**Keppra** (levetiracetam), a new antiepileptic, which has been very well received by the medical profession.

**THE PHARMA SECTOR'S BRIEF IS THE RESEARCH, PRODUCTION AND MARKETING OF PRESCRIPTION MEDICINES COVERING THE FIELDS OF ALLERGY/ASTHMA AND NEUROLOGY.**

**Lortab** (hydrocodone-paracetamol), an analgesic which reduces sensitivity to most types of pain.

**Atarax** (hydroxyzine), a non-benzodiazepine tranquillizer which has given its name to the class of ataraxics.

**Balsoclase-Sedotussin-Toclase** (pentoxyverine), a codeine-free anti-cough medicine widely viewed by the Anglo-Saxons as one of the most powerful non-morphinic remedies.

**Mistabron** (mucolytic), **Postafene** and **Longifene** (antihistamines), **Catabex** (a cough suppressant), **BUP-4** (treatment of incontinence), **Stogar** (treatment of gastric ulcers), **Somatostatin-UCB** (treatment of bleeding gastric ulcers) and **Rocornal** (treatment of angina).

**Zyrtec** and **Nootropil** are the jewels in UCB's crown. They have been registered in about a hundred countries and are arousing ever greater interest within the medical community worldwide. **Keppra** is also expected to achieve great success.

The Group is also active in biotechnology, through its Bioproducts activities, producing peptide substances and syntheses of new biologically active **peptides** or "peptidomimetics".

# PH A



## PEPTIDES

Bioproducts of the Pharma Sector has forged a position of world leadership in the business of manufacturing peptides for the pharmaceutical and biotechnological industries as a manufacturer of complex products which are the active ingredients in new medicines. With a factory of a world reputation at Braine-l'Alleud in Belgium and an applied laboratory in the United States, the turnover of these activities amounted to € 41 million, compared to € 25 million in 1999.

## PROSPECTS

*Zyrtec* will continue to be an important vehicle for the growth of the Sector. Its patents in the United States and in Japan, where sales growth is most significant, do not expire until 2007. In addition, in January, 2001, Pfizer obtained an "approvable letter" from the United States FDA for the nasal decongestant *Zyrtec-D*, which will be launched in 2001.

In order to strengthen its position in the European market for antiallergics, UCB has launched its new molecule, *Xyzal* (levocetirizine), which was registered in January, 2001, in Germany under the trademark *Xusal*. Clinical studies already made by UCB have shown that this very effective antiallergic medicine has an excellent response rate at low dosage. *Xyzal* will complement and strengthen UCB's number one position in the European market for allergy. UCB continues to actively develop the potential of the *Zyrtec-Xyzal* range with

a continuous flow of innovations in the fields of galenic formulations and dosage and is commencing significant clinical trials in indications such as paediatrics.

The research teams have continued their work on the therapeutic extensions of *Keppra*, such as paediatrics and generalized epilepsy, on which registration files could be lodged as early as 2003 both in Europe and in the United States.

## RESEARCH AND DEVELOPMENT

The investments and acquisitions of recent years have significantly enhanced the company's in-house drug discovery capabilities, which now include computational and combinatorial chemistry, molecular biology, high-throughput screening, and bioinformatics. These new capabilities, coupled with a concomitant of expansion scientific personnel, have created a highly productive research organization that, within its own targeted areas of interest, is competitive with any in the industry.

Finally, the R&D teams have successfully pursued their strategy of outsourcing in certain fields. Following the agreements made in 1999 with the Pasteur Institute, the

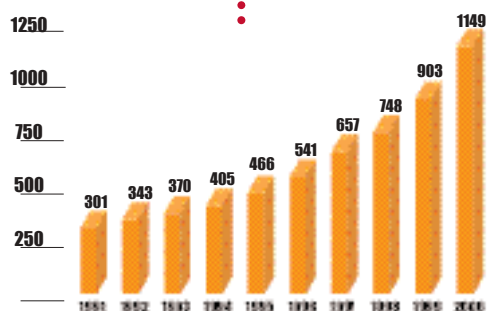
University of Lille and Inserm in Europe, and with Gene Logic in the United States, a new co-operation agreement has been put in place with the British company, BioFocus, for the development of new molecules. In addition, the agreements with Gene Logic have been extended. These agreements will enable UCB to obtain the best value from its expertise through the new technologies of genomics, proteomics and expression regulations.

These collaborations and the cooperation between the laboratories in Braine, Boston and our external partners have led to the selection of several new chemical entities which are currently at the pre-clinical stage in the fields of asthma/allergy, pain and neurology. Clinical studies could begin as early as 2001 for one or two of these molecules.

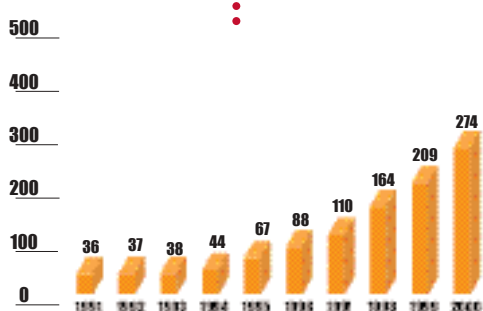


*Stogar*, a new drug to treat gastric ulcers, available to patients in Japan, has had its patent extended for five years, to 2012.

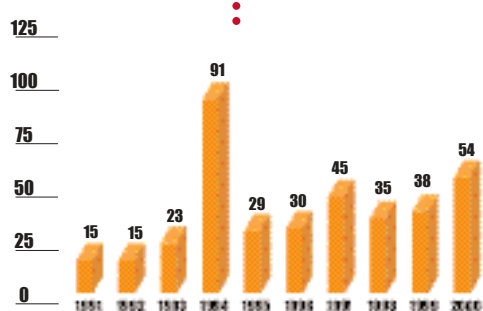
Consolidated turnover (in € million)



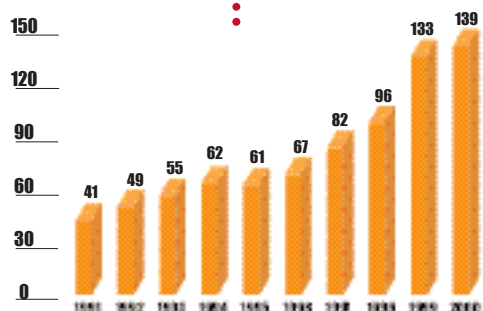
Ordinary profits before taxation (in € million)



Investments (in € million)



Research & Development expenditure (in € million)



in € and BF million

	1999	2000	
	€	€	BF
<b>Consolidated turnover</b>	903	<b>1 149</b>	46 345
Europe	54%	<b>45%</b>	
America	27%	<b>28%</b>	
Asia/Pacific	17%	<b>25%</b>	
Rest of the world	2%	<b>2%</b>	
Total	100%	<b>100%</b>	
<b>Operating profit before depreciation (EBITDA)</b>	381	<b>444</b>	17 869
<b>Depreciation</b>	-162	<b>-160</b>	-6 441
<b>Operating profit (EBIT)</b>	219	<b>284</b>	11 428
<b>Net financial charges</b>	-10	<b>-10</b>	-395
<b>Profits before taxation:</b>			
ORDINARY	209	<b>274</b>	11 033
EXCEPTIONAL	8	<b>15</b>	591
Total	217	<b>289</b>	11 624
<b>Cash flow</b>	179	<b>283</b>	11 410
<b>Value added</b>			
Remuneration	238	<b>301</b>	12 159
Depreciation (*)	36	<b>38</b>	1 550
Financial charges	10	<b>10</b>	395
Ordinary profit before taxation	209	<b>274</b>	11 033
	493	<b>623</b>	25 137
<b>Turnover per employee</b> (1)	0.19	<b>0.22</b>	8.72
<b>Value added per employee</b> (2)	0.10	<b>0.12</b>	4.73
<b>Capital expenditure during the year</b>	38	<b>54</b>	2 177
<b>R&amp;D expenditure</b>	133	<b>139</b>	5 597
<b>ROCE</b>	40	<b>42</b>	
<b>Numbers employed at 31st December</b>	4 895	<b>5 603</b>	

(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.

KEY FIGURES

# CHEM



*Graphic arts are the main market for inks and varnishes based on UCB's Radcure resins. There is an increasing demand for these resins, thanks to their intrinsic qualities and to the world-wide move towards environmentally friendly products.*

## Chemical Sector

The improvement in the economic climate seen at the end of 1999, after the Asian crisis, continued for the first half of 2000. Thereafter, the increase in petroleum prices led at the end of the year to fluctuations in raw material prices and pressure on margins. The increase of 14% in turnover came from rises in the three main product ranges of UCB: *Radcure* resins curable by UV/EBC beam, *Crycoat* polyester resins for solvent-free powder paints and methylamines and their derivatives. Ordinary profits showed a slight improvement of 4%, compared to the previous year.

### **RADCURE**

*Radcure* resins, sold under the trade mark *Ebecryl*, and where UCB is the world leader, saw their consolidated turnover grow from € 233 million to € 284 million, an increase of 22%. The UV/EBC technology continued its penetration world wide and particularly in Asia, where volumes increased sharply. This technology is gradually replacing the traditional coating processes, due to the productivity gains achieved by our customers, the energy savings which it brings and the absence of solvents, which make it a more

environmentally friendly process. The production units in the United States, together with those in Spain, continue to be strengthened. In addition, 15,000 extra tonnes will become available with the commissioning of a production unit at Shanghai in China, which is foreseen in 2001.

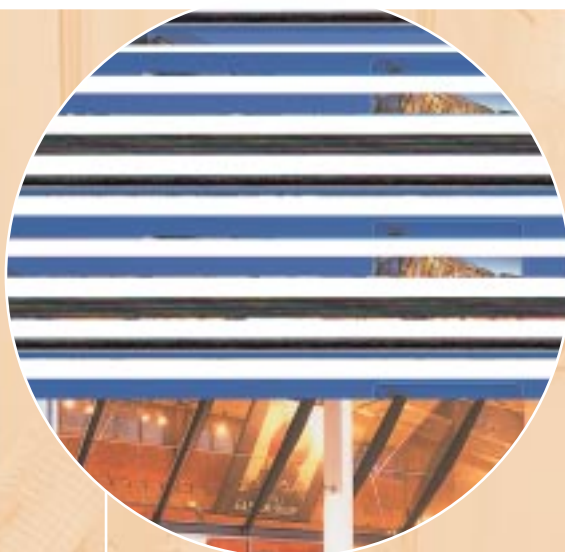
In graphic arts, *Radcure* resins serve as the base for inks and coating varnishes, whose consumption is increasing regularly, both in flexible and rigid packaging and in publishing. In addition, these resins have become

the chosen technology for inks used in labels and CD/DVD discs. In particular we see its success in inks for packaging, where commercial attractiveness plays a preponderant role, as well as for coatings on plastic surfaces.

In industrial coatings, a great number of new applications have arisen in the fields of printed circuits, of fibre optics and of artificial wood (office furniture) or real wood (parquet). Significant inroads have been made in the development of the light weight bottle,

10

*The application laboratories of the Chemical Sector provide assistance to customers and enter into a continuous dialogue with them, which makes it possible continuously to improve UCB's products and technologies.*



*Internal and external metallic sections at Fox Studio, in Sydney, are protected by powder paint based on UCB's Crycoat polyester resins.*

combining very thin glass with a resistant layer of *Radcure* resin.

The new polyester resins for powder paints, *Uvecoat*, curable by UV beam, which need relatively low temperatures and thus require less energy, are opening up new fields of application: powder paints, formerly used only on metallic surfaces, can now be applied to substrates more sensitive to heat, such as plastics and wood. The first sales have now been made in these new resulting applications, such as pre-cabled electric motors, vehicle radiators containing plastic parts or MDF (Medium Density Fibres) wood, used in office and kitchen equipment.

#### RESINS FOR POWDER PAINTS

The consolidated turnover of *Crylcoat* polyester resins for powder paints rose to € 153 million, compared to € 141 million the pre-

This will bring total production capacity to 113,000 tonnes, globally distributed over sites in Belgium, the United States, China, South Korea and Malaysia.

#### OTHER RESINS

The sales of the *acrylic* resins, *Ucecryl*, *Ucefix* and *Solucryl*, have gone well, reaching the level of € 31 million, an increase over the year of 13%. Both solvent based and water based acrylics for pressure sensitive adhesives (PSA) have benefited from this good growth within the industries manufacturing labels and specialized tapes.

Progress has been similar for *polyuréthane* resins, resulting in a turnover of € 27 million, compared to € 22 million in 1999, a growth of 23%. *Breathe*, a microporous product for breathable fabrics, achieved

*Radcure* resins, where UCB is the world leader, are manufactured in Belgium, Spain, the USA, Malaysia and South Korea. They harden instantaneously when they are submitted to ultraviolet rays or accelerated electron beams and are used in the composition of inks, varnishes and other materials, which need to dry in the fraction of a second at the moment of their application. Frequently present in our daily

**THE CHEMICAL SECTOR DEVELOPS,  
MANUFACTURES AND MARKETS  
SPECIALITY CHEMICALS  
WITH A HIGH ADDED VALUE.**

environment, these resins are often used as overcoating in the field of *graphic arts* (books, magazines, credit cards...).

*Radcure* resins are also used for *industrial coatings* or for the decoration of objects and equipment as varied as furniture, doors, floors, facing panels, compact discs, printed circuits, etc. They also assist in the manufacturing of insulating and security glass.

*Crylcoat* polyester resins for powder paints: manufactured in Belgium, the USA, Malaysia, China and South Korea. UCB is also amongst the world leaders.

These resins form part of the composition of solvent-free powder paints for the protection of metallic surfaces, applied by an electrostatic process, particularly in the car industry, in construction and in white goods.

**Methylamines and their derivatives** : UCB is one of the major world producers of this family of intermediate chemicals (factories in Belgium, Spain, Germany and China). Methylamines and their derivatives have a large range of applications: they are involved in the manufacture of agrochemical products, in many chemical and pharmaceutical syntheses, in the production of solvents, particularly for polyurethanes, in the production of additives for animal feed, of intermediates for the manufacture of rubber, of foaming products for personal care goods, for water treatment, etc...

**Acrylic resins for adhesives** : these have their main outlet in a highly technical field with a great future - pressure sensitive adhesives - these are used for labels, for lettering (signs, publicity, identification and the decoration of vehicles, including aircraft). UCB is one of Europe's major producers. This range of products also includes *polyurethane* resins for coagulation and textile coating.



**Ben Van Assche, Director-General of the Chemical Sector (seated, center), discussing industrial coatings, another major application of Radcure resins. Left to right: Rich Kemmerer (Director Americas), Frank Coenen (Director Asia), Dina Brughmans (Director of the Drogenbos site) and Frank Aranzana (Director Radcure).**

vious year. Demand was strong in the United States and in Asia. Competition has been high in white goods and motor vehicles. In the building industry, flexible super-durable coatings, which are a sophisticated application of polyester resins, are developing, particularly in the United States. This new technology offers excellent coating resistance in very humid conditions and enables, for example, the form of a metallic section to be modified, after the application of the paint. Other new applications of these super-durables are becoming increasingly frequent in the automobile industry for under the hood parts.

Production capacities will further increase with the commissioning of an additional unit in Malaysia during the first half of 2001.

interesting developments. UCB continues indeed to develop this activity, particularly in Asia, by far the most significant market in volume and in growth. A team providing techno-commercial support has been set up and is directly managed by UCB ; at the production level, strategic alliances with local manufacturers have been put in place.

#### METHYLAMINES

The turnover of **methylamines and their derivatives**, has risen from € 159 million to € 169 million, an increase of 6%. UCB thus continues to develop its position in this market, where it is amongst the main world producers. Despite the fact that 2000 was not an easy year, both at the level of the movement of raw material prices (mainly methanol and ammonia) and at the level of selling prices in the context of the integration of the industry, the globalization of the activities in derivatives has made good progress, particularly in Asia.

For the agrochemical derivatives, the season was less good, particularly in the United States. These derivatives are sold under the trade marks, *Thiram*, *Ziram*, *Ferbam* and *Metam Clear*. Demand has been good for DMF (dimethylformamide), which faces high demand in the polyurethane and electronic industries. On the front of new derivatives, particularly those used for the manufacture of solvents or for effluent treatment, encouraging progress has been made in 2000, as is also the case in personal care products, where foam products for soaps and shampoos have been well received.

#### PROSPECTS

The shock of the price increase in petroleum products and the economic slowdown seen mainly in the United States, will have repercussions in 2001. We expect the price of raw materials to remain high in 2001, which will oblige the Sector to adjust its own prices. Initiatives have been taken to optimize pro-

ductivity, by improving production processes, by rationalizing the mix of products and the number of different packages.

In *Radcure*, the prospects for growth are excellent, due to the significant potential within the market, where these resins today only account for 2% of the inks and 4% of the market for industrial coatings. At present, solvent based inks and coatings still have the largest share of the market. The conditions imposed by the new regulations for the reduction of CO<sub>2</sub> and the use of solvents, in order to protect the ozone layer, will certainly accelerate the growth of this technology.

In *Crycoat* resins, although the cost of raw materials is currently affecting margins, the Sector expects demand to rise due to their substitution of processes less friendly to the environment.

New markets are developing for acrylic resins, where solvents can be replaced by a water-based process in the field of inks, as well as in adhesives for removable labels. The growth in the demand for these specialty adhesives has, moreover, led to the decision to increase the capacity of the production unit at Drogenbos in 2001.

#### RESEARCH AND DEVELOPMENT

In the field of *Radcure* resins, new applications have been developed particularly in inks for inkjet printing, in the lamination of DVD discs or in the manufacture of flat screens for televisions and computers.

Progress has also been made in new developments, combining technologies, in which UCB has developed an expertise, by creating synergies between the advantages, which each can bring to the market. In addition to *Uvecoat* powders, curable by UV beam, which have introduced a new range, the same concept is being applied to polyurethane resins: when these are hardened by irradiation in aqueous dispersion, their application to wood and conglomerates is easier. Developments are continuing on applications as the finish to floor coverings and parquet.

Acrylic resins can use the same concept. Their application, without solvents, enables new inks and varnishes to be made for the coating of wood, paper and plastics. Studies are being undertaken jointly with the R&D team of the Film Sector at Wigton into coating OPP films by aqueous dispersion.

The construction of the new R&D centre at Drogenbos continues. It will be operational in 2001. In addition, the technical support to customers is being strengthened with new extensions being made to the laboratories at Atlanta in the United States and at Seremban in Malaysia.



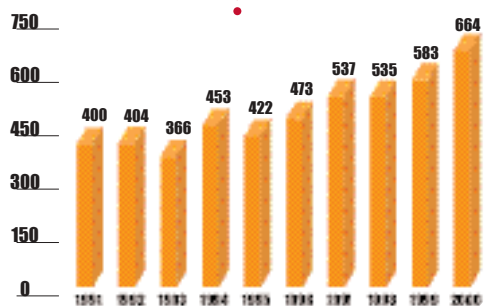
**Certain derivatives of methylamines are used to treat waste water.**



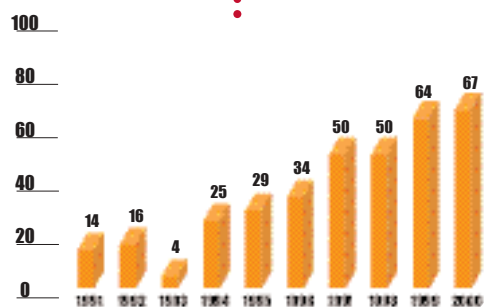
# FINANCIALS

CHEMICAL  
SECTOR

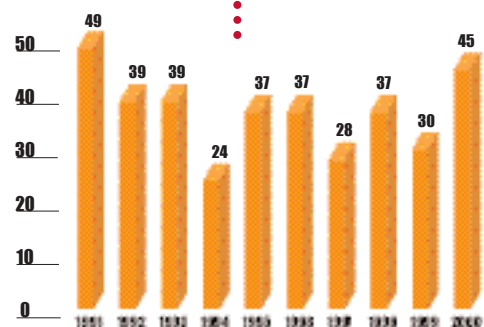
Consolidated turnover (in € million)



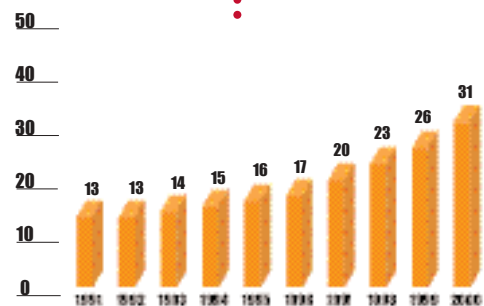
Ordinary profits before taxation (in € million)



Investments (in € million)



Research & Development expenditure (in € million)



In € and BF million

	1999	2000	
	€	€	BF
<b>Consolidated turnover</b>	583	664	26 779
Europe	55%	49%	
America	29%	31%	
Asia/Pacific	15%	19%	
Rest of the world	1%	1%	
Total	100%	100%	
<b>Operating profit before depreciation (EBITDA)</b>	114	119	4 768
<b>Depreciation</b>	-49	-53	-2 139
<b>Operating profit (EBIT)</b>	65	66	2 629
<b>Net financial charges</b>	-1	1	56
<b>Profits before taxation :</b>			
ORDINARY	64	67	2 685
EXCEPTIONAL	-	-2	-58
Total	64	65	2 627
<b>Cash flow</b>	85	81	3 275
<b>Value added</b>			
Remuneration	84	103	4 152
Depreciation (*)	29	31	1 253
Financial charges	1	-1	-56
Ordinary profit before taxation	64	67	2 685
	178	200	8 034
<b>Turnover per employee (1)</b>	0.36	0.38	15.43
<b>Value added per employee (2)</b>	0.11	0.12	4.63
<b>Capital expenditure during the year</b>	30	45	1 825
<b>Research &amp; Development expenditure</b>	26	31	1 246
<b>ROCE</b>	23	22	
<b>Numbers employes at 31st December</b>	1 702	1 797	

(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.

KEY FIGURES



*Brazil, New Zealand, Romania and Bangladesh put new polymeric bank notes into circulation in 2000. China, meanwhile, also issued a commemorative bank note.*

## Film Sector

The turnover of the Film Sector increased by 10%, confirming the trend in the first half of the year and rising from € 356 million to € 391 million. The ordinary profits remained at a level comparable to that of the previous year, after taking account of significant costs linked to the development of new specialities.

### OPP FILMS

Sales of **OPP films** rose from € 175 to € 195 million, an increase of 11%. The success of the speciality films has required a further increase in capacity, which will be operational in 2001, with the commissioning of a new bubble-extrusion unit at Wigton (Great Britain) of 15,000 tonnes. The total capacity of the Sector in OPP films will rise from 75,000 to 90,000 tonnes.

UCB is world leader in films for self-adhesive labels, where sales worldwide have risen from € 35 to € 44 million, being an

increase in volume of 32%. The replacement of paper labels by OPP films labels continues, particularly in several industrial sectors, where products are processed in the bottles, container or other forms of packaging; food, drinks, medicines, cosmetics, etc. The film facilitates and reduces the costs of recycling and is thus more ecological. In addition, in order to respond to new legislation and market demand, more and more technology and information needs to be incorporated in the label. Due to its R & D efforts, UCB can offer solutions at the edge of progress in this field.

In coated films, UCB is amongst the leading world producers. This position of leadership has been obtained due to the unique synergies between the technologies of the Chemical Sector and the know-how of the Film Sector. The most significant applications are indeed in labels, but also in long-life packaging offering excellent protection, whilst optimizing access to the contents. The distribution market is in fact increasingly using packaging to make the product more convenient for the consumer. UCB has developed a form of peelable coating, which produces a type of re-usable packaging, that is one that can be opened and re-closed. The new coater of 15,000 tonnes per year, commissioned at Wigton in December, 2000, has increased the total capacity of the Film Sector to 35,000 tonnes per year.

OPP films used in overwrap enable the advantages of bubble extrusion technology to be used to the full in applications, such as CD/DVD discs, cassettes, magnetic tapes, cigarette packs, etc. Due to its unique elastic properties, this film enables the cigarette pack to be wrapped uniformly, providing good presentation, excellent protection of the flavour, good quality and very high reliability at high speed during the packaging process of the pack itself.



*The special OPP films for labels are finding increasing success for use on glass or plastic bottles.*

# M S

In the field of polymeric base for bank notes, the *Guardian* product has been adopted by Brazil and Bangladesh. China also issued a commemorative note at the end of 2000. Based on OPP film, this new material significantly reduces the risks of counterfeiting and increases the strength of the notes, whose life is four times that of traditional notes. The concept increasingly interests the general public; in New Zealand a survey made by the Reserve Bank showed that the transparent window was the polymeric security feature that the public were the most aware of; in Bangladesh, the issue of



**William Lowther, Director-General of the Film Sector (seated, center), in a meeting on "Securities" with (left to right) John Jennings (Director R&D), John Wales (Director Manufacturing OPP), Ruud Wigman (European Market Manager for Securities) and John Fell (Director Labels & Securities).**

notes based on OPP film caused queues at the banks, which soon ran out of notes. Securrency Pty Ltd, the joint subsidiary of the Film Sector and the Reserve Bank of Australia, won the National Export Awards prize in Australia in November, 2000.

In addition to bank notes, this technology based on the unique concept of auto-authentication, is finding new applica-

tions in the field of certificates, such as birth certificates, passports/identity cards, ownership titles, admission tickets to cultural and sporting events, etc. but also in trade mark or product protection of, for example, spare parts for the automobile industry or luxury perfume bottles.

**CELLOPHANE**

Sales of cellulose films rose from € 181 million to € 196 million, an increase of 8%, particularly due to the purchase in mid-2000 of their commercial activities in these films from the Mexican industrial

group, Cydsa. This acquisition was in line with the strategy of UCB of positioning its specialities in the field of cellulose films on the American continent. The new commercial structure will enable us more easily to penetrate the South American markets.

The year 2000 saw the further stabilization at world level of the market for cellulose films, where the demand for less specialized end-uses inevitably reduced to the

**Main Products**

**Propafilm** : bioriented polypropylene films (OPP) are manufactured in Great Britain, in Belgium and in Australia. The unique bubble extrusion technique enables UCB to develop speciality films for new applications, such as self-adhesive labels, overwrapping and bank notes.

**THE FILM SECTOR PRODUCES A WIDE RANGE OF FLEXIBLE FILMS FOR FOOD PACKAGING AND FOR A VARIED AND GROWING ASSORTMENT OF INDUSTRIAL APPLICATIONS.**

A range of "coated films" has been created for several market sectors. Thus acrylic coated OPP film, due to its transparency, its brilliance and its flexibility, provides excellent presentation for packaged products. This applies both to food packaging, and to the packaging of other consume products, such as cosmetics.

**Cellophane** : cellulose films are manufactured in Great Britain, in Spain and in the USA. The use of this product remains very important in food packaging, particularly for confectionery and soft cheese, together with other uses, such as for adhesive tape, batteries, plastic mouldings and membranes.

Based on cellulose, derived from wood pulp, Cellophane film is biodegradable, which makes it a product of the future in a world increasingly concerned with sustainable development.

benefit of synthetic films. In this context, UCB continued its efforts to rationalize its activities, which will result in the closure of the factory at Burgos (Spain), foreseen for April, 2001, whilst maintaining the priority of developing new applications in specialities. This niche strategy is precisely targeted to positioning *Cellophane* as a high added value film, capitalizing on the specific characteristics of cellulose films.

It is important to mention that all the developments in the field of *Cellophane* are complementary to the range of speciality OPP films. They serve industrial end-uses, rather than packaging; thus cellulose films provide membranes for long-life batteries, mainly used in portable telephones, PC's and in the future in electric cars.

*Cellophane* has also recently been used for the transparent packaging of food to be cooked in micro-wave ovens. Due to the good resistance of cellulose films to heat, and in combination with other packaging products, the quality of the cooking in micro-wave ovens has been



***Choosing Cellophane for its packaging has enabled Fazer, a confectioner and customer of UCB in the Nordic countries, to improve its market position.***

improved, thus enabling a better taste to be obtained in the food and a texture close to cooking in conventional ovens.

#### **PROSPECTS**

**OPP speciality films** will continue to expand in 2001, especially in the United States, a rapidly growing market, which in 2000 already accounted for 30% of the world turnover in speciality OPP films. The Sector will indeed in 2001 start the preparations for the construction of a factory to manufacture OPP films in the United States.

In *Cellophane*, an improvement in profitability begins to be felt. In addition to the industrial applications mentioned above, the *Cellopore* sachet continues to develop; as a reminder, this cellulose film enables drinks

and nourishment to be manufactured from water otherwise unsuitable for consumption.

The development of new specialities continues and will lead the Sector closer to its profitability target of 15% return on capital employed.

#### **RESEARCH AND DEVELOPMENT**

New applications are being studied in the field of OPP films to introduce more technologies into labels or to make packaging more "intelligent".

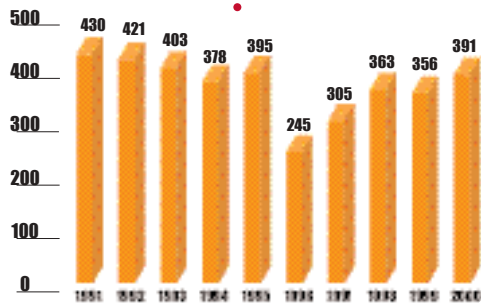
Significant efforts in Research and Development continue to be made in cellulose film applications, such as films for batteries or in membrane technology for medical applications, for example in wound dressings for quicker healing.

A new Research Centre is being built at Wigton (Great Britain). This will bring together more than one hundred people and will provide the Film Sector with a tool capable of moving its projects more rapidly to the industrial level.

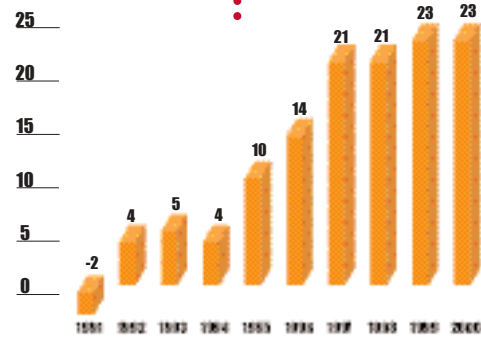
***UCB is developing new cellulose films for the manufacture of membranes, to increase the life of batteries for electric vehicles.***



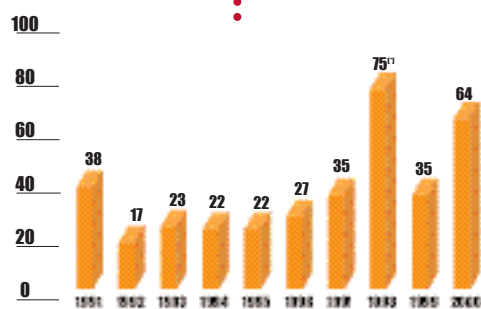
Consolidated turnover (in € million)



Ordinary profits before taxation (in € million)

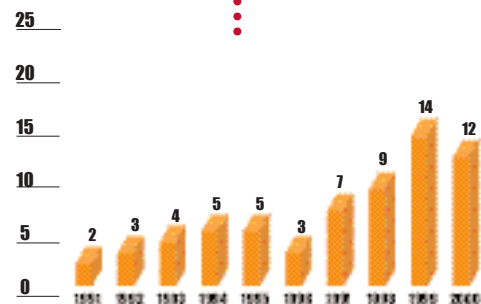


Investments (in € million)



(\*) Including the acquisition of the OPP film activities of ICI for € 26 million

Research & Development expenditure (in € million)



In € and BF million

	1999	2000	BF
	€	€	
<b>Consolidated turnover</b>	356	<b>391</b>	15 764
Europe	57%	<b>55%</b>	
America	24%	<b>26%</b>	
Asia-Pacific	16%	<b>16%</b>	
Rest of the world	3%	<b>3%</b>	
Total	100%	<b>100%</b>	
<b>Operating profit before depreciation (EBITDA)</b>	53	<b>61</b>	2 446
<b>Depreciation</b>	-22	<b>-27</b>	-1 089
<b>Operating profit (EBIT)</b>	31	<b>34</b>	1 357
<b>Net financial charges</b>	-8	<b>-11</b>	-429
<b>Profits before taxation :</b>			
ORDINARY	23	<b>23</b>	935
EXCEPTIONAL	-11	<b>-7</b>	-282
Total	12	<b>16</b>	653
<b>Cash flow</b>	36	<b>75</b>	3 044
<b>Value added</b>			
Remuneration	99	<b>118</b>	4 765
Depreciation	22	<b>27</b>	1 089
Financial charges	8	<b>11</b>	429
Ordinary profit before taxation	23	<b>23</b>	935
	152	<b>179</b>	7 218
<b>Net sales per employee (1)</b>	0.16	<b>0.17</b>	6.89
<b>Value added per employee (2)</b>	0.07	<b>0.08</b>	3.15
<b>Capital expenditure during the year</b>	35	<b>64</b>	2 579
<b>Research &amp; Development expenditure</b>	14	<b>12</b>	486
<b>ROCE</b>	10	<b>8</b>	
<b>Numbers employed at 31st December</b>	2 354	<b>2 272</b>	

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

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

KEY FIGURES

## Non-Sectorial Activities

In € and BF million	1999	2000	
<b>Profits before taxation</b>	<b>€</b>	<b>€</b>	<b>BF</b>
ORDINARY	4	6	257
EXCEPTIONAL	2	-	-3
Total	6	6	254

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

## Results of UCB SA and Proposed Distribution

The operations of UCB SA resulted in a net profit for the year, after taxation, of € 164,750,713.61 in 2000, compared to € 104,515,215.09 in 1999. This profit takes account of an exceptional profit of € 17,263,861.62.

After taking account of the profit brought forward from the previous year of € 75,584,015.60, the balance available for distribution amounts to € 240,334,729.21. The Board proposes you the following distribution :

1. Distribution to shareholders of a gross dividend of	€ 93,397,120.00
2. Transfer to legal reserves	€ 8,237,535.68
3. Transfer to distributable reserves	€ 40,000,000.00
4. Carried forward	€ 98,700,073.53
	<b>€ 240,334,729.21</b>

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 € 0.480 per share against the surrender of coupon No 3, comparable to € 0.375 the previous year.

This amount takes account of a withholding tax of 25%. Coupon No 3 will be payable as from the 14th June, 2001, at the branches and agencies of Fortis Banque.

The appointment of Mr Philippe Saverys, who has reached the age limit, expires at the end of the Annual General Meeting. To replace him, the Board proposes the appointment of HRH Prince Lorenz of Belgium, as a new Director. The Board wishes to express its gratitude to Mr Philippe Saverys, whose active contribution to his duties has been much appreciated.

Baron Daniel Janssen, who has reached the age of 65, wishes to terminate his executive duties. He will, therefore, resign as Deputy Chairman of the Executive Committee at the end of April. The Board of Directors, of which he is Deputy Chairman, has decided to confer on him the title of Honorary Chairman of the Executive Committee. In the name of the whole Group, the Committee wishes to thank Baron Janssen, who has so brilliantly exercised his high executive functions in UCB, which he joined in 1962. There is no doubt that UCB owes a large part of its current position to him.

Finally, the Board gives its warmest thanks to all the personnel of the Group throughout the world, for their active collaboration during the year 2000.

Brussels, 29th March, 2001  
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 do not have any link with the stable permanent shareholders, nor with the management. They are Mark Eyskens (also Chairman of the Board), Minister of State and former Prime Minister, Alan Blinken, former Ambassador of the United States in Belgium, Baron Karel Boone, Chairman of Corona-Lotus, Guy Keutgen, Director-Secretary General of the Fédération des Entreprises de Belgique, Philippe Saverys, Director of CMB and Professor Jean-Louis Vanherweghem, Rector of the University of Brussels.

The appointments of the Directors are subject to renewal on the following dates : Mark Eyskens (2001), Baron Daniel Janssen (2003), Baron Jacobs (2002), Alan Blinken (2003), Baron Karel Boone (2003), Eric Janssen (2002), Guy Keutgen (2002), Countess Diego du Monceau de Bergendal (2002), Mrs Jean van Rijckevorsel (2002), Philippe Saverys (2001) and Jean-Louis Vanherweghem (2002). The appointment of a Director is for a period of three years and is renewable. A new Director will be proposed at the Annual General Meeting to be held on the 12th June, 2001, to take account of the departure of Mr Philippe Saverys on reaching the age limit.

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 the same way, there are no specific regulations on the exercise of the function of Director. The fees of the Directors are decided by the Annual General Meeting of Shareholders and were fixed at the Annual Meeting of 1999 at € 31,000 per year; it will be proposed to the Annual General Meeting of 2001 to fix that of the Chairman and Deputy Chairman at € 62,000 per year.

## PROCEEDINGS OF THE BOARD OF DIRECTORS

The Board of Directors meets 7 or 8 times a year and decisions are taken in the majority of cases unanimously. In the case of a vote, the Statutes 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 General 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.

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 twice a year before the meetings of the Board of Directors, at which the annual and half-year results are approved. It is attended by the Financial Adviser to the Executive Committee, the Group Chief Accountant and the Commissaires-reviseurs. 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 three Directors-General of the Sectors: Edouard Croufer (Pharma Sector), Ben Van Assche (Chemical Sector) and William Lowther (Film Sector). The Committee meets in principle every fortnight.

The Executive Committee forms the management of UCB. It directs the Group in the widest sense and supervises the proper functioning of the day-to-day management of the three 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.

#### RELATIONS WITH THE PRINCIPAL SHAREHOLDERS

The principal shareholders of UCB SA are Financière d'Obourg SA and Financière de Tubize SA, which together hold a little more than 40% of the capital of the Company.

By a decision of an Extraordinary 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, who 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.

## Human Resources

One of the great challenges at UCB is to attract and put in place excellent management throughout the world and to be able to call upon the most appropriate skills. It is important to create conditions, which enable not only each employee of UCB to make the best use of his skills, but also continuously to develop them. In a context of strong world growth, a global "Human Resources" approach enables matters to be followed up and co-ordinated on a planetary scale, whilst taking account of local sensitivities and enhancing the corporate culture, which is one of the major strengths of UCB.



*Jean-Pierre Pradier, Director Corporate Human Resources (seated, center), with the HR managers for the three main continents. Left to right : Stuart Byrom (Asia-Pacific), Rudi Nerinckx (Europe) and Joe Wilbanks (United States)*

#### Numbers employed in the Group by country

#### CORPORATE VALUES IN THE SERVICE OF GROWTH

UCB is an enterprise seen as innovative, entrepreneurial and demonstrating a strong capacity to adapt to new challenges. The corporate culture is also characterized by a close co-operation between departments and regions, as well as by a leadership, which clearly sets strategic choices.

In this context, the employees of UCB are encouraged to propose solutions, to take initiative and even constructively to debate the alternatives to current views, on condition of respecting the decisions resulting from such exchanges. This style of constructive dialogue is made possible by the size of the Group, which still permits 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.

	End 1999		End 2000		Difference
Belgium	2 948	32 %	3 178	32 %	+ 230
Great Britain	1 507	17 %	1 502	15 %	- 5
Spain	660	7 %	576	6 %	- 84
Germany	386	4 %	434	5 %	+ 48
France	521	6 %	521	5 %	-
Italy	278	3 %	284	3 %	+ 6
Greece	121	1 %	118	1 %	- 3
Turkey	101	1 %	111	1 %	+ 10
Switzerland	98	1 %	113	1 %	+ 15
Portugal	85	1 %	81	1 %	- 4
Rest of Europe	266	3 %	288	3 %	+ 22
<b>Europe</b>	<b>6 971</b>	<b>76 %</b>	<b>7 206</b>	<b>73 %</b>	<b>+ 235</b>
United States	1 110	12 %	1 218	12 %	+ 108
Latin America	109	1 %	85	1 %	- 24
Japan	96	1 %	386	4 %	+ 290
China	123	1 %	141	1 %	+ 18
India	272	3 %	301	3 %	+ 29
Malaysia	83	1 %	112	1 %	+ 29
Philippines	76	1 %	87	1 %	+ 11
Rest of Asia	196	2 %	183	2 %	- 13
Australia	128	1 %	144	1 %	+ 16
Rest of the world	50	1 %	47	1 %	- 3
<b>Outside Europe</b>	<b>2 243</b>	<b>24 %</b>	<b>2 704</b>	<b>27 %</b>	<b>+ 461</b>
<b>Total of the world</b>	<b>9 214</b>	<b>100 %</b>	<b>9 910</b>	<b>100 %</b>	<b>+ 696</b>



## THE CHALLENGES OF RECRUITMENT AND MOBILITY

UCB aims to attract, in the company, professionals in their fields, who have an international outlook and are prepared to work abroad. Systematic action is taken at international level, with a view to organizing strategic recruitment, particularly from the better schools and universities.

In addition, the Human Resources Department has put in place a system of identifying the most appropriate specialists at world level to fill certain posts or to accomplish clearly defined tasks. This context, in which each can develop their skills, encourages internal rotation and international mobility. Transfers between Sectors require great adaptability and new reactions, as they involve different industrial sectors. They are thus the equivalent of changing companies for such international staff, who clearly remain within the same Group, which thereby benefits from this source of new skills.

## GLOBAL MANAGEMENT

UCB has put in place a system of global management. The transfer, promotion, recruitment and succession planning of employees with high potential and of managerial staff are reviewed and co-ordinated by the Executive Committee itself. In the various countries, objectives are set and performances are evaluated on the basis of identical systems and standards; continuous training and information are managed globally. Proposals for the modification of organizations are made by teams, composed of managers coming from different regions, in order to encourage mobility. The international character of UCB is reflected in the figures, which follow.

## DEPLOYMENT OF HUMAN RESOURCES

### 1) Numbers employed world-wide

Although numbers employed outside Europe continue to increase (+461 people) with the globalization of the activities of the Group, employment has also increased in Europe, and particularly in Belgium (+230 people). The increase in employment has been world wide, in Japan, in Belgium as well as in the United States.

### 2) Main manufacturing sites

In the Pharma Sector, Japan, Belgium and the United States showed the sharpest rise. In the Chemical Sector, the increase in numbers employed was most significant in the United States and in Belgium. In the Film Sector, although total numbers employed decreased slightly, they continued to grow outside Europe.

## Numbers employed in the Group by Sector at 31st December, for the most important sites

	1999	% Group	2000	% Group	Difference
<b>Pharma Sector</b>					
Sites at Brussels			237		+ 1
Braine-l'Alleud	1 431		1 595		+ 164
Paris and Limay	467		505		+ 38
Barcelona	241		237		- 4
Turin	261		266		+ 5
Sindorf and Rosslau	254		300		+ 46
Athens	121		118		- 3
Istanbul	101		111		+ 10
Watford (UK)	94		108		+ 14
Bulle and Zurich	83		94		+ 11
Other European sites	326		346		+ 20
<b>Europe</b>	<b>3 616</b>		<b>3 918</b>		<b>+ 302</b>
Atlanta	495		546		+ 51
Boston	47		64		+ 17
Latin America	97		68		- 29
Japan	92		383		+ 291
Bombay and Vapi (India)	269		298		+ 29
Makati City (Philippines)	74		85		+ 11
Other Asian sites	162		196		+ 34
Rest of the world	43		45		+ 2
<b>Outside Europe</b>	<b>1 279</b>		<b>1 685</b>		<b>+ 406</b>
<b>Total Sector</b>	<b>4 895</b>	<b>53 %</b>	<b>5 603</b>	<b>57 %</b>	<b>+ 708</b>
<b>Chemical Sector</b>					
Sites at Brussels			12		+ 12
Drogenbos	616		650		+ 34
Ghent	338		354		+ 16
Schoonaarde	27		27		-
Leuna and Sindorf	99		102		+ 3
Other European sites	124		125		+ 1
<b>Europe</b>	<b>1 216</b>		<b>1 282</b>		<b>+ 66</b>
Atlanta and North Augusta	236		268		+ 32
Shanghai	109		109		-
Seremban (Malaysia)	65		68		+ 3
Rest of Asia	57		56		- 1
Rest of the world	19		14		- 5
<b>Outside Europe</b>	<b>486</b>		<b>515</b>		<b>+ 29</b>
<b>Total Sector</b>	<b>1 702</b>	<b>18 %</b>	<b>1 797</b>	<b>18 %</b>	<b>+ 95</b>
<b>Film Sector</b>					
Sites at Brussels			17		+ 3
Merelbeke	142		137		- 5
Wigton	1 015		1 028		+ 13
Bridgwater	387		349		- 38
Burgos	347		264		- 83
Other European sites	29		36		+ 7
<b>Europe</b>	<b>1 937</b>		<b>1 834</b>		<b>- 103</b>
Atlanta and Tecumseh	272		275		+ 3
Craigieburn (Australia)	126		140		+ 14
Rest of the world	19		23		+ 4
<b>Outside Europe</b>	<b>417</b>		<b>438</b>		<b>+ 21</b>
<b>Total Sector</b>	<b>2 354</b>	<b>26 %</b>	<b>2 272</b>	<b>23 %</b>	<b>- 82</b>
<b>Non-sectorial</b>					
Sites at Brussels			128		+ 5
Atlanta	60		65		+ 5
Others	75		40		- 35
<b>Total non-sectorial</b>	<b>273</b>	<b>3 %</b>	<b>238</b>	<b>2 %</b>	<b>- 25</b>
<b>Total of the world</b>	<b>9 214</b>	<b>100 %</b>	<b>9 910</b>		<b>+ 696</b>

## QUALIFICATION DU PERSONNEL

### 1) Structure of employment

The percentage of management increased significantly in the three sectors, particularly following the strengthening of the research teams and the purchase of the pharmaceutical activities of Fujirebio:

1995		
management : 32 %	monthly-paid : 29 %	hourly-paid : 39 %
1996		
management : 36 %	monthly-paid : 32 %	hourly-paid : 32 %
1997		
management : 35 %	monthly-paid : 34 %	hourly-paid : 31 %
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 %

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

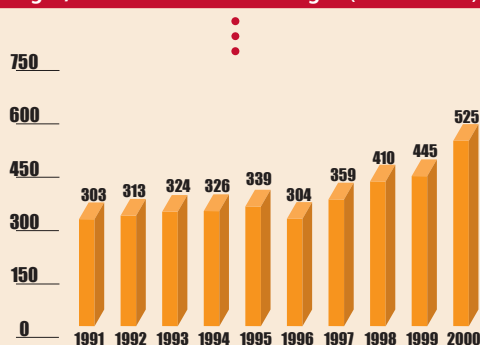
#### Employment structure in 2000

<b>Management</b>		
Sector	Pharma	2 486
	Chemical	475
	Film	282
	Non-sectorial	111
Total		3 354
		<b>34 %</b>
<b>Monthly-paid</b>		
Sector	Pharma	2 321
	Chemical	618
	Film	584
	Non-sectorial	119
Total		3 642
		<b>37 %</b>
<b>Hourly-paid</b>		
Sector	Pharma	796
	Chemical	704
	Film	1 406
	Non-sectorial	8
Total		2 914
		<b>29 %</b>
<b>TOTAL GROUP</b>		<b>9 910</b>
		<b>100 %</b>

### 2) Wages, salaries and social charges

The total of wages, salaries and social charges increased from € 445 to € 525 million (BF 21,185 million).

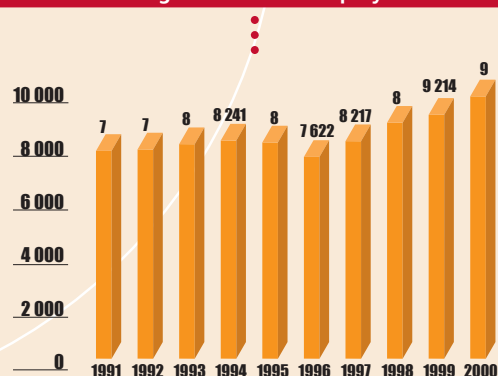
#### Wages, salaries and social charges (in € million)



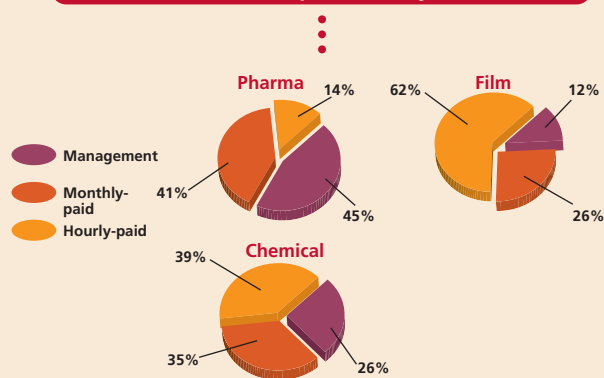
At the Group level on a world basis, the amount spent on social charges, extra-legal charges and taxes was significant: so that, if someone received a net income of € 100, the average total cost to UCB was € 150. In Belgium on the other hand, when someone received a net income of € 100, the average total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

For the UCB Group as a whole, the average salary cost per person employed was € 54,992 (BF 2.2 million). In Belgium, it was € 60,302 (BF 2.4 million).

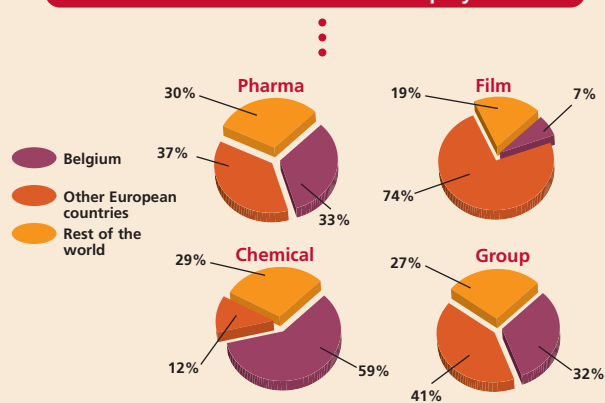
#### Change in numbers employed



#### Breakdown of personnel by Sector



#### Distribution of Personnel employed



# Environment



For several years, UCB has applied an integrated management system to the problems of the environment at the level of the Group as a whole. This system includes rules of conduct, established in the context of the "Responsible Care" programme of the chemical industry, which advocates an improvement in the resources devoted by undertakings to environmental matters. It also includes a system of audit and environmental management in the framework of European regulations, commonly known as "EMAS". In this context, the pharmaceutical factories at Bulle (Switzerland) and at Limay (France) in 2000 obtained ISO 14001 certification.

## DEVELOPMENTS

The fall in the index of **liquid effluent** compared to 1999 was essentially due to the reduction in the discharge of effluent at the cellulose film factories, particularly at Bridgwater, Burgos and Tecumseh. At Drogenbos, an additional treatment plant will be commissioned in 2001 and will thereby reduce the discharge of effluent.

The **waste** index has increased due to the rise in the rate of global activity, particularly at Braine and at Schoonaarde.

For **atmospheric emissions**, an increase in the index of carbon disulphide and hydrogen sulphide should be noted, following the increase in production, particularly at Wigton and Tecumseh. On the other hand, the index of sulphur dioxide has fallen, due to the effectiveness of the

recovery unit for carbon disulphide at Tecumseh. The increase in the index for VOCs (Volatile Organic Composites) comes from the increase in the film coating activities, particularly at Wigton.

## INVESTMENTS

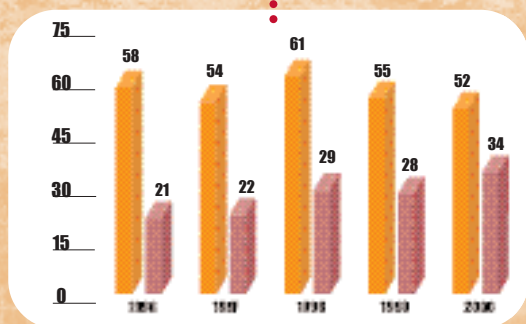
Investments, made for the protection of the environment and for the improvement of safety, amounted to € 10 million, equivalent to almost 6% of the industrial investments of the Group. The running costs, including the operating costs of the water treatment and waste disposal plants, together with the costs of the people involved in the management of these problems, were € 16 million. Total expenditure on the environment, therefore, amounted to € 26 million.

In the **Pharma Sector**, a waste storage tank has been commissioned on the site at Braine, to enable the water treatment plant to operate more smoothly. In addition, several facilities have been installed to improve and enlarge the storage capacity for used solvents, particularly at Bioproducts.

In the **Chemical Sector**, it is mainly the programme to collect and treat gaseous solvent emissions at the Drogenbos factory, which has been pursued. In Ghent, a new incinerator for residual gases has been taken into service with heat recovery and minimization of nitrogen oxides.

In the **Film Sector**, retaining bunds have been built around certain storage tanks at the factory in Bridgwater to limit possible seepage.

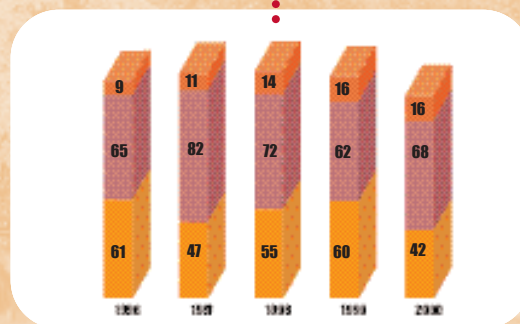
Indice of pollution (\*)



● Liquid effluent

● Solid waste

Atmospheric emissions



● SO<sub>2</sub> (sulphur dioxide)

● CS<sub>2</sub>+H<sub>2</sub>S (carbon disulphide and hydrogen sulphide)

● VOC (Volatile Organic Composites)

(\*) 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 introduced in 1993) 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.

# Financial Data

## CONSOLIDATED BALANCE SHEET AFTER DISTRIBUTION (in € million and BF million)

Assets	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross industrial assets	1 024	1 082	1 183	1 290	1 321	1 209	1 354	1 518	1 744	1 983 79 981
Depreciation	- 639	- 687	- 754	- 821	- 855	- 776	- 868	- 957	- 1 112	- 1 250 - 50 410
Net industrial assets	385	395	429	469	466	433	486	561	632	733 29 571
Other net assets	24	27	19	22	22	23	17	39	40	87 3 515
Fixed assets	409	422	448	491	488	456	503	600	672	820 33 086
Stocks and contracts in progress	182	174	179	186	198	178	235	251	307	398 16 039
Receivables of one year or less	267	253	257	287	277	309	387	440	550	664 26 806
Investments	171	160	215	214	161	274	208	149	164	267 10 768
Cash at bank and in hand	24	30	34	43	37	46	53	55	80	109 4 398
Deferred charges and accrued income	17	22	30	22	27	30	43	24	34	45 1 811
Current assets	661	639	715	752	700	837	926	919	1 135	1 483 59 822
Total assets	1 070	1 061	1 163	1 243	1 188	1 293	1 429	1 519	1 807	2 303 92 908
<b>Liabilities</b>										
Capital	259	260	260	261	261	262	262	262	438	438 17 661
Share premium account	-	1	2	2	4	5	5	5	-	- 3
Group reserves	117	147	189	211	258	380	500	589	585	750 30 294
	376	408	451	474	523	647	767	856	1 023	1 188 47 958
Minority interests	8	9	13	9	9	9	10	15	18	17 683
Equity	383	417	464	483	532	656	777	871	1 041	1 205 48 641
Investment grants	4	2	3	2	2	1	1	1	1	1 23
Own funds	387	419	467	485	534	657	778	872	1 042	1 206 48 664
Deferred taxation	-	2	2	2	1	1	1	1	1	6 247
Provisions for risks and charges	44	52	62	77	78	81	85	85	95	174 7 021
Amounts payable in more than 1 year	277	241	264	222	198	168	126	118	133	199 8 011
Amounts payable in 1 year or less	349	331	352	439	353	354	398	388	463	625 25 197
Dividend of UCB SA	18	21	21	23	29	37	46	55	73	93 3 768
- interim dividend paid	- 5	- 5	- 5	- 5	- 5	- 5	- 5	-	-	- -
Current liabilities	639	588	632	679	575	554	565	561	669	917 36 976
Total liabilities	1 070	1 061	1 163	1 243	1 188	1 293	1 429	1 519	1 807	2 303 92 908

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 and BF million)	1993	1994	1995	1996	1997	1998	1999	2000
<b>I. Ordinary profit</b>								
Turnover	1 192	1 297	1 341	1 260	1 501	1 646	1 842	2 204 88 920
Other income	111	119	129	141	183	215	296	383 15 439
Operating costs and other charges	- 1 113	- 1 177	- 1 201	- 1 113	- 1 320	- 1 419	- 1 594	- 1 967 - 79 345
Depreciation	- 128	- 143	- 142	- 138	- 165	- 187	- 235	- 243 - 9 812
Operating profit	62	96	127	150	199	255	309	377 15 202
Financial charges	- 12	- 23	- 22	- 10	- 13	- 13	- 9	- 7 - 292
Ordinary profit before tax	50	73	105	140	186	242	300	370 14 910
<b>II. Exceptional profit</b>	22	3	-	31	25	- 15	- 1	6 248
<b>III. Profit before tax</b>	72	76	105	171	211	227	299	376 15 158
Deferred taxation	1	2	-	-	-	-	-	- 1
Taxation	- 13	- 17	- 20	- 25	- 52	- 67	- 79	- 107 - 4 320
Results of apportioned companies	-	-	- 1	- 1	-	-	-	- -
<b>IV. Profit after tax</b>	60	61	84	145	159	160	220	269 10 839
Profit attributable to minority interests	3	3	3	3	3	2	1	1 28
Profit attributable to UCB	57	58	81	142	156	158	219	268 10 811

## MATURITY OF GROUP INDEBTEDNESS (€ thousand)

External loans of more than one year taken by the Group currently amount to € 200,646 thousand, of which € 7,363 thousand fall due during the year. The table below shows, by year, the amounts becoming due.

2001	2002	2003	2004	2005	more than 5 year	total < 1 year	total > 1 year	total loans
7 363	4 536	55 238	2 481	3 777	127 251	7 363	193 283	200 646

For UCB SA a detailed table of loans is shown on page 45.

## CONSOLIDATED TABLE OF FINANCING

	(€ thousand)	
	31/12/1999	31/12/2000
<i>Trading activities</i>		
Net profits	219 808	268 693
Net change in the apportioned companies	-	6
Depreciation (including write-offs)	220 724	231 075
Provisions for risks and charges	8 380	73 009
Surpluses or deficits on the sale of assets	- 8 099	- 45 573
Gross margin from autofinancing (trading)	440 813	527 210
Net change in the requirement for working capital	- 124 796	- 180 954
<b>NET CHANGE IN THE CASH REQUIRED FOR TRADING (a)</b>	<b>316 017</b>	<b>346 256</b>
<i>Investment activities</i>		
Purchase of assets and shareholdings	- 260 260	- 327 316
Sale of assets and shareholdings	13 937	47 246
<b>NET CHANGE IN THE CASH REQUIRED FOR INVESTMENTS (b)</b>	<b>- 246 323</b>	<b>- 280 070</b>
<i>Financing activities</i>		
Increase in capital (including issue premiums)	156	-
Increase in shares held by third parties	-	-
Capital surpluses received	727	1 483
Net change in loans	273	60 367
Net change in financial debts of more than one year	18 111	71 981
Dividends paid	- 56 150	- 74 089
<b>NET CHANGE IN THE CASH REQUIRED FOR FINANCING (c)</b>	<b>- 36 883</b>	<b>59 742</b>
<b>NET CHANGE IN CASH (d) = (a) + (b) + (c)</b>	<b>32 811</b>	<b>125 928</b>
Conversion differences & changes in the scope of consolidation (e)	8 218	5 657
Cash at the beginning of the year (f)	203 346	244 375
<b>Cash at the end of the year (g) = (d) + (e) + (f)</b>	<b>244 375</b>	<b>375 960</b>

<b>RATIOS</b> (calculated after distribution)	1991	1992	1993	1994	1995	1996	1997	1998	1999	<b>2000</b>
<b>1. Depreciation of industrial assets</b>										
Industrial assets net/ Industrial assets gross	0.38	0.36	0.36	0.36	0.35	0.36	0.36	0.37	0.36	<b>0.37</b>
<b>2. Degree of capital investment</b>										
Fixed assets/Permanent funds	0.58	0.59	0.56	0.62	0.60	0.50	0.51	0.56	0.53	<b>0.52</b>
<b>3. Degree of self-financing</b>										
Own funds/Third party funds	0.61	0.71	0.74	0.71	0.93	1.19	1.38	1.55	1.56	<b>1.32</b>
<b>4. Degree of long term self-financing</b>										
Own funds/Permanent funds	0.55	0.59	0.59	0.62	0.66	0.72	0.79	0.81	0.82	<b>0.76</b>
<b>5. Liquidity</b>										
Assets readily available or realizable/ Short term borrowings	1.83	1.84	1.94	1.65	1.86	2.17	2.11	2.07	2.12	<b>2.07</b>
<b>6. Return on capital</b>										
Profit/loss for the year/Own funds	0.12	0.13	0.13	0.13	0.16	0.22	0.20	0.18	0.21	<b>0.22</b>
(*)	0.11	0.12	0.08	0.12	0.16	0.17	0.17	0.20	0.21	<b>0.22</b>
<b>7. Net margin</b>										
Profit/loss for the year/Turnover	0.04	0.05	0.05	0.05	0.07	0.11	0.11	0.10	0.12	<b>0.12</b>
(*)	0.04	0.04	0.03	0.05	0.07	0.09	0.09	0.11	0.12	<b>0.12</b>
<b>8. Gross profitability</b>										
Cash flow/Own funds	0.24	0.25	0.28	0.32	0.31	0.45	0.39	0.26	0.30	<b>0.35</b>
(*)	0.24	0.26	0.22	0.28	0.28	0.27	0.25	0.28	0.30	<b>0.33</b>
<b>9. Gross margin</b>										
Cash flow/Turnover	0.08	0.09	0.12	0.13	0.13	0.24	0.20	0.14	0.17	<b>0.19</b>
(*)	0.08	0.09	0.09	0.11	0.12	0.14	0.13	0.15	0.17	<b>0.18</b>
<b>10. Level of self-financing of investments</b>										
Investments during the year/Cash flow	1.10	0.69	0.66	0.89	0.56	0.34	0.36	0.67	0.34	<b>0.41</b>

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 Cash flow	} After eliminating interests on subordinated loan(s)

\* Figures which do not take account of exceptional profits.

# UCB Shares

## Shareholdings

The number of UCB shares in issue on the 31st December, 2000, amounted to 145,933,000. The permanent stable shareholdings were those of Financière d'Obourg and Financière de Tubize, whose total holding was 40% of the capital.

## Stock Exchange capitalisation

UCB's shares are quoted on the Brussels Stock Exchange. On the 31st December, 2000, the Stock Exchange capitalisation was € 5.8 billion, which places UCB 11th in the list of Belgian quoted companies, representing 3% of the total market capitalisation and 5.6% of the BEL 20 index.

In € billion (1)	1996	1997	1998	1999	2000
	€	€	€	€	€
<b>Market Capitalisation</b>	<b>3.1</b>	<b>4.4</b>	<b>7.7</b>	<b>6.3</b>	<b>5.8</b>

## Other data

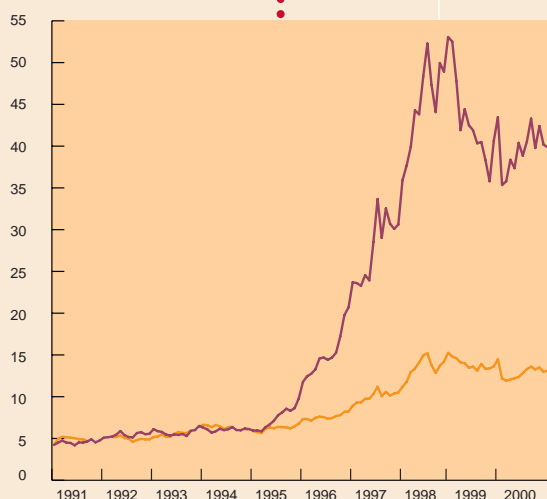
In € per UCB share (1)	1996	1997	1998	1999	2000
	€	€	€	€	€
Own funds of the Group	4.44	5.27	5.87	7.02	<b>8.15</b>
Consolidated cash flow	2.01	2.04	1.55	2.09	<b>2.91</b>
Ordinary profit after taxation	0.75	0.90	1.19	1.51	<b>1.80</b>
Exceptional profit	0.22	0.17	- 0.11	- 0.01	<b>0.04</b>
<b>Total profit after taxation</b>	<b>0.97</b>	<b>1.07</b>	<b>1.08</b>	<b>1.50</b>	<b>1.84</b>
Dividends per share					
Gross	0.250	0.310	0.380	0.500	0.640
Net	0.190	0.240	0.285	0.375	0.480
Highest and lowest share values	9.69/21.01	20.14/37.93	29.93/54.54	35.00/56.00	<b>33.00/43.98</b>
Price of the ordinary share at the end of December (2)	21.01	30.32	52.55	43.05	<b>39.48</b>
<b>Increase in price of the ordinary share</b>	<b>+ 112 %</b>	<b>+ 43 %</b>	<b>+ 76 %</b>	<b>- 19 %</b>	<b>- 9 %</b>
<b>P.E.R. (3)</b>	<b>28</b>	<b>33.7</b>	<b>44.2</b>	<b>28.5</b>	<b>21.9</b>
<b>Average number of shares dealt in per day</b>	<b>278 800</b>	<b>194 600</b>	<b>225 100</b>	<b>182 173</b>	<b>182 002</b>
<b>Number of UCB shares at 31st December</b>	<b>145 821 000</b>	<b>145 865 800</b>	<b>145 907 400</b>	<b>145 933 000</b>	<b>145 933 000</b>

1) The figures prior to 2000 are shown in euros and per share after dividend by 100, where appropriate, to be comparable.

(2) The price of the ordinary share was € 36.5 on the 29th March, 2001.

(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.

## Share price movement of UCB



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

## Range of prices of the ordinary shares of UCB in € (\*)

	Highest price	Lowest price
1983	1	1
1984	1	1
1985	1	1
1986	2	1
1987	3	2
1988	2	2
1989	5	2
1990	7	4
1991	5	4
1992	6	5
1993	7	5
1994	6	6
1995	10	6
1996	21	10
1997	38	20
1998	55	30
1999	56	35
2000	44	33

## Movement in dividends in € (\*)

Net dividend per share, for the financial year	
1986	0.052
1987	0.057
1988	0.064
1989	0.082
1990	0.089
1991	0.093
1992	0.104
1993	0.107
1994	0.114
1995	0.149
1996	0.186
1997	0.235
1998	0.285
1999	0.375
2000	0.480

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

# Consolidated Accounts and Annual Accounts of UCB SA at 31st December, 2000

**28** ————— UCB Group  
Consolidated Accounts at 31st December, 2000

**28** ————— Consolidated Balance Sheet

**30** ————— Consolidated Profit & Loss Account

**32** ————— Annex

**39** ————— Notes on the Consolidated Balance Sheet

**40** ————— Notes on the Consolidated Profit  
& Loss Account

**41** — Report of the College of «Commissaires-reviseurs»

**42** ————— UCB SA  
Annual Accounts at 31st December, 2000

**27**

*S u m m a r y*

# Consolidated Balance Sheet

A comparison of the consolidated balance sheets over 10 years can be found on page 24.

## ASSETS

(After distribution)

	31/12/1999	31/12/2000	
	€ thousand	€ thousand	BF million
<b>FIXED ASSETS</b>	638 822	742 907	29 969
I. Formation expenses (ann. VII)	1 694	1 217	49
II. Intangible assets (ann. VIII)	183 072	213 447	8 611
III. Consolidation differences (ann. XII)	23 113	22 387	903
IV. Tangible fixed assets (ann. XI)	423 915	495 978	20 008
A. Land and buildings	145 533	170 056	
B. Plant, machinery and equipment	213 617	236 086	
C. Furniture and vehicles	17 955	19 249	
D. Leasing and other similar rights	3 478	3 495	
E. Other tangible fixed assets	3 712	4 055	
F. Assets under construction and advance payments	39 620	63 037	
V. Financial fixed assets (ann. I to IV and X)	7 028	9 878	398
A. Apportioned companies	28	171	
1. Investments	28	171	
2. Amounts receivable	-	-	
B. Other companies	7 000	9 707	
1. Shares	3 889	4 042	
2. Amounts receivable	3 111	5 665	
<b>CURRENT ASSETS</b>	1 168 624	1 560 229	62 939
VI. Receivables of more than one year	33 055	77 259	3 117
A. Trade receivables	2	14 425	
B. Other amounts receivable	33 053	62 834	
VII. Stocks and contracts in progress	307 016	397 598	16 039
A. Stocks	306 666	397 496	
1. Raw materials and consumables	74 826	90 935	
2. Work in progress	45 527	60 315	
3. Finished goods	158 093	189 747	
4. Goods purchased for resale	27 732	55 501	
5. Buildings for resale	-	-	
6. Advance payments	488	998	
B. Contracts in progress	350	102	
VIII. Amounts receivable within one year	550 543	664 514	26 806
A. Trade receivables	379 922	444 759	
B. Other amounts receivable	170 621	219 755	
IX. Investments	164 216	266 929	10 768
A. Own shares	-	-	
B. Other investments and deposits	164 216	266 929	
X. Cash at bank and in hand	80 159	109 031	4 398
XI. Deferred charges and accrued income	33 635	44 898	1 811
<b>Total assets</b>	1 807 446	2 303 136	92 908



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

	31/12/1999	31/12/2000	
	€ thousand	€ thousand	BF million
<b>CAPITAL AND RESERVES</b>	1 023 732	1 189 419	47 981
I. Capital	437 799	437 799	17 661
II. Share premium account	79	79	3
III. Revaluation surpluses	22 334	21 553	870
IV. Reserves (ann. XI)	534 121	708 736	28 590
V. Consolidation differences (ann. XII)	13 161	13 161	531
VI. Conversion differences	15 569	7 515	303
VII. Investment grants	669	576	23
<b>MINORITY INTERESTS</b>			
VIII. Minority interests	18 214	16 931	683
<b>PROVISIONS, DEFERRED TAX AND LATENT TAXATION LIABILITIES</b>	95 964	180 170	7 268
IX. A. Provisions for risks and charges	94 580	174 058	
1. Pensions and similar obligations	19 627	22 068	
2. Taxation	141	138	
3. Major repairs and maintenance	6 657	2 715	
4. Other risks and charges	68 155	149 137	
B. Deferred tax and latent taxation liabilities	1 384	6 112	
<b>CURRENT LIABILITIES</b>	669 536	916 616	36 976
X. Amounts payable in more than one year (ann. XIII)	133 180	198 600	8 011
A. Financial liabilities	128 948	193 283	
1. Subordinated loans	-	-	
2. Unsubordinated loans	25 781	84 893	
3. Leasing and other similar obligations	742	672	
4. Credit institutions	42 350	42 822	
5. Other loans	60 075	64 896	
B. Trade creditors	-	-	
1. Suppliers	-	-	
2. Bills of exchange payable	-	-	
C. Advances received on contracts in progress	-	-	
D. Other amounts payable	4 232	5 317	
XI. Amounts payable in one year or less (ann. XIII)	496 626	678 053	27 353
A. Current portion of amounts payable after one year	3 357	7 363	
B. Financial debts	96 150	164 466	
1. Credit institutions	95 687	163 102	
2. Other loans	463	1 364	
C. Trade debts	188 609	253 057	
1. Suppliers	184 087	248 651	
2. Bills of exchange payable	4 522	4 406	
D. Advances received on contracts in progress	2 403	1 014	
E. Taxes, remuneration and social security	100 902	131 687	
1. Taxes	46 306	65 390	
2. Remuneration and social security	54 596	66 297	
F. Other amounts payable	105 205	120 466	
XII. Accrued charges and deferred income	39 730	39 963	1 612
<b>Total liabilities</b>	1 807 446	2 303 136	92 908

# Consolidated Profit & Loss Account

	31/12/1999	31/12/2000	
	€ thousand	€ thousand	BF million
I. Sales and operating income	2 138 561	2 586 983	104 359
A. Turnover	1 842 052	2 204 266	
B. Changes in work in progress, finished goods and orders in process	33 636	60 765	
C. Production capitalized	152 443	150 758	
D. Other operating income	110 430	171 194	
II. Cost of sales and operating charges	- 1 829 600	- 2 210 138	- 89 157
A. Materials	548 415	706 038	
1. Purchases	588 350	733 334	
2. Changes in stocks	- 39 935	- 27 296	
B. Services and miscellaneous	575 086	675 495	
C. Wages, salaries, social charges and pensions	445 469	525 163	
D. Depreciation and reductions in value on formation costs and on tangible and intangible fixed assets	234 596	242 511	
E. Reductions in value on stocks, orders in process and on commercial debts	4 278	3 813	
F. Provisions for risks and charges	1 479	35 991	
G. Other operating charges	19 423	20 401	
I. Depreciation on consolidation differences	854	726	
III. Operating profit	308 961	376 845	15 202
IV. Financial income	64 015	90 447	3 648
A. Income from financial fixed assets	2 562	2 165	
B. Income from current assets	14 797	23 599	
C. Other financial income	46 656	64 683	
V. Financial charges	- 72 420	- 97 676	- 3 940
A. Interest and other debt charges	19 418	29 455	
B. Depreciation on consolidation differences	-	-	
C. Reductions in value on current assets other than those covered in II E above	201	302	
D. Other financial charges	52 801	67 919	
VI. Ordinary profit before taxation	300 556	369 616	14 910
VII. Exceptional income	40 841	65 929	2 660
A. Write-back of depreciation and of reductions in value on tangible and intangible fixed assets	15 003	17 791	
B. Write-back of depreciation on consolidation differences	-	-	
C. Write-back of reductions in value of financial fixed assets	-	-	
D. Write-back of provisions for exceptional risks and charges	6 766	14	
E. Surpluses on disposal of fixed assets	13 219	46 455	
F. Other exceptional income	5 853	1 669	
VIII. Exceptional charges	- 42 176	- 59 787	- 2 412
A. Exceptional depreciation and reductions in value on formation costs on tangible and intangible fixed assets	1 962	3 089	
B. Exceptional depreciation on consolidation differences	-	-	
C. Reductions in value of financial fixed assets	-	-	
D. Provisions for exceptional risks and charges	11 677	31 933	
E. Deficits on disposal of fixed assets	5 120	882	
F. Other exceptional charges	23 417	23 883	
IX. Profit for the year before taxation	299 221	375 758	15 158
X. A. Transfer from deferred tax and latent taxation liabilities	114	75	
B. Transfer to deferred tax and latent taxation liabilities	- 271	- 53	
XI. Taxation on profits	- 79 256	- 107 093	- 4 319
A. Taxation	- 79 272	- 107 199	
B. Adjustment of taxes and write-back of tax provisions	16	106	

	31/12/1999	31/12/2000	
	€ thousand	€ thousand	BF million
XII. Profit of the consolidated companies	219 808	268 687	10 839
XIII. Share in the profits (losses) of apportioned companies		6	
A. Profits	-	6	
B. Losses	-	-	
XIV. Consolidated profit	219 808	268 693	10 839
A. Minority interests	1 269	682	
B. Share of the Group in the profit	218 539	268 011	

#### SUMMARISED PRESENTATION OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31/12/1999	31/12/2000	
	€ thousand	€ thousand	BF million
I. Ordinary profit			
Turnover	1 842 052	2 204 266	88 920
Other income	296 509	382 717	15 439
Operating costs and other charges	-1 594 150	-1 966 901	-79 345
Depreciation (1)	-235 450	-243 237	-9 812
Operating profit (2)	308 961	376 845	15 202
Financial income (3)	-8 405	-7 229	-292
Ordinary profit before tax	300 556	369 616	14 910
II. Exceptional profit	-1 335	6 142	248
III. Profit before tax	299 221	375 758	15 158
Deferred taxation	-157	22	1
Taxation	-79 256	-107 093	-4 320
Share of UCB in the results of the apportioned companies	-	6	-
IV. Profit after tax	219 808	268 693	10 839
Profit attributable to minority interests	1 269	682	28
Profit attributable to UCB	218 539	268 011	10 811

(1) The detail of depreciation on intangible assets:

ordinary depreciation	-88 525	-98 687
depreciation on R & D costs	-146 925	-144 550
	-235 450	-243 237

Depreciation amounted to € 242,511 thousand compared with € 234,596 thousand in 1999 (Item II D) plus depreciation on consolidation differences of € 726 thousand against € 854 thousand in 1999 (Item II I).

(2) Operating profit or EBIT

(Earnings Before Interest and Taxes)

(3) Detail of financial income/charges by Sector:

Pharma Sector	-10 471	-9 780
Chemical Sector	-932	+1 379
Film Sector	-8 114	-10 641
Non-sectorial activities	+8 550	+9 648
	-10 967	-9 394
Income from non-consolidated shareholdings	+2 562	+2 165
	-8 405	-7 229

#### Main exceptional results by Sector

		31/12/1999	31/12/2000	
		€ thousand	€ thousand	BF million
Pharma	Write-back of depreciation on R&D costs	12 145	14 738	
	Provisions for risks and charges	-222	-1 737	
	Surplus on the sales of assets	7 917	6 952	
	Restructuring costs	-1 576	-3 369	
	Depreciation	-165	-1 703	
	Litigations	-9 206	-	
	Other	-1 030	-232	
		7 863	14 649	591
Chemical	Write-back of depreciation on R&D costs	1 958	2 024	
	Provisions for risks and charges	-1 454	-1 641	
	Closure and product withdrawal costs	-	-1 841	
	Other	-289	23	
		215	-1 435	-58
Film	Surplus and deficits on the sales of assets	3 571	36 690	
	Start-up costs of industrial units	-1 946	-335	
	Restructuring and closure costs	-5 640	-39 058	
	Litigations	-4 373	-2 827	
	Other	-2 287	-1 465	
		-10 675	-6 995	-282
Non-sectorial	Surplus on the sales of assets	2 054	2 599	
	Other	-792	-2 676	
		1 262	-77	-3
TOTAL		-1 335	6 142	248

## 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	Proportion of capital held (in %)	CHEMICAL SECTOR	Proportion of capital held (in %)
Bios-Coutelier SA (Belgium)	100	UCB Chemicals Italia Spa (Italy)	100
UCB Pharma SA (France)	100	UCB Química Ibérica SA (Spain)	100
UCB Pharma SpA (Italy)	100	UCB Chemicals Nordic A/S (Denmark)	100
UCB Pharma AB (Sweden)	100	UCB (Chem) Ltd (United Kingdom)	100
UCB Pharma OY (Finland)	100	UCB Chem (Suisse) SA (AG,Ltd) (Switzerland)	100
UCB Pharma AG (Switzerland)	100	UCB Chemie GmbH (Germany)	100
UCB Pharma (Produtos Farmaceuticos) Lda (Portugal)	100	M.I.O. Schoonaarde SA (Belgium)	100
UCB Pharma SA (Spain)	100	UCB Prosol (Belgium)	100 *
UCB Pharma SA (Greece)	100		<i>outside Europe</i>
UCB Pharma BV (Netherlands)	100	Shanghai UCB Speciality Chemicals C° Ltd (China)	87,5
UCB Pharma Ltd (United Kingdom)	100	Shanghai UCB-SBC Choline Chloride C° Ltd (China)	50
UCB Pharma SA (Belgium)	100	UCB Chemicals Corporation (U.S.A.)	100
Vedim Pharma (Prod. Quimicos e Farmaceuticos) Lda (Portugal)	100	SK UCB C° Ltd (Korea)	50
UCB Healthcare SNC (France)	100	Daicel UCB C° Ltd (Japan)	55
Darci Pharma SA (Belgium)	100	UCB de Mexico de CV (Mexico)	100
Vedim SA (Belgium)	100	UCB do Brasil Lda (Brazil)	100
Vedim Pharma SA (Spain)	100	UCB Chemicals (Malaysia) Sdn Bhd (Malaysia)	100
Vedim Pharma SNC (France)	100	UCB Chip Inc. (U.S.A.)	100
UCB Pharma Gesellschaft mbH (Austria)	100		
UCB Pharma AS (Turkey)	100	<b>FILM SECTOR</b>	
Rodleben Pharma GmbH (Germany)	51	UCB T & R Graham Ltd (United Kingdom)	100
SCI du Mantois (France)	100	UCB Sidex Ltd (United Kingdom)	100
UCB Pharma SRO (Czech Republic)	100	UCB Services Ltd (United Kingdom)	100
UCB Farchim SA (AG,Ltd) (Switzerland)	100	UCB Films PLC (United Kingdom)	100
UCB (Pharma) Ireland Ltd (Ireland)	100	UCB Sidac Ltd (United Kingdom)	100
UCB Pharma Ltd (Poland)	100	La Cellophane Española SA (Spain)	100
Vedim Pharma GmbH (Germany)	100	UCB Films Italia Srl (Italy)	100
UCB Pharma A/S (Norway)	100	GIC SA (Belgium)	100
Darci Pharma GmbH (Germany)	100	M.I.O. Zwijnaarde SA (Belgium)	100
	<i>outside Europe</i>	UCB Dumfries Ltd (United Kingdom)	100
UCB Pharma SA (Argentina)	100	UCB Cellophane Ltd (United Kingdom)	100
Fipar (Thailand) Ltd (Thailand)	100		<i>outside Europe</i>
UCB Japan C° Ltd (Japan)	100	Securrency Pty Ltd (Australia)	50
UCB Pharma Inc. (Canada)	100	UCB Films (Asia-Pacific) Pty Ltd (Australia)	100
UCB India Ltd (India)	100	UCB Films Inc. (U.S.A.)	100
Uni-Mediflex Private Ltd (India)	100	UCB Flip Inc. (U.S.A.)	100
UCB Pharma Ltd (Hong-Kong)	100		
UCB Taiwan Ltd (Taiwan)	100	<b>NON SECTORIAL ACTIVITIES</b>	
Korea UCB C° Ltd (Korea)	100	Société Financière UCB SA (Luxembourg)	100
UCB Pharma Ltd (Thailand)	100	UCB Fipar SA (Belgium)	100
UCB Pharma Inc. (U.S.A.)	100	UCB Finance NV (Netherlands)	100
UCB (SA) (Proprietary) Ltd (South Africa)	100	Fin. UCB SA (Belgium)	100
UCB Philippines Inc. (Philippines)	100	UCB España SA (Spain)	100
UCB Research Inc. (U.S.A.)	100	Actias Réassurance SA (Luxembourg)	100
UCB Phip Inc. (U.S.A.)	100		
UCB Pharma Nanjing C° Ltd (China)	96,15		
UCB-Bioproducs Inc. (U.S.A.)	100		

(\* Apportioned company)

	<i>Proportion of capital held (in %)</i>		<i>Proportion of capital held (in %)</i>
UCB SPF SA (Luxembourg)	100	Doutors Réassurance SA (Switzerland)	100
UCB (Investments) Ltd (United Kingdom)	100	Cogefina SA (Switzerland)	100
Viking Trading C° Ltd (United Kingdom)	100	UCB Services SAS (France)	100
Vedim Ltd (United Kingdom)	100	UCB Actias SA (Belgium)	100
Pabelfima BV (Netherlands)	100	UCB Asia Pacific Sdn Bhd (Malaysia)	100
Société Commerciale UCB SA (France)	100	UCB Australia Pty Ltd (Australia)	100
UCB GmbH (Germany)	100	UCB Inc. (U.S.A.)	100
UCB France SA (France)	100	UCB Singapore Private Ltd (Singapore)	100
UCB Magyarország Kft (= UCB Hungary Ltd) (Hungary)	100	UCB Chemfar Inc. (U.S.A.)	100
UCB Investissements SA (Switzerland)	100		

### III. JOINT SUBSIDIARIES

### IV. APPORTIONED COMPANIES

### V. OTHER COMPANIES

### 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 Belgian francs 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 2000, have been as follows:

Currency	Closure exchange rate		Average exchange rate	
	1999	2000	1999	2000
€ 1 = x foreign currency				
Canadian dollar	1.456	<b>1.395</b>	1.583	<b>1.373</b>
US dollar	1.004	<b>0.930</b>	1.065	<b>0.925</b>
Pound sterling	0.621	<b>0.623</b>	0.658	<b>0.609</b>
Swiss franc	1.604	<b>1.517</b>	1.600	<b>1.561</b>
Swedish crown	8.554	<b>8.838</b>	8.800	<b>8.440</b>
Norwegian crown	8.081	<b>8.264</b>	8.308	<b>8.114</b>
Danish crown	7.446	<b>7.460</b>	7.434	<b>7.453</b>
Greek drachma (100)	3.303	<b>3.408</b>	3.259	<b>3.364</b>
Turkish lire (100)	5446.620	<b>6250.000</b>	4428.698	<b>5747.126</b>
Polish zloty	4.160	<b>3.862</b>	4.224	<b>4.013</b>
Czech crown	36.114	<b>34.928</b>	37.272	<b>35.639</b>
Hungarian forint	254.621	<b>265.111</b>	252.887	<b>259.808</b>
South African rand	6.175	<b>7.047</b>	6.507	<b>6.372</b>
Indian rupee	43.649	<b>43.440</b>	45.956	<b>41.571</b>
Japanese yen (100)	1.024	<b>1.066</b>	1.203	<b>0.996</b>
Hong-Kong dollar	7.799	<b>7.255</b>	8.252	<b>7.207</b>
Australian dollar	1.538	<b>1.677</b>	1.650	<b>1.585</b>
New Zealand dollar	1.932	<b>2.105</b>	2.014	<b>2.019</b>
Thai baht	37.722	<b>40.355</b>	40.339	<b>37.008</b>
Singapore dollar	1.672	<b>1.614</b>	1.804	<b>1.595</b>
South Korean won (100)	11.370	<b>11.779</b>	12.661	<b>10.449</b>
Taiwan new dollar	31.566	<b>30.845</b>	34.400	<b>28.899</b>
Mexican new peso	9.538	<b>8.922</b>	10.181	<b>8.748</b>
Brazilian real	1.819	<b>1.814</b>	1.929	<b>1.691</b>
Ringitt (\$ Malaysian)	3.814	<b>3.534</b>	4.047	<b>3.516</b>
Philippines peso	40.437	<b>46.577</b>	41.806	<b>40.664</b>
Ecu	1.000	<b>1.000</b>	1.000	<b>1.000</b>
Argentine new peso	1.003	<b>0.928</b>	1.065	<b>0.925</b>
Renminbi Yuan	8.308	<b>7.696</b>	8.815	<b>7.657</b>
Belgian franc	40.340	<b>40.340</b>	40.340	<b>40.340</b>
French franc	6.560	<b>6.560</b>	6.560	<b>6.560</b>
Dutch guilder	2.204	<b>2.204</b>	2.204	<b>2.204</b>
German mark	1.956	<b>1.956</b>	1.956	<b>1.956</b>
Italian lire (100)	19.363	<b>19.363</b>	19.363	<b>19.363</b>
Portuguese escudo (100)	2.004	<b>2.005</b>	2.004	<b>2.005</b>
Austrian schilling (100)	0.137	<b>0.138</b>	0.137	<b>0.138</b>
Spanish peseta (100)	1.664	<b>1.664</b>	1.664	<b>1.664</b>
Irish punt	0.788	<b>0.788</b>	0.788	<b>0.788</b>
Finnish mark	5.946	<b>5.946</b>	5.946	<b>5.946</b>

### III. Differences on consolidation

The 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.

## VII. FORMATION EXPENSES

	(€ thousand)
Net book value at the end of the previous year	1 694
Changes in the year	
- New expenses incurred	1 835
- Depreciation	- 2 405
- Conversion differences	76
- Other	17
Net book value at the end of the year	1 217
of which - Expenses of formation or of capital increases, loan issue expenses, and other formation expenses	754
- Restructuring costs	463

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-off 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.

Merchantable 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 reinsurance companies are included under this heading.

## VIII. INTANGIBLE FIXED ASSETS (€ thousand)

	R&D costs	Concessions, patents, licences, etc.	Goodwill	Payments on account
<b>a) Cost of acquisition</b>				
At the end of the previous year	516 139	71 643	50 208	103
Changes in the year:				
- Purchases, including production capitalized	144 307	26 242	-	282
- Disposals and write-offs (-)	- 78 324	- 811	-	- 3
- Transfers from one item to another	-	242	-	402
- Conversion differences	- 4 282	978	3 811	- 21
- Other movements	-	- 10	-	38
At the end of the year	577 840	98 284	54 019	801
<b>c) Depreciation and write-offs</b>				
At the end of the previous year	391 333	41 423	22 226	38
Changes in the year:				
- Taken	147 428	9 862	3 157	146
- Written back as excessive (-)	- 17 791	-	-	-
- Cancelled following sales and disposals (-)	- 79 260	- 809	-	-
- Transfers from one item to another	-	60	-	54
- Conversion differences	- 2 954	953	1 657	- 8
- Other movements	-	- 10	- 8	-
At the end of the year	438 756	51 479	27 032	230
<b>d) Net book value at the end of the year (a) - (c)</b>	<b>139 084</b>	<b>46 805</b>	<b>26 987</b>	<b>571</b>

## 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
<b>a) Cost of acquisition</b>						
At the end of the previous year	236 569	695 440	68 629	11 013	10 294	40 664
Changes in the year:						
- Purchases, including production capitalized	28 267	71 448	9 500	200	1 573	39 468
- Disposals and write-offs (-)	- 1 413	- 10 748	- 3 214	- 86	- 1	- 211
- Transfers from one item to another	3 934	9 089	1 101	63	85	- 14 916
- Conversion differences	2 653	5 071	579	- 48	671	16
- Other movements	800	332	- 137	-	- 116	- 6
At the end of the year	270 810	770 632	76 458	11 142	12 506	65 015
<b>b) Surpluses</b>						
At the end of the previous year	4 995	1 033	39	117	10	-
Changes in the year:						
- Taken	-	-	-	-	-	-
- Cancelled	- 118	- 16	-	-	-	-
- Transfers from one item to another	-	-	-	-	-	-
- Conversion differences	-	-	-	-	-	-
- Other movements	-	-	-	-	-	-
At the end of the year	4 877	1 017	39	117	10	-
<b>c) Depreciation and write-offs</b>						
At the end of the previous year	96 031	482 855	50 713	7 652	6 592	1 044
Changes in the year:						
- Taken	10 464	59 730	9 122	231	1 503	1 552
- Written back as excessive (-)	-	-	-	-	-	-
- Received from third parties	-	-	-	-	-	-
- Cancelled following sales and disposals (-)	- 1 258	- 11 262	- 2 875	- 77	-	-
- Transfers from one item to another	- 175	759	- 18	- 2	- 59	- 619
- Conversion differences	569	3 432	407	- 40	425	1
- Other movements	-	48	- 101	-	-	-
At the end of the year	105 631	535 562	57 248	7 764	8 461	1 978
<b>d) Net book value at the end of the year (a) + (b) - (c)</b>	<b>170 056</b>	<b>236 087</b>	<b>19 249</b>	<b>3 495</b>	<b>4 055</b>	<b>63 037</b>
of which: - land and buildings				3 216		
- plant, machinery and equipment				27		
- furniture and vehicles				252		

**X. FINANCIAL FIXED ASSETS** (€ thousand)

	Apportioned companies	Other companies
<b>1. Share capital</b>		
a) Cost of acquisition		
At the end of the previous year	28	3 889
Changes in the year:		
- Purchases	-	197
- Sales and disposals	-	- 30
- Transfers from one item to another	149	-
- Conversion differences	-	- 14
At the end of the year	177	4 042
b) Surpluses		
c) Write-offs	-	-
- Transfers from one item to another	-	-
- 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	- 6	-
- Share in the result for the financial period	6	-
- Eliminations of dividends relating to this participation	- 12	-
Net book value at the end of the year (a) + (b) - (c) - (d) +/- (e)	171	4 042
<b>2) Receivables</b>		
Net book value at the end of the previous year	-	3 111
Changes in the year:		
- Additions	-	3 988
- Repayments	-	- 727
- Write-offs taken	-	-
- Write-offs written back	-	-
- Conversion differences	-	- 245
- Other movements	-	- 462
Net book value at the end of the year	-	5 665
Cumulative write-offs of receivables at the end of the year	-	-

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**XI. CUMULATIVE RESERVES** (€ thousand)

At the end of the previous year	534 121
Changes in the year:	
- Share of the Group in the profit	268 011
- Other movements	-
- Capital increase	- 93 397
- Declared dividend by UCB SA	1
At the end of the year	708 736

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

	Consolidation differences positive	Consolidation differences negative	Apportionment differences positive	Apportionment differences negative
Net book value at the end of the previous year	23 113	13 161	-	-
Changes in the year:				
- Arising from an increase in the percentage held	-	-	-	-
- Arising from a decrease in the percentage held	-	-	-	-
- Depreciation	- 726	-	-	-
- Differences taken in profit	-	-	-	-
- Other changes	-	-	-	-
Net book value at the end of the year	22 387	13 161	-	-



## Deferred and latent taxation liabilities

	(€ thousand)
- Deferred taxation	6 112
- Latent taxation	-
	6 112

## XIII. CURRENT LIABILITIES

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

	(€ thousand)		
	not more than 1 year	between 1 and 5 years	over 5 years
Financial liabilities	7 363	193 284	-
- Subordinate debentures	9	-	-
- Unsubordinated debentures	-	84 893	-
- Leasing and other similar obligations	222	673	-
- Credit institutions	5 979	42 822	-
- Other loans	1 153	64 896	-
Trade creditors	-	-	-
- Suppliers	-	-	-
Other amounts payable	-	5 270	46
Total	7 363	198 554	46

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

Financial liabilities	5 803
- Unsubordinated debentures	-
- Leasing and other similar obligations	-
- Credit institutions	5 803
- Other loans	-
Total	5 803

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

A. Net turnover

Countries	Geographical distribution of turnover									
	Pharma Sector		Chemical Sector		Film Sector		Non-sectorial Activities		TOTAL	
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
Belgium	37 936	<b>38 809</b>	41 889	<b>40 349</b>	7 843	<b>8 333</b>	619	<b>799</b>	88 287	<b>88 290</b>
E.U.	396 616	<b>411 362</b>	251 625	<b>266 325</b>	180 520	<b>189 015</b>	-	-	828 761	<b>866 702</b>
Other European countries	55 274	<b>70 339</b>	25 885	<b>23 004</b>	15 932	<b>20 737</b>	-	-	97 091	<b>114 080</b>
America	246 748	<b>326 388</b>	168 035	<b>202 619</b>	84 104	<b>102 349</b>	-	-	498 887	<b>631 356</b>
Africa	15 980	<b>16 413</b>	4 739	<b>4 951</b>	9 167	<b>9 902</b>	-	-	29 886	<b>31 266</b>
Asia	148 253	<b>283 893</b>	80 701	<b>116 701</b>	26 725	<b>41 407</b>	-	-	255 679	<b>442 001</b>
Oceania	1 739	<b>1 667</b>	9 790	<b>9 881</b>	31 932	<b>19 023</b>	-	-	43 461	<b>30 571</b>
TOTAL	902 546	<b>1 148 871</b>	582 664	<b>663 830</b>	356 223	<b>390 766</b>	619	<b>799</b>	1 842 052	<b>2 204 266</b>

B. Average numbers employed and cost of personnel

	Previous year	Year
1. Average number of persons employed	8 958	<b>9 562</b>
- Hourly paid	2 744	<b>2 834</b>
- Monthly paid	3 272	<b>3 466</b>
- Management	2 942	<b>3 262</b>
2. Costs of personnel (€ thousand)	445 469	<b>525 163</b>
3. Average number of persons in Belgium	2 819	<b>3 027</b>

C. Exceptional profit/loss (€ thousand)

Detail of other exceptional profits		
- Write-back of a provision entering into the consolidation	-	-
- Write-back of revaluation surplus	5 239	<b>781</b>
Detail of other exceptional charges		
- Restructuring	1 666	<b>12 830</b>
- Costs of start-up and closure of activities	7 434	<b>2 929</b>
- Litigations	10 923	<b>4 572</b>

## 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	12 373
- 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	14 286
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	190 813
b) Commitments resulting from transactions relating to :	
- rates of interest	-
- rates of exchange	-
- price of raw materials or goods for resale	-
- other similar transactions	473 015
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. RELATIONSHIP WITH LINKED COMPANIES NOT INCLUDED IN THE CONSOLIDATION

### 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.

1 399

# Notes on the Consolidated Balance Sheet

## ASSETS

		(€ thousand)		
		31/12/1999	31/12/2000	Difference
I.	Formation expenses	1 694	1 217	- 477
	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	183 072	213 447	+ 30 375
	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 € 30,375 thousand is explained as follows :			
	- investments in the year		170 831	
	- depreciation in the year		- 160 593	
	- write-back of depreciation on R&D costs		17 791	
	- differences on exchange rates and miscellaneous		2 346	
			+ 30 375	
III.	Consolidation differences	23 113	22 387	- 726
	This amount is at the same level as last year			
IV.	Tangible fixed assets	423 915	495 978	+ 72 063
	The tangible fixed assets include all the land, buildings, equipment and furniture, at their original cost, revalued where appropriate, as it appears in the books of the companies in the Group.			
	The net increase of € 72,063 thousand in the tangible fixed assets of the Group is as follows :			
	- investments in the year		150 456	
	- depreciation in the year		- 82 602	
	- differences on exchange rates and miscellaneous		4 209	
			+ 72 063	
V.	Financial fixed assets	7 028	9 878	+ 2 850
	This item consists mainly of the shareholdings and receivables relating to the non-consolidated companies. The increase is mainly due to the acquisition of the pharmaceutical activities of Fujirebio in Japan.			
VI.	Receivables of more than one year	33 055	77 259	+ 44 204
	The difference is equivalent to the level of the commercial receivables of La Cellophane Española of € 14 million and the other receivables of Société Financière UCB of € 30 million.			
VII.	Stocks	307 016	397 598	+ 90 582
	The value of stores, raw materials, consumables, work in progress and finished goods have increased. They have increased in some subsidiaries and decreased in others.			
VIII.	Receivables of one year or less	550 543	664 514	+ 113 971
	The increase comes largely from commercial receivables and mainly at UCB Japan.			
IX.	Investments	164 216	266 929	+ 102 713
	This item covers mainly term deposits for one month or more.			

## LIABILITIES

	31/12/1999	31/12/2000	(€ thousand) Difference
I. Capital	437 799	437 799	-
II. Share premium account	79	79	-
	437 878	437 878	-
When the share capital of UCB SA was converted into euros, the par value of each share was increased from €1.8 to €3 with the result that the capital was increased from €262 to €438 million by the capitalization of reserves.			
III. to VI. Group reserves	585 185	750 965	+ 165 780
The increase of €165,780 thousand is explained as follows:			
- profits in the year		268 011	
- dividend declared by UCB SA		- 93 397	
- differences on exchange rates and others		- 8 834	
		165 780	
VII. Investment grants	669	576	- 93
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	18 214	16 931	- 1 283
This item covers the share of third parties in the shareholders' funds of the consolidated companies. The reduction comes mainly from Securrency Pty Ltd.			
IX. Provisions for risks and charges and deferred taxation	95 964	180 170	+ 84 206
The increase results from the creation of new provisions by different subsidiaries			
X. Amounts payable in more than one year	133 180	198 600	+ 65 420
An increase, mainly following the increase on the rate of the dollar and the currencies linked to it.			
XI. Amounts payable in one year or less	496 626	678 053	+ 181 427
This item has increased mainly due to financial and commercial debts resulting from the increase in the activities of the Group.			

## Notes on the Consolidated Profit and Loss Account

(€ thousand)

	31/12/1999	31/12/2000
Ordinary profits		
- Turnover	1 842 052	2 204 266
Turnover amounted to €2,204,266 thousand. Since 1996, trade discounts and miscellaneous receipts have no longer been deducted.		
- Operating profit	308 961	376 845
Operating profit was equivalent to 17% of turnover, the same level as in 1999.		
- Financial income	- 8 405	- 7 229
This includes € 2,165 thousand of income from non-consolidated shareholdings.		
- Ordinary profits before taxation	300 556	369 616
Exceptional profits	- 1 335	6 142
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	299 221	375 758
- Deferred taxation	- 157	22
This item covers amounts taken from and added to the provision for deferred taxation.		
- Taxation	- 79 256	- 107 093
- Share of UCB in the profits of apportioned companies	-	6
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. This share was not significant.		
Profits after taxation	219 808	268 693
Share of UCB in the consolidated profits		
The share of UCB in the consolidated profit of € 268,693 thousand amounted to € 268,011 thousand. In 1999, there was a consolidated profit of € 219,808 thousand, and the share of UCB in that profit was € 218,539 thousand.		

# Report of the College of «Commissaires-reviseurs»

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, 2000, in which the total balance sheet amounted to € 2.303 million, and the profit and loss account showed a consolidated profit for the year of € 268 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 Institute 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, 2000, 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, 3rd April, 2001

The College of «Commissaires-reviseurs»

D. VAN WOENSEL

D. GOOSSENS

# Annual Accounts of UCB SA

## BALANCE SHEET

ASSETS	31/12/1999	31/12/2000	
	€	€	BF
<b>FIXED ASSETS</b>	597 469 948,72	<b>815 595 611,90</b>	<b>32 901 045 424</b>
I. Formation expenses	518 883,62	3 174,15	
II. Intangible fixed assets	96 243 369,29	118 455 733,21	
III. Tangible fixed assets	124 965 770,84	154 405 804,00	
IV. Financial fixed assets	375 741 924,97	542 730 900,54	
<b>CURRENT ASSETS</b>	423 057 011,80	<b>547 044 988,89</b>	<b>22 067 740 148</b>
V. Receivables of more than one year	24 199 748,00	27 635 332,11	
VI. Stocks and contracts in progress	76 187 930,52	123 083 084,41	
VII. Receivables of one year or less	313 789 215,51	345 573 236,04	
VIII. Investments	532 079,43	29 564 341,64	
IX. Cash at bank and in hand	5 656 523,80	12 162 193,63	
X. Deferred charges and accrued income	2 691 514,54	9 026 801,06	
<b>TOTAL ASSETS</b>	<b>1 020 526 960,52</b>	<b>1 362 640 600,79</b>	<b>54 968 785 572</b>
<b>LIABILITIES</b>			
<b>OWN FUNDS</b>	601 493 834,59	<b>673 082 121,82</b>	<b>27 152 065 486</b>
I. Capital	437 799 000,00	437 799 000,00	
II. Share premium account	79 206,00	79 206,00	
III. Surpluses on revaluation	-	-	
IV. Reserves	87 732 073,41	135 969 609,09	
V. Profit brought forward	75 584 015,60	98 700 073,53	
VI. Investment grants	299 539,58	534 233,20	
<b>PROVISIONS AND DEFERRED TAXATION</b>	18 102 605,24	<b>24 515 242,47</b>	<b>988 942 430</b>
VII. Provisions for risks and charges	17 948 836,78	24 203 900,05	
Deferred taxation	153 768,46	311 342,42	
<b>CURRENT LIABILITIES</b>	400 930 520,69	<b>665 043 236,50</b>	<b>26 827 777 656</b>
VIII. Amounts payable in more than one year	153 812 760,56	226 924 411,86	
IX. Amounts payable in one year or less	230 928 280,63	420 875 484,14	
X. Accrued charges and deferred income	16 189 479,50	17 243 340,50	
<b>TOTAL LIABILITIES</b>	<b>1 020 526 960,52</b>	<b>1 362 640 600,79</b>	<b>54 968 785 572</b>

## PROFIT AND LOSS ACCOUNT

	31/12/1999	31/12/2000	
	€	€	BF
I. Operating income	809 360 576,43	<b>979 490 659,60</b>	<b>39 512 555 259</b>
II. Operating charges	- 778 679 496,94	- <b>907 704 508,68</b>	
III. Operating profit	30 681 079,49	<b>71 786 150,92</b>	<b>2 895 846 149</b>
IV. Financial income	134 653 911,09	<b>148 578 736,40</b>	
V. Financial charges	- 32 695 493,14	- <b>35 774 219,76</b>	
VI. Ordinary profit before tax	132 639 497,44	<b>184 590 667,56</b>	<b>7 446 369 070</b>
VII. Exceptional income	3 446 272,37	<b>23 571 046,29</b>	
VIII. Exceptional charges	- 25 122 116,90	- <b>6 307 184,67</b>	
IX. Profit for the year before tax	110 963 652,91	<b>201 854 529,18</b>	<b>8 142 791 522</b>
Provisions for deferred taxation	35 261,66	<b>74 645,46</b>	
X. Taxation for the year	- 6 483 699,48	- <b>37 178 461,03</b>	
XI. Profit for the year	104 515 215,09	<b>164 750 713,61</b>	<b>6 646 027 312</b>
XII. Transfer to tax exempt reserves	-	-	
XIII. Profit for the year available for distribution	104 515 215,09	<b>164 750 713,61</b>	<b>6 646 027 312</b>

Distribution : see report of the Directors, p. 18.

The annual accounts have been drawn up in accordance with the provisions of the Royal Decree of the 30th January 2001, covering the application of the Companies Code. The balance sheet is, therefore, presented after distribution in accordance with legal requirements. In accordance with the legislation, the report of the management and the annual accounts of UCB SA, together with the report of the «Commissaires-reviseurs», have been filed at the National Bank of Belgium. They are also available on request, addressed to: UCB SA - Global Communication - Allée de la Recherche, 60 - B-1070 Brussels. The notes which follow the accounts reflect the financial situation of the company, as shown on the balance sheet. The results are also commented on in the text of the management report which precedes it. The «Commissaires-reviseurs» have issued an unqualified opinion on the statutory annual accounts of UCB SA.

## ANNEX

### SHAREHOLDINGS IN OTHER COMPANIES

#### Shares held

#### Consolidated companies

Data extracted from the latest available annual accounts

directly by subsidiaries

	Number	%	%	Annual accounts made up to	Currency	Own funds (in monetary unit)	Net profit or loss
Bios-Coutelier SA (Belgium)	15 389	99.99	0.01	31/12/2000	BEF	18 192 984	697 888
Darci Pharma SA (Belgium)	10 499	99.99	0.01	31/12/2000	BEF	7 201 982	- 413 785
Fin. UCB SA (Belgium)	5 024 497	99.99	0.01	31/12/2000	EUR	268 648 075	11 331 642
Fipar (Thailand) Ltd (Thailand)	490	49.00		31/12/2000	THB	21 632 620	1 231 899
Gic SA (Belgium)	499	99.80	0.20	31/12/2000	EUR	1 806 412	394 293
Korea UCB C° Ltd (Korea)	72 000	100.00		31/12/2000	KRW	- 225 164 466	707 614 890
Mio Zwijnaarde SA (Belgium)	1	0.08	99.92	31/12/2000	EUR	19 109	954
Mio Schoonaarde SA (Belgium)	52 135	99.99	0.01	31/12/2000	EUR	1 287 244	19 319
Shanghai UCB SBC (China)	1 500 000	50.00		31/12/2000	CNY	16 711 475	- 2 875 024
Shanghai UCB Speciality Chemicals (China)	5 250 000	87.50	12.50	31/12/2000	CNY	46 014 109	- 6 203 665
Société Financière UCB SA (Luxembourg)	32 634	99.99	0.01	31/12/2000	EUR	112 511 206	10 535 241
SK UCB C° Ltd (Korea)	250 000	50.00		31/12/2000	KRW	5 963 113 023	3 075 413 192
UCB (Investments) Ltd (United Kingdom)	35 006 834	77.92	22.08	31/12/2000	GBP	49 290 131	13 446 412
UCB (Pharma) Ireland Ltd (Ireland)	59 999	99.99	0.01	31/12/2000	IEP	60 000	20 614
UCB (Produtos Farmaceuticos) Lda (Portugal)	17 700 000	98.33	1.67	31/12/2000	PTE	48 099 302	189 693 998
UCB Actias SA (Belgium)	1 249	99.92	0.08	31/12/2000	BEF	1 143 938	2 565 968
UCB España SA (Spain)	1 235 000	100.00		31/12/2000	EUR	9 042 564	5 563 243
UCB Finance NV (Netherlands)	38 459	100.00		31/12/2000	EUR	23 690 787	82 238 957
UCB Fipar SA (Belgium)	159	99.37	0.63	31/12/2000	EUR	219 004	14 388
UCB France SA (France)	89 994	99.99	0.01	31/12/2000	FRF	90 272 280	34 054 293
UCB GmbH (Germany)	506 300	5.00	95.00	31/12/2000	EUR	5 203 244	2 409 831
UCB Hungary (Hungary)	148 000 000	100.00		31/12/2000	HUF	159 758 794	473 930 576
UCB Inc. (USA)	165	100		31/12/2000	USD	83 514 233	78 192 054
UCB India Ltd (India)	1 799	50.99		31/12/2000	INR	54 836 859	54 068 748
UCB Japan C° Ltd (Japan)	41 980	83.99		31/12/2000	JPY	247 273 082	1 304 315 445
UCB Pharma SA (Belgium)	23 499	99.99	0.01	31/12/2000	BEF	7 461 693	- 1 015 958
UCB Pharma Ltd (Thailand)	9 800	49.00	50.98	31/12/2000	THB	1 950 982	16 692 082
UCB Pharma AS (Turkey)	868 130	7.93	92.07	31/12/2000	TRL	858 296 426	82 177 755
UCB Pharma Ltd (Hong-Kong)	269 600	99.85	0.15	31/12/2000	HKD	264 116	355 446
UCB Pharma Ltd (Poland)	7 408	100.00		31/12/2000	PLN	740 800	6 694 364
UCB Pharma Nanjing C° Ltd (China)	2 500 000	96.15		31/12/2000	CNY	3 146 228	-
UCB Pharma SA (Greece)	168 404	99.83	0.17	31/12/2000	GRD	1 740 664 509	- 776 921 364
UCB Pharma SRO (Czech Republic)	12 300 600	100.00		31/12/2000	CSK	896 577	15 262 668
UCB Services SAS (France)	1	0.40	99.60	31/12/2000	FRF	- 307 949	1 011 042
UCB Singapore Private Ltd (Singapore)	250 000	100.00		31/12/2000	SGD	- 31 282	25 091
UCB-SPF SA (Luxembourg)	1 699	99.94	0.06	31/12/2000	EUR	462 856	- 69 920
UCB Taiwan Ltd (China)	7 994	99.93	0.04	31/12/2000	TWD	10 003 080	35 272 042
Vedim SA (Belgium)	950	95.00	5.00	31/12/2000	BEF	5 500 457	208 700

#### Capital

##### 1. Subscribed capital

At the end of the previous year

Amounts in €

Number of shares

437 799 000

Changes during the year :

- Division of the UCB share by 100

-

- Increase

-

At the end of the year

437 799 000

##### 2. Structure of the capital

###### 2.1. Type of shares

Ordinary shares

437 799 000

145 933 000

###### 2.2. Nominal or bearer shares

Nominal

55 397 162

Bearer

90 535 838

See also point 1 in «Supplementary Information» page 44.

SHARES DECLARED IN ACCORDANCE WITH THE LAW OF THE 2ND MARCH 1989 RELATING TO THE PUBLICATION OF SIGNIFICANT SHAREHOLDINGS IN COMPANIES QUOTED ON THE STOCK EXCHANGE. On the 1st of January 1999 the capital of UCB SA was increased in order to be expressed in euros and each share has been divided by one hundred giving a par of 3 euros per share. Shares issued by UCB SA up to the 31/12/2000 : 145,933,000 shares (1). Shares issued still having the right, on the 31st December 2000, to subscribe for share capital: 145,200 warrants giving each the right to subscribe for 1 ordinary share exercisable between the 1st January 2004 and the 28th February 2010. If all these were to be exercised, the capital of UCB would be 146,314,900 shares (2).

		(1) With ref. to 145 933 000 shares	(2) With ref. to 146 314 900 shares
Financière d'Obourg SA Allée de la Recherche 60 1070 Brussels	55,324,194	37.91%	37.81%
Financière de Tubize SA Allée de la Recherche 60 1070 Brussels	3,242,000	2.22%	2.21%

Financière d'Obourg SA and Financière de Tubize SA are linked companies and represent together 40.13% of UCB SA share capital.

Financière d'Obourg SA is itself held as to 64.07% by Financière de Tubize SA.

Financière de Tubize SA is itself held as to 70.86% by the Janssen family.

COMMITMENTS TO ISSUE SHARES (amounts in euros)	Capital	Shares
1. Following the exercise of CONVERSION rights	-	-
2. Following the exercise of SUBSCRIPTION rights		
- Number of subscription rights in circulation		147 000
- Amount of capital to be subscribed	441 000	
- Corresponding maximum number of shares to be issued		147 000

## Description of the supplementary scheme for retirement and surviving dependants' pensions

### I. Supplementary scheme for retirement pensions.

UCB SA has made regulations setting out an objective to be attained concerning the resources to be made available to retired salaried staff. The objective decided upon is to be achieved by the payment to those retired, over and above the legal pension, of:

- pensions or lump sums resulting from the maturity at the time of their retirement of group insurance policies, whose premiums have been paid by the person concerned throughout his career;
- possible pensions paid by the ASBL Fonds de Prévoyance UCB, a supplementary pension fund maintained from monthly payments made by the company;
- a special sum, depending on the length of service, paid by the company on their retirement.

### II. Supplementary scheme for pensions to surviving dependants.

UCB SA has also subscribed to insurance policies in favour of the heirs of its salaried staff covering:

- death benefit
- temporary pensions to orphans

These insurances are financed by the payment of annual premiums by the company.

In addition, the company pays to the widow of a salaried staff employee, who dies in service, a special payment as an additional widow's pension.

### III. Other benefits.

UCB SA has made internal regulations providing income to be given to employees absent through accident, sickness, maternity, etc., for periods which vary according to their length of service.

## Supplementary information

### 1. Issue of loan stock with warrants

On the 9th June, 1998, UCB made an issue outside the rights of preference of a loan stock of € 991,574.10 for five years, at a floating rate of interest, with 400,000 warrants. The exercise of these warrants, which would lead to the issue of 40,000,000 UCB unquoted nominal shares, whose transfer is subject to the control of the Board of Directors of UCB, is limited to the case where that Board would determine that the stability of the shareholding and the social interest of the company would be threatened. The shares resulting from the possible exercise of these warrants would be issued by reference to the market price during a period prior to their issue.

### 2. Legal limit concerning the distribution of dividends (art. 77b)

In accordance with the exceptional case provided for under article 77b, item 2, of the Co-ordinated Laws on Commercial Companies, the net assets of UCB SA include the undepreciated R&D costs. The Board believes that these costs, linked to R&D in the pharmaceutical field and those of the speciality chemicals, are incurred annually, with the objective of developing new original medical products and new speciality chemicals, which will ensure the growth of these two Sectors in such a way that the balance of these R&D costs not yet depreciated constitute a basic element of its net assets.



## NOTES ON THE BALANCE SHEET

### ASSETS

#### INTANGIBLE FIXED ASSETS

As in previous years, the gross intangible fixed assets of the year mainly covered research and development costs, together with certain intangible investments, eligible for subsidy, other than R&D costs (costs of commercial studies, of organization, etc.). In 2000, research and development costs amounted to € 134,013 thousand, compared to € 105,115 thousand in 1999.

Since 1984, depreciation rates on R&D costs have been applied to these costs at rates not exceeding those required for reducing depreciation based on a life of four years, being in practice 50% in the first year and 25% in the second and third years. Since 1990, these costs have been depreciated on a straight line basis of 33.33% over a life of three years.

#### TANGIBLE FIXED ASSETS

Tangible fixed assets increased by €29,441 thousand compared to 1999, as a result of movements in both directions, mainly in installations, machines and tools of €14,786 thousand. They included investments during 2000 amounting to €78,424 thousand, which exceeded the depreciation amounting to €48,429 thousand. The write-off and disposal of miscellaneous equipment resulted in a reduction of assets in 2000 of €6,761 thousand and in the

### LIABILITIES

#### OWN FUNDS

The capital and the share premium account were unchanged compared to the previous balance sheet.

#### AMOUNTS PAYABLE IN MORE THAN ONE YEAR

The increase of € 71,122 thousand was mainly due to the taking out of new loans.

cancellation of depreciation of € 6,206 thousand.

The position of tangible fixed assets is as follows:

Gross fixed assets	€ 503,665 thousand
Depreciation	€ 349,259 thousand
Net fixed assets	€ 154,406 thousand

The net fixed assets amounted to 30.66% of gross fixed assets.

#### FINANCIAL FIXED ASSETS

The total increase was €166,989 thousand, which covered movements in opposite directions in the shareholdings of the associated companies, of which the main items were as follows:

Increase in the capital of Fin UCB SA	€ 100,000 thousand
Increase in the capital of UCB Japan of which, transferred to Fujirebio	€ 10,125 thousand
Purchase of shares in UCB Inc. from Société Financière UCB	€ - 4,050 thousand
Absorption of UCB-Bioproducts	€ 22,862 thousand
Long term loan to UCB Films Asia/Pacific	€ - 5,132 thousand
	€ 43,209 thousand

#### STOCKS

The total increase in stocks amounted to € 46,895 thousand, of which the incorporation of UCB-Bioproducts accounted for € 14,884 thousand.

#### RECEIVABLES OF ONE YEAR OR LESS

This item increased by € 31,784 thousand compared to 1999, due mainly to the increase in advances to subsidiaries.

#### INVESTMENTS

An increase of € 29,032 thousand, due to an increase of financial debts, for which they partially compensate.

#### AMOUNTS PAYABLE IN ONE YEAR OR LESS

This item increased by € 189,947 thousand, mainly due to the taking out of new loans.

#### Payment dates for loan repayments (amounts in euros)

	Amount borrowed	Interest rate %	Date of final repayment	Repayable in more than one year at 31/12/2000	Repayable in one year or less at 31/12/2000
Fin.UCB (credit roll-over 12/12/94)	38 175 602.82	8.30	2001	2 032 726.90	
Fin.UCB (credit roll-over 27/12/95)	38 820 125.98	6.40	2002	3 445 719.99	
Fin.UCB (credit roll-over 27/12/96)	22 310 417.23	5.60	2003	6 693 125.16	
Fin.UCB (credit roll-over 12/12/97)	21 070 949.61	5.50	2003	8 428 379.85	
Fin.UCB (credit roll-over 14/12/98)	18 592 014.36	4.25	2004	9 915 740.99	
Fin.UCB (credit roll-over 01/10/99)	60 000 000.00	5.30	2005	40 000 000.00	
Fin.UCB (credit roll-over 13/12/99)	24 000 000.00	5.40	2005	15 000 000.00	
Fin.UCB (credit roll-over 01/10/99)	12 500 000.00	5.30	2004	12 500 000.00	
Fin.UCB (credit roll-over 12/12/00)	42 000 000.00	5.70	2010	42 000 000.00	
Private investment (credit roll-over 18/10/93)	12 394 676.24	7.34	2003	12 394 676.24	
Private investment (credit roll-over 21/10/93)	12 394 676.24	7.5/8	2003	12 394 676.24	
Private investment (credit roll-over 30/10/00)	59 112 000.00	8.79	2010	59 112 000.00	
Non convertible loan stock	991 574.10	Floating	2003	991 574.10	
G B./ State (loans guaranteed by the State effluent)					
Braine-l'Alleud (19/09/79)**	150 595.32	9.75*	2001	0.00	7 660.65
Ostend (24/02/78)**	158 850.17	7.25*	2002	7 942.51	7 942.51
Ghent (16/06/77)**	15 096.72	8.95*	2003	1 509.67	754.84
Wondelgem (23/03/81)**	59 519.24	6.15*	2002	1 510.91	3 412.25
Balance repayable on loan stocks					8 656.44
				224 919 582.56	28 426.32

\* rates revisable every five years. \*\* loan where the interest is guaranteed by the State.

# Modifications to the statutes

**"UCB S.A."**  
having its registered office at  
**Anderlecht (1070 Brussels), Allée de la Recherche, 60.**  
**Commercial Registry of Brussels No. 85078.**  
**Value Added Tax No. 403.053.608.**

Incorporated by a notarised document drawn up by Edouard VAN HALTEREN, in Brussels, dated the twentysixth of May One thousand nine hundred and twentyfive, published in the annex to the "Moniteur belge" on the fifteenth/sixteenth of June of the same year with No. 7798. The statutes have been updated and revised by a notarised document drawn up by Thierry VAN HALTEREN, in Brussels, dated the eleventh of June One thousand nine hundred and eightyfive, published in the annex to the "Moniteur belge" with No. 850704-278. The statutes were most recently modified by a document drawn up by Thierry VAN HALTEREN on the thirtyfirst of March One thousand nine hundred and ninetyone, published in the annex to the "Moniteur belge" with No. 990427-155.

## **MEETING OF THE BOARD OF DIRECTORS OPTIONS - INCREASE IN CAPITAL REVISION OF THE STATUTES - POWERS.**

### **THE YEAR TWO THOUSAND**

**Twenty-fourth day of March.**  
**Before Notary Thierry VAN HALTEREN, in Brussels.**

#### **Present**

- 1/ Mr. Mark EYSKENS, residing at Heverlee (3001 Leuven), de Grunnellaan 23, holder of Belgian identity card no. 143 0186047 05.
- 2/ Baron Daniel JANSSEN, residing at La Hulpe (1310 La Hulpe), avenue Ernest Solvay, 108, "La Roncière", holder of Belgian identity card no. 165 0015058 50.
- 3/ Baron Georges JACOBS, residing at Merchtem (1785 Brussegem), Poverstraat 5, holder of Belgian identity card no. 106 0022 859 69.
- 4/ Mr. Eric JANSSEN, residing at La Hulpe, (1310 La Hulpe), rue G. Bary, 89, "La Garenne", holder of Belgian identity card no. 165 0015207 05.
- 5/ Mrs. Jean VAN RIJCKEVORSEL, residing at Woluwe-Saint-Pierre (1150 Brussels), Clos du Soleil 6, holder of Belgian identity card no. 089 0071317 93.
- 6/ Countess Diego du MONCEAU de BERGENDAL, residing at Ottignies (1340 Ottignies-Louvain-la-Neuve), Avenue du parc 3, holder of Belgian identity card no. 178 0044512 34
- 7/ Baron Jean-Charles VELGE, residing at Sint-Denijs (8554 Zwevegem), Beerbosstraat, 11, holder of Belgian identity card no. 215 0047274 79.
- 8 / Count Michel DIDISHEIM, residing at Uccle (1180 Brussels), drève du Sénéchal 25, holder of Belgian identity card no. 086 0120286 43.
- 9/ Mr. Jean-Louis VANHERWEGHEM, residing at Evere (1140 Brussels), square Hauwaerts, 19, holder of Belgian identity card no. 076 0058058 08.

Directors of UCB S.A., having its registered office at Anderlecht (1070 Brussels), Allée de la Recherche 60.

Properly constituted as a Board of Directors, of whom they form the majority of its members, for and in the name of the above company, to consider the agenda shown below.

#### **Administration**

The meeting was opened at 10 a.m. under the Chairmanship of Mr. Mark EYSKENS, Chairman of the Board of Directors, without the presence of the notary, and continued in the presence of the undersigned notary at 12.30 p.m.

The Chairman appointed as secretary Mrs. Michèle RASSON, wife of Mr. Emmanuel de CANNART d'HAMALE, residing at Brussels (1000 Brussels), rue aux Laines, 21, Corporate Secretary of the company.

#### **Preliminary statement**

The Chairman stated that :

##### **1. Agenda.**

The items of the agenda to be considered in the presence of the notary are as follows :

##### **c) Use of authorised capital**

Issue of subscription rights of UCB shares reserved for the personnel of the UCB Group performing directorial or senior management functions.

1. Special report of the board of directors in accordance with articles 34.b and 101.c, paragraph 3, of the co-ordinated laws on commercial companies and report of the collège des commissaires.
2. Decision to issue subscription rights within the authorised capital and powers.
3. Prospectus.

##### **2. Notices.**

The notices, including the agenda, were sent to the directors on the seventeenth of March Two thousand.

##### **3. Quorum.**

The Chairman stated that as the majority of members of the board of directors were present or represented, the board could properly discuss the points on the agenda.

##### **4. Authorised capital.**

The Chairman reminded the board of the powers entrusted to it by the extraordinary general meeting of shareholders held on the ninth of June One thousand nine hundred and ninetyeight and that these powers were set out in articles 7, 8, line 3, and 14, last line, of the statutes, whose principal effect was to increase the capital of the company one or more times, by a maximum amount of four million five hundred thousand (4,500,000) euros by the creation of a maximum of one million five hundred thousand (1,500,000) new shares reserved for the personnel of the UCB Group performing directorial or senior management functions.

He also reminded the board of the content of the report which it had prepared in accordance with article 33.b, paragraph 2, of the co-ordinated laws on commercial companies, in order to approve the authorisation of the increase in capital referred to above, which indicated the specific circumstances in which it could use the authorised capital and the objectives which, in so doing, it would pursue.

#### **Article 60**

Before any discussion or decision of the board of directors on the points of the agenda mentioned above, Mr. Daniel Janssen and Mr. Georges Jacobs, abovementioned directors, declared having a direct financial interest in the outcome of the abovementioned decisions. In accordance with article 60 of the co-ordinated laws on commercial companies, these directors withdrew so as not to take part in the discussions by the board of directors relating to these decisions, nor to vote on them.

#### **Report**

The Chairman handed to the undersigned notary the special report of the board prescribed by article 101.c and last line of article 34.b, paragraph 3, of the co-ordinated laws on commercial companies, to be attached to these minutes.

Those present confirmed that they were aware of the contents of this report, having received a copy in advance, and excused the Chairman from reading it out.

#### **Resolutions**

**TAKING NOTE** of the above and in accordance with the powers conferred on it by article 7, the third line of article 8 and the last line of article 14 of the statutes, the board of directors unanimously resolved as follows :

#### **FIRST RESOLUTION.**

The board decided to issue two hundred and sixty thousand (260,000) options on shares, each giving the right to subscribe for one (1) new share in the company, reserved for the personnel of the UCB Group performing directorial or senior management functions, in accordance with the distribution criteria approved by the board of directors.

In accordance with article 101.d of the co-ordinated laws on commercial companies, the board decided to waive the preferential subscription right of the shareholders in the case of the issue of options decided above.

The board decided to apply to the issue of these options the following conditions :

1. **Number** : a maximum of two hundred and sixty thousand (260,000) options, each giving the right to subscribe for one (1) ordinary share in UCB at the price fixed in accordance with 2 below

2. **Price of exercise of the options** :

The exercise of the options enables the ordinary shares of UCB to be subscribed throughout the period of exercise, at a unit price equal to that of the average price of the UCB share on the "marché à terme" on the Brussels Stock Exchange during the thirty days preceding the offer.

However, if the closing price of the UCB share on the Brussels Stock Exchange on the day preceding the offer, that is on the thirtyfirst of May Two thousand, should be above the average referred to above, the subscription price shall be equal to this closing price for those beneficiaries subject to legislation which does not allow a lower subscription price, without adverse consequences for the beneficiaries.

The difference between the subscription price and the par value of the share will create an issue premium, to be allocated in accordance with the last line of article 7 of the statutes.

3. **Offer - Attribution** :

For Belgium,

- the date of the offer is the first of June Two thousand,
- the period of acceptance of the offer: sixty days from the date of the offer, expiring on the thirtyfirst of July Two thousand,
- the date of attribution is the first of August Two thousand.
- For other countries, the date of attribution is the same as the date of the offer, the first of June Two thousand.

4. **Validity of the options** : The options can be exercised until the twenty-eighth of February Two thousand and ten. After this date, any options not exercised will lose all value.

## 5. Methods of exercising the options :

### 5.1. Period of exercise.

The holders of options will be able to exercise their options with effect from the first of January Two thousand and four until the thirtyfirst of May Two thousand and ten.

This period is, however, subject to the condition of being extended by decision of an extraordinary general meeting held under the conditions required for modifying the statutes, enabling the exercise of the rights of subscription up to the thirtyfirst of May Two thousand and ten.

### 5.2. Procedure for exercising.

The written request to exercise the options must be sent to the company, at its registered office, for the attention of the Corporate Secretary, before the twentieth day of the last month of each period of exercise and for the first time between the first of January and the twentieth of February Two thousand and four, the first period of exercise having been fixed from the first of January Two thousand and four to the twentyeighth of February Two thousand and four. The following periods of exercise have been fixed from the first of March each year to the twentyeighth of February of the following year. The last period of subscription has been fixed from the first of January Two thousand and ten to the twenty-eighth of February Two thousand and ten.

The exact net price of the shares must be credited at the latest by the twentieth day of the last month of the period of exercise during which the options have been exercised, to an account whose number will be advised later to the option holders.

The creation and issue of new shares will take place at the end of each period of exercise and for the last time on the twentyeighth of February Two thousand and ten.

Following the implementation of the issue of the capital, the shares will be sent via a financial intermediary in bearer form to the subscriber or to the financial intermediary designated by him, following their admission to quotation.

Any request to exercise the options must cover a minimum number of one hundred (100) options.

6. Quotation : The quotation of the options will not be requested, as these are not negotiable. The shares created following the exercise of the options will be the subject of a request for admission to quotation on the Brussels Stock Exchange.

7. Transferability : The options will be non-transferable, except in the case of death.

8. Requirements to be a beneficiary : The possibility offered to acquire the options in the context of this issue is closely linked to being a member of the personnel of the UCB Group performing directorial or senior management functions.

In consequence :

- the options of a beneficiary who dies will be cancelled if they have not been exercised by the executors within one year from the death of the beneficiary or by the end of the first period of subscription of this issue, if that period has not commenced at the moment of death.
  - any letter by which a beneficiary of an offer communicates his resignation as an employee of the UCB Group, received before the date of attribution will be treated as a notification of refusal of this offer, regardless of whether there has been a prior or later acceptance. In the same way, the receipt by an employee, before the date of attribution, of written notification by which the employer decides to terminate his contract of employment in the UCB Group will be treated as a notification by that employee of a refusal of the offer to acquire the options, regardless of whether there has been a prior or latter acceptance.
  - any letter by which the beneficiary of an offer communicates his resignation as an employee of the UCB Group, received after the date of attribution, and the receipt by an employee, after the date of attribution, of written notification by which the employer decides to terminate his contract of employment in the UCB Group, will have the effect of starting a period of six months, at the end of which those options which have not been or cannot be exercised by the beneficiary will be cancelled. This rule is not applicable to beneficiaries of options who have had to pay a contractual, advance and definitive tax arising from their attribution. This rule is not applicable if the beneficiary of the options terminates his contract of employment due to retirement or pre-retirement or if the employer notifies the beneficiary that it is terminating his contract of employment by redundancy or otherwise due to retirement or pre-retirement
  - valid notification to a beneficiary of the offer that his contract of employment has been terminated for serious breach of conduct will be treated as notification by this beneficiary to UCB that he irrevocably renounces the benefits of the options offered or attributed to him in the context of this issue and any options which he has not yet exercised will be cancelled with effect from the date of such notification.
9. Anti-dilution clause : the options will include the usual safeguard and dilution clauses, for example in case of changes in capital or the splitting of UCB shares.  
UCB expressly reserves to itself the right to proceed with any operations affecting the capital without considering the holders of the options as benefiting from any right of preferential subscription similar to existing shareholders.
10. Form of options : The options will be and will remain nominal and will be subject to an inscription in the nominal register held at the registered office of the company.

11. Shares : The shares subscribed for by the exercise of the options will be identical to the existing ordinary shares and will enjoy the same rights and advantages.

The withholding tax on the dividends from these shares will amount, in accordance with the legal requirements currently in force, to twenty-five per cent (25%) (with possible increases to the extent necessary). To the extent required, the company irrevocably renounces the benefit of the reduction in the rate of withholding tax to fifteen per cent (15%) (with possible increases to the extent necessary).

12. Charges and costs : the taxes, charges and costs which will be payable in the context of this operation will be charged to the subscribers.

### SECOND RESOLUTION.

Subject to the pre-condition of the exercise of the options, whose issue has just been approved, and subject to the reservations expressed in the third resolution below, the board decided to increase the capital of the company, to the extent of a maximum amount of seven hundred and eighty thousand (780,000) euros, by the creation of a maximum of two hundred and sixty thousand (260,000) new shares, whose subscription will be reserved exclusively to the holders of options.

### THIRD RESOLUTION.

The price of the subscription of the shares as defined in the first resolution and the maximum amount of increase in capital shown in the second resolution, constitute temporary conditions and decisions, in the sense that, if an operation having an effect on the capital, such as the modification of the par value, the incorporation of capital reserves accompanied by the issue of new shares, or the creation of loan stock, either convertible or with warrants, would have an unfavourable effect on the price of exercising the options, the price would be adjusted in such a way as to safeguard the interests of the holders of such options. The methods of application will be determined at the appropriate moment by the board of directors of the company.

### FOURTH RESOLUTION.

The board decided to confer on the Chairman of the Executive Committee of the company, currently Baron Georges JACOBS, mentioned above, and the Corporate Secretary of the company, currently Mrs. Michèle RASSON, wife of Mr. de Cannart d'Hamale, mentioned above, acting separately, with the facility to sub-delegate, all powers required to :

- a) ensure the implementation of the resolutions passed and in particular to finalise the rules of issue, the prospectus and the subscription forms ;
- b) to officially determine, in accordance with article 101.h of the co-ordinated laws on commercial companies - even during the period of exercise by modifying the methods of exercise agreed above - the number of new shares subscribed, their discharge, their issue, the corresponding implementation of the increase in capital and the subsequent modification of articles 5 and 7 of the statutes.

### Article 60

The board of directors decided that article 60.b of the co-ordinated laws on commercial companies is not applicable to the operation currently decided but that, on the other hand, article 60 of these same laws is applicable.

In consequence, in accordance with the requirements of this article and in view of the publication in the management report under article 77, line 4, of the co-ordinated laws on commercial companies, the board states :

- that the present operation is designed, as in the past, to encourage shareholding by some four hundred and eighty (480) members of the personnel of the UCB group performing directorial or senior management functions in their company and to motivate them financially to continue to associate themselves closely with the affairs of the company and to make them aware of the value of the UCB share on the market, whilst respecting the rules concerning privileged information.
- that it would not be justified to exclude from the some two hundred and seventy managers, for whose benefit the issue is reserved, the two directors who are members of the Executive Committee of the company.
- that the financial consequences of the operation for the company are limited, consisting of :
  - on the one hand a potential increase in capital of seven hundred and eighty thousand (780,000) euros by the creation of a maximum of two hundred and sixty thousand (260,000) new shares, which represents, by comparison with the one hundred and fortyfive million, nine hundred and thirtythree thousand (145,933,000) shares currently in existence, a dilution of nought point one eight per cent (0.18%) ;
  - on the other hand a difference could exist between the price of the exercise of the option and the share price on the Stock Exchange at the time of exercise of the option.

### Closure

The part of the meeting held in the presence of the notary terminated at 1 p.m.

THE MINUTES OF THE ABOVE Prepared at the registered office at Anderlecht (1070 Brussels), Allée de la Recherche, 60, at the date indicated above.

Those present, declaring that they had been made aware of the draft of this document at least five working days before, signed them, together with the notary, after a partial and explanatory reading.

# A WORLD-WIDE AND DECENTRALIZED ORGANISATION

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**Regular information is issued by UCB  
in 2001 as follows:**

*Thursday, 8th February, 2001 (preliminary annual results)*

*Thursday, 29th March, 2001 (final annual results)*

*Tuesday, 12th June, 2001 (Annual General Meeting and  
information on current state of affairs)*

*Wednesday, 25th July, 2001 (half year results)*

*Wednesday, 5th December, 2001 (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**

*takes place on Tuesday the 12th June, 2001 at 11.30 a.m.*

*Coupon n° 3 is payable as from the 14th June, 2001.*

**Editor responsible**

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**Text**

UCB - Corporate Human Resources - Global Communication

**Realisation**

Communication & Finance

**Production**

PEP

**Printing**

Enschede

*French and Dutch texts available on request.*

*An electronic English version of this report is available on the World Wide  
Web, at UCB's Internet address: <http://www.ucb-group.com>*



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