

Industry for a better life

annual report 2001



Summary

2001

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UCB S.A. (Belgian law) 60, Allée de la Recherche, 1070, Brussels

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The Commission Bancaire et Financière has, on the 15th April, 2002, authorized the use of the present annual report 2001 as a document of reference for any public appeal for funds, which may be made by UCB S.A., until the publication of its next annual report, in the context of Chapter II of the Royal Decree No. 185 of the 9th July, 1935, on the methods of the procedure for dissociated information.

In the context of this procedure, the annual report should be accompanied by an operational note, in order to constitute a prospectus in accordance with article 29 of the Royal Decree No. 185 of the 9th July, 1935.

This prospectus should be submitted for approval to the Commission Bancaire et Financière in accordance with Article 29c, paragraph 1, alinea 1, of the Royal Decree No. 185 of the 9th July, 1935.

This reference document, established in French, constitutes the original text. There is a Dutch translation made under the responsibility of the issuer (UCB S.A.). In case of a divergence of interpretation between the Dutch and French texts, the French text shall prevail.

The UCB Group in brief

In € and \$ million (*)	1997	1998	1999	2000	2001		
	€	€	€	€	€	\$	
Group turnover (1)	1 501	1 646	1 842	2 204	2 475	2 188	+12%
Total of assets/liabilities	1 429	1 519	1 807	2 303	2 564	2 267	
Own funds (2)	778	872	1 042	1 206	1 391	1 230	
Value added (3)	627	745	846	1 003	1 164	1 029	
Capital expenditure during the year	109	154	106	177	194	171	
R&D expenditure	109	128	173	182	218	193	+20%
Operating Profit before depreciation (EBITDA) (4)	364	442	544	620	756	668	
Depreciation (5)	-165	-187	-235	-243	-290	-256	
Operating profit (EBIT) (6)	199	255	309	377	466	412	
Net financial charges (7)	-13	-13	-9	-7	-4	-4	
Profit before tax :							
ORDINARY	186	242	300	370	462	408	+25%
EXCEPTIONAL (8)	25	-15	-1	6	-6	-5	
Total	211	227	299	376	456	403	
Taxation	-52	-67	-79	-107	-136	-120	
Share in the profits /losses of apportioned companies	-	-	-	-	-2	-2	
Profit after tax	159	160	220	269	318	281	+18%
Depreciation ordinary (9)	69	75	89	99	111	98	
exceptional (10)	5	3	1	2	3	3	
Write-back of depreciation on R&D costs	-12	-15	-14	-17	-29	-26	
Capital grants, less subsidies included in profits	-	-	-	-	-	-	
Residual value of assets sold (11)	77	5	4	1	4	4	
Differences in provisions	3	1	8	73	41	36	
Cash flow (12)	301	229	308	427	448	396	
Profit distributed	46	55	73	93	111	98	+19%
R.O.C.E. (13)	20	23	24	24	25		
Personnel employed at 31st December	8 217	8 914	9 214	9 910	10 013		

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

Exchange rate used on 31.12.2001: 1 € = 0.884 \$

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

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

(3) The value added is made up of depreciation (not including depreciation on R&D costs), employment costs, net financial charges and ordinary profit before taxation.

Employment costs include the remuneration of Group personnel, social charges and pensions.

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

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

(6) EBIT : Earnings Before Interests and Taxes.

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

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

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

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

(12) 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.

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

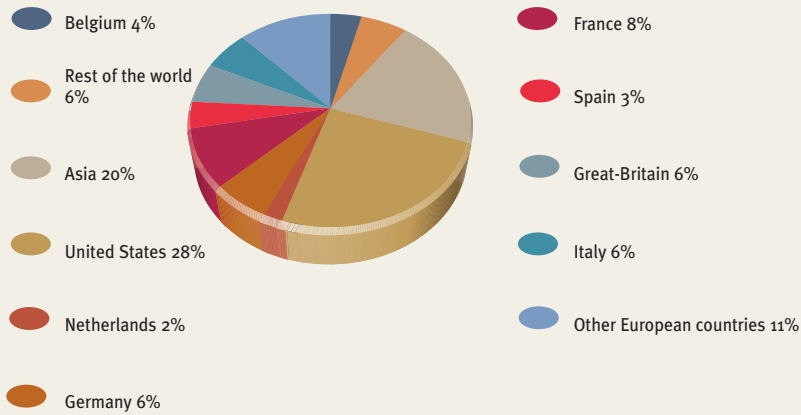
Profit/(loss) by Sector (*) in € million

Sectors	2000			2001		
	Ordinary	Except.	Total	Ordinary	Except.	Total
	€	€	€	€	€	€
Pharma	274	15	289	403	8	411
Chemical	67	-2	65	40	-7	33
Film	23	-7	16	9	-6	3
Non-sectorial	6	-	6	10	-1	9
	370	6	376	462	-6	456
Taxation			-107			-136
Share in the profits/losses of apportioned companies			-			-2
Total profit after tax			269			318

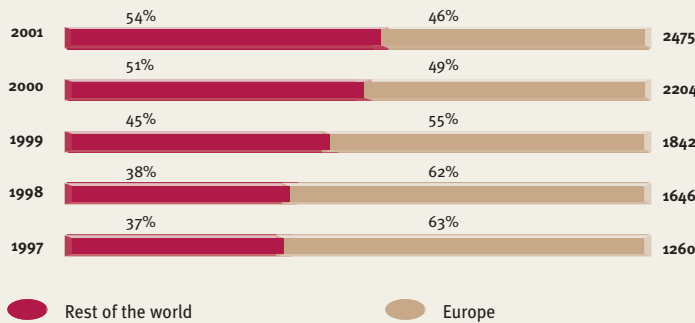
(*) Included minority interests (€ 1 million in 2000 and € -1 million in 2001).

Strong points

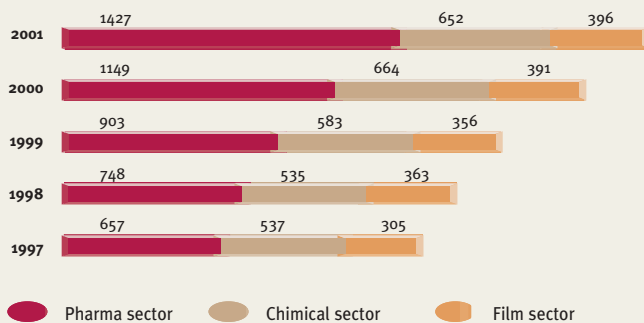
GEOGRAFICAL DISTRIBUTION OF CONSOLIDATED TURNOVER



EVOLUTION OF CONSOLIDATED TURNOVER (IN € million)



CONSOLIDATED TURNOVER BY SECTOR (IN € million)



SHARE OF SALES BY SECTOR

Sectors	2000	2001
Pharma	52%	58%
Chemical	30%	26%
Film	18%	16%
	100%	100%

In the Pharma Sector

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

In the Chemical Sector

- ◆ RADCURE resins, with an annual production capacity of 75,000 tonnes and a market share of around 35%, UCB is world leader.
- ◆ CRYLCOAT resins, with a capacity of 113,000 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.

In the Film Sector

- ◆ PROPAFILM : bioriented polypropylene film, with a capacity of 90,000 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: 1 360
INDUSTRIAL SITES: 3
SALES SUBSIDIARIES: 7
TURNOVER: € 790 MILLION

EUROPE

PEOPLE EMPLOYED: 7 168
INDUSTRIAL SITES: 14
SALES SUBSIDIARIES: 58
TURNOVER: € 1 138 MILLION

ASIA/PACIFIC

PEOPLE EMPLOYED: 1 436
INDUSTRIAL SITES: 9
SALES SUBSIDIARIES: 25
TURNOVER: € 515 MILLION

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

UCB aims to be a pharmaceutical and 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. For its **shareholders**, UCB seeks to offer an optimal return to those who have put their confidence in its shares.

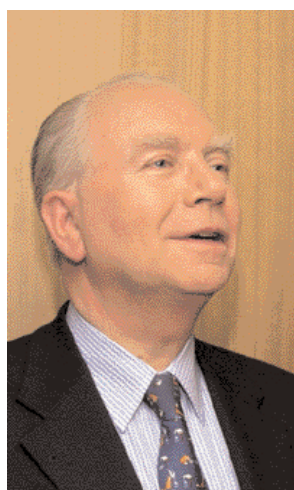
UCB's strategy of innovation and globalisation is to specialize in

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 34 and 35. Contact addresses on the main continents are given on page 51. UCB's vast network of agents and licensees extends sales coverage to virtually every country in the world.

Directors | Senior Management | 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
H.R.H. Prince Lorenz of Belgium, Director
Alan Blinken, Director
Baron Karel Boone, Director
Baron Jacobs, Director
Eric Janssen, Director
Guy Keutgen, Director
Countess Diego du Monceau de Bergendal, Director
Mrs Jean van Rijckevorsel, Director
Jean-Louis Vanherweghem, Director

Honorary Directors

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

Auditors (College of "Commissaires")

Daniel Goossens, Commissaire
Daniël Van Woensel, Commissaire

Executive Committee

Georges Jacobs, Chairman
Edouard Croufer
William Lowther
Ben Van Assche

Central Services

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

Pharma Sector

Edouard Croufer, Director-General
Thomas Beck, Director R&D
Simon Looman, Director Europe
Bruno Strigini, Director Asia
Anthony Tebbutt, Director USA and Canada
Werner De Prycker, Director Global Technical Operations
Gerd Johnscher, Director Medical & Regulatory Affairs

Chemical Sector

Ben Van Assche, Director-General
Jan Vandendriessche, Director Research & Technology
Frank Aranzana, Director Specialties
Pol Vanderhaeghen, Director Methylamines and Derivatives
Frank Coenen, Director Asia
André Jordens, Director Europe
Richard Kemmerer, Director Americas

Film Sector

William Lowther, Director-General
John Fell, Director Labels & Securities
Brian Tomkins, Director Packaging and Industrial Applications
Stuart Turnbull, Director Manufacturing Cello UK
John Wales, Director Global Manufacturing OPP
François Thys, Director Global Operations
Larry Golen, Director Americas
Andy Newman, Director Asia-Pacific

Statement by the Chairmen

For the eighth consecutive year, the growth in the ordinary profits before taxation of the UCB Group was above 20%. In 2001, this growth was 25%.

The **Pharma Sector** continued to expand in the two therapeutic fields it has chosen: allergy and neurology. The successive launches of *Keppra* (United States and Europe) and of *Xysal* (Europe), together with the arrival of *Zyrtec-D* (United States), all resulting from UCB's own research, have just completed the range of the main medicines of the Group in the world. Sales of *Keppra* exceeded expectations and confirmed the excellent reception, from which this new medicine has benefited.

The success of the strategy of innovation and expansion worldwide of the Pharma Sector can be measured by the following elements: an average growth rate in sales amounting over the last five years to more than 20% and a profit margin of 28%.

In the field of allergy, the performance of *Zyrtec* has been excellent in the United States, where sales increased from € 764 million to € 1,101 million, representing a market share rising from 22% to 23.5%. In Japan, they reached € 206 million, equivalent to a growth, expressed in local currency, of 10% and a market share of 19%. In Europe, the turnover of *Zyrtec* increased by 11% and this medicine maintained its position as leader in the market for anti-histamines with a market share around 40%. Total world sales of cetirizine (sold mainly under the name *Zyrtec*) reached € 1,713 million, due to the joint efforts of UCB and its licensees, the main one being Pfizer in the United States.

Xysal has been progressively introduced in certain European countries. This new medicine complements and strengthens the number one position of UCB in the European allergy market. In the United States, *Zyrtec-D* was launched in September, 2001.

In neurology, the turnover of the new anti-epileptic *Keppra* reached € 96 million in the United States in its first full year of being marketed there. Following its launch in several European countries, total sales of this product reached € 122 million.

In the **Chemical Sector**, sales only fell by 2%, despite the difficult economic climate faced during 2001. Margins were below the level of the previous year. In order to prepare for the recovery in demand expected in the second half of 2002, production capacity of *Radcure* resins, curable by UV/EBC beam, has been increased

by 15,000 tonnes per year by the building of a monomer factory in China. These resins are mainly used in graphic arts, in industrial coatings and in electronics.

Sales in the **Film Sector** increased slightly. The profits were affected by the less favourable climate and by the losses suffered on *Cellophane* in the United States.

In the field of OPP films, the commissioning of a new production unit took place in Great Britain at the beginning of 2002. This should enable the Sector to benefit from the growth in the market for labels.

The ordinary profits before taxation for the whole Group exceeded expectations; they reached € 462 million, compared to € 370 million in 2000, an increase of 25%. After taking account of exceptional items and of taxation of €136 million, the total profits after taxation amounted to €318 million, an increase of 18% compared to those of 2000.

The prospects for 2002 are good. In the **Pharma Sector**, in addition to the continued progress in allergy, due to *Zyrtec*, to *Xyzal* in Europe and to *Zyrtec-D* in the United States, the year will be influenced by the growth of *Keppra*. UCB, which has the objective of pursuing its R&D efforts, has several molecules in its research pipe-line; two of them have just entered into clinical development and two others should start this stage in 2002/2003. The **Chemical Sector** will benefit from the expected improvement in the economic climate and will continue to develop its specialities, where it has a position of world leader. In the **Film Sector**, the priority will be the restoration of profitability in the United States and a strengthening of its strategy of specialization.

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 € 434 million for 2002. The research programme is growing by 16%.



Georges Jacobs
Chairman of the
Executive Committee



Mark Eyskens
Chairman of the
Board of Directors



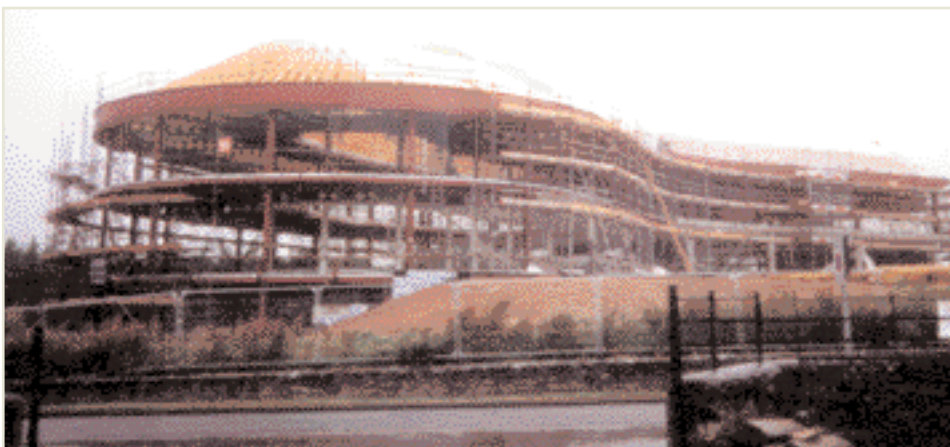
UCB Chemicals prepares for the future on the Drogenbos site: UCB officially opened a new R&D Centre there on the 19th March, 2002, dedicated to speciality chemicals.



Prince Philippe of Belgium, guided by Ben Van Assche, Director-General of the Chemical Sector, officially opened the new headquarters of the UCB Group for Asia in Kuala Lumpur (Malaysia) on the 25th February, 2002.



Official visit by the Belgian Prime Minister, Guy Verhofstadt, on the 29th March, 2002, to the new factory for UCB's Radcure monomers in Shanghai (China). On the right side, Vincent Luo, Business Manager Radcure, Asia.



View of the construction work of the new R&D building at Wigton.

Report of the Directors

Ladies and 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 2001. We also submit for your approval the annual accounts of UCB S.A. for the year ended 31st December, 2001.

GENERAL SITUATION

The consolidated **turnover** of the UCB Group rose from € 2,204 million to € 2,475 million, an increase of 12%. Internationalization continued; the share of sales made outside Europe, which are constantly growing, reached 54% of the total turnover, compared to 51% in 2000.

The ordinary **profits** of the Group before taxation rose to € 462 million in 2001, compared to € 370 million the previous year, an increase of 25%. After taking account of exceptional items and of taxation, the total profits of the Group amounted to € 318 million, compared to € 269 million in 2000, a growth of 18%.

Numbers employed in the Group throughout the world were 10,013, compared to 9,910 the previous year, an increase of 103 people. This increase reflected a rise in employment in Asia and in the United States, but also in Belgium, where numbers employed increased by 159 people. The cost of wages, salaries and social charges followed the rise in numbers employed. It rose to € 585 million, compared to € 525 million the previous year, equivalent to 24% of Group turnover. Additional information on this subject is included in the section on Human Resources in this report.

UCB devoted more than € 25 million in 2001 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 € 218 million, compared to € 182 million in 2000, an increase of 20%. The main trends in R&D are explained in the pages devoted to each Sector.

Investments rose from € 177 to € 194 million (of which € 75 million were in the Pharma Sector, € 77 million in the Chemical Sector and € 37 million in the Film Sector). The most significant investments were: in the Pharma Sector, a new R&D building at Braine, opened in the month of November, 2001, and the development of the factory at Saitama in Japan; in the Chemical Sector, new production units, which were commissioned in China and in the United States, together with a new R&D building at Drogenbos; in the Film Sector, the new R&D building, which is nearing completion in Wigton.

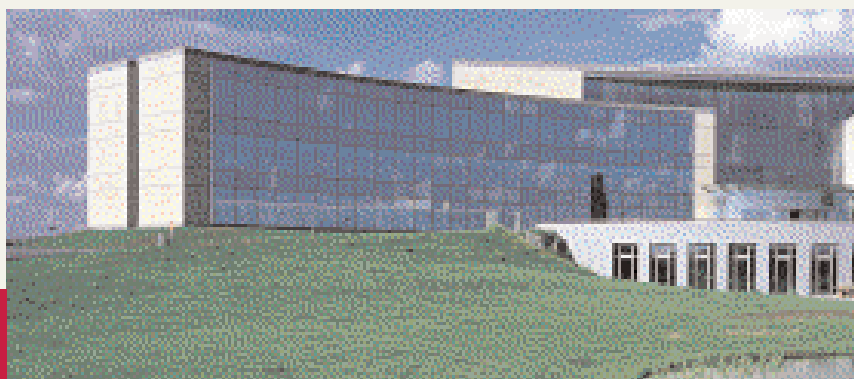
As far as the **financial structure** is concerned, the improvement in cash flow amounted to € 428 million and own funds, after distribution, were of the order of € 1,391 million. The current year included a major investment programme on the production sites, mainly in the United States, China, Belgium and England. Cash flow, however, continued to improve due to the growth of profits carried forward.

UCB S.A., a holding company, holds directly or indirectly the shareholdings of the UCB Group. It also develops its own industrial activities. Its total profit in 2001 amounted to € 331 million, an increase of 101% compared to the previous year. The financial profit included the positive effect of an exceptional interim dividend of € 181 granted by UCB Inc. After taking account of the profit brought forward from the previous year of € 99 million, the balance available for distribution amounts to € 430 million. The Board of Directors proposes at the end of this report to distribute a gross dividend of € 111 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 the 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.

It was decided in 2001 no longer to make use of the authorized capital to issue subscription rights to the personnel, but to issue purchase options on existing shares, to be purchased by the company or by one of its subsidiaries. This issue covered 346,800 share options, reserved to 490 members of the personnel of the UCB Group, performing directorial or senior management functions. The same system will apply to the fourth issue foreseen for 2002, which should cover around 560 people and a total of 400,000 options.

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



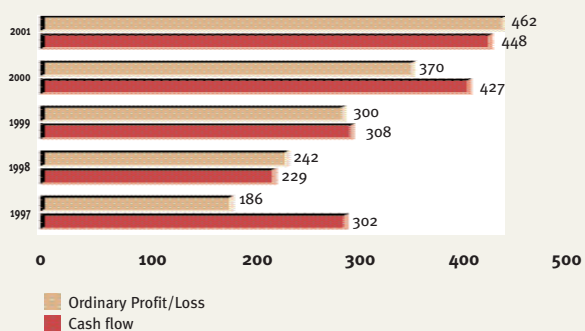
GROUP RESEARCH EXPENDITURE (In € million)

Sectors	2000 €	% of total expenditure	% of turnover	2001 €	% of total expenditure	% of turnover
Pharma	139	76%	12%	168	77%	12%
Chemical	31	17%	5%	35	16%	5%
Film	12	7%	3%	15	7%	4%
	182	100%		218	100%	

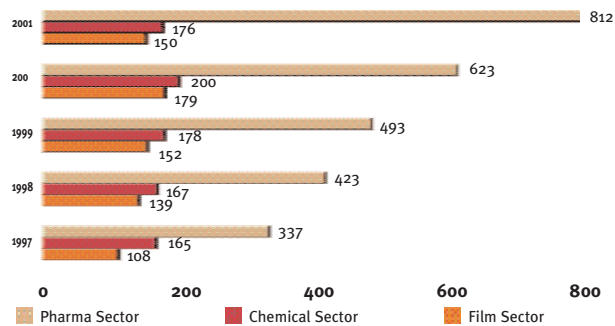
GROUP INVESTMENTS (In € million)

Sectors	2000 €	2001 €
Pharma	54	75
Chemical	45	77
Film	64	36
Non-sectorial	14	6
	177	194

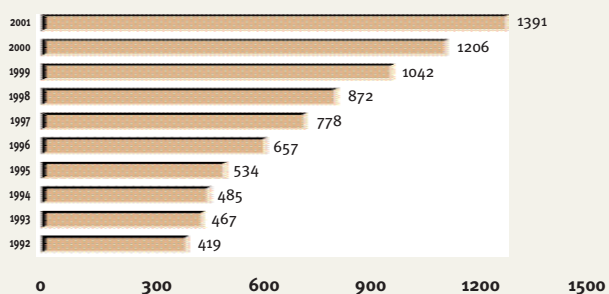
CASH FLOW AND ORDINARY PROFIT/LOSS (In € million)



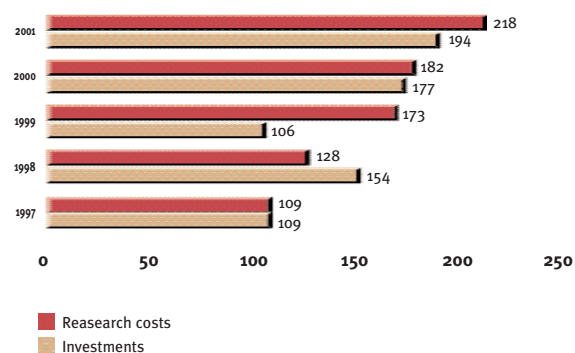
VALUE ADDED (In € million)



OWN FUNDS (In € million)



INVESTMENTS AND RESEARCH COSTS (In € million)



UCB Center in Brussels



The Pharma Sector has continued its strategy of being present in the three major world pharmaceutical markets: Europe, the United States and Japan. World sales of the Sector amounted to € 1,427 million, compared with € 1,149 million in 2000, an increase of 24%. The increase was 17% in Asia-Pacific and 50% in America. The main drivers of growth were *Zyrtec* and the new anti-epileptic *Keppra*.



Pharma sector



Edouard Croufer (on the left), Director-General of the Pharma Sector with Thomas Beck (on the right), Director R&D, and Gerd Johnscher, Director Medical & Regulatory Affairs.

ALLERGY

The total amount of sales of *Zyrtec* (cetirizine) achieved throughout the world in 2001 exceeded € 1,700 million, a figure which also included the sales made by licensees. The share of UCB in this turnover amounted to € 756 million, compared with € 641 million in 2000, an increase of 18%. *Zyrtec* accounted for 53% of the turnover of the Pharma Sector. In units, it is the anti-histamine with the highest sales in the world.

Sales of *Zyrtec* in Europe amounted to € 354 million, compared with € 318 million in 2000, an increase of 11%, representing an average market share of 40%. In the United States, of the total sales of € 1,101 million, € 243 million are included in the consolidated turnover of UCB, in accordance with co-promotion agreements between UCB Pharma Inc. (USA) and Pfizer Inc.; the market share there increased

from 22% to 23.5%. In Japan, in the third full year after its launch at the end of 1998, sales of *Zyrtec* amounted to € 206 million, an increase in yen terms of 10%, reflecting a growth in the rhythm of the local market for anti-histamines and a market share of 19%, a slight fall due mainly to the entry of a new competing product onto this market.

The nasal decongestant *Zyrtec-D* was introduced to the American market in September, 2001, with the co-operation of Pfizer. The co-promotion agreements made by UCB with Pfizer are similar to those which link the two groups for the distribution of *Zyrtec*. The turnover of *Zyrtec-D*, launched at the end of 2001, reached €15 million for this year.

In Europe, levocetirizine was launched under the name *Xusal* on the German market in the second quarter and under the name *Xysal* in Great Britain in the fourth quarter. Clinical studies have shown that this new very effective anti-allergic had an excellent response rate at low dose. Sales at the end of 2001, which still covered only part of the year, reached € 8 million. In Germany, the new medicine already covers 7% of the market, which enabled the total "Allergy" franchise in Germany to increase.

NEUROLOGY

The excellent reception given to *Keppra* by the medical profession confirmed UCB's hopes for this product. The medicine was launched in the United States and in Switzerland in April 2000, then introduced at the end of that year into Germany and Great Britain, followed in 2001 by the Nordic countries, Austria, Greece, Italy, the Netherlands and the Czech republic. *Keppra* brings new treatment possibilities, clinical trials having shown that it significantly reduces the frequency of epileptic attacks. In addition to its effectiveness, the product is very well tolerated and has a very low risk of interaction with other medicines, resulting in its ease of use.



1. In concentrating on research, UCB favours the long term, to permit real therapeutic progress and to bring well-being to people affected by illness.
2. Based, like Zyrtec, on UCB's own research, Xysal/Xusal acts rapidly at low dosage. It is indicated for rhinitis and allergic urticaria.

Sales of *Keppra* exceeded expectations. With more than 100,000 patients treated, sales in the United States amounted to € 96 million for the first full year of marketing. Total turnover, including the European markets in which it has been introduced, amounted to € 122 million, compared with the € 31 million achieved in only part of the year 2000. Strong sales growth should be seen in 2002, with continuing success in the United States and the launches in other European countries.

Sales of *Nootropil* (piracetam) have grown from € 130 to € 136 million, a rise of 5%. The increase was significant in Asia/Pacific (15%), in Latin America (11%) and in the East European countries (28%). Despite its exceptionally long life on the market, *Nootropil* is still growing. It continues to arouse interest in the scientific community due to its exceptional qualities. It is also sold in Japan for the treatment of myoclonia of cortical origin.

Atarax (hydroxyzine), a non-benzodiazepenic tranquilliser, produced by UCB for many years, has also seen its sales rise; they amounted to € 41 million, compared with € 36 million in 2000, an increase of 14%.

OTHER PRODUCTS

In the United States, sales of *Lortab* (hydrocodone-paracetamol), an analgesic of UCB Pharma Inc., rose from € 39 million to € 45 million, despite increased compe-

MAIN PRODUCTS

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

Zyrtec (cetirizine) and *Xyzal* (levocetirizine), antiallergics prescribed for a large number of indications, both respiratory and dermatological.

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

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

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

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

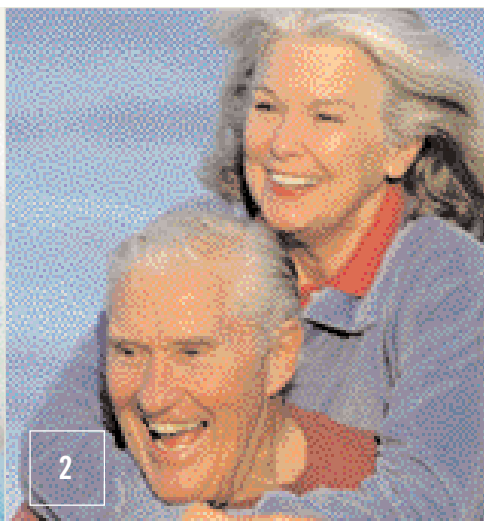
Balsoclase-Sedotussin-Toclase (pentoxifyverine), a codeine-free anti-cough medicine widely viewed by the Anglo-Saxons as one of the most powerful non-morphinic remedies.

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

Zyrtec, *Keppra* and *Nootropil* are the jewels in UCB's crown. They are clear evidence of the effectiveness of UCB's pharmaceutical research.

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



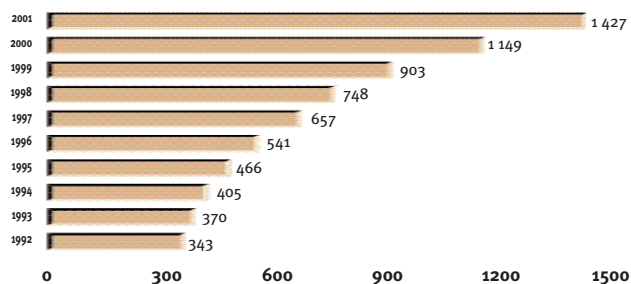


Key figures

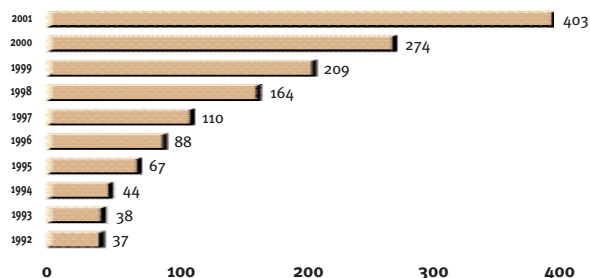
In € million	1999	2000	2001
Consolidated turnover	903	1 149	1 427
Europe	54%	45%	41%
America	27%	28%	35%
Asia/Pacific	17%	25%	23%
Rest of the world	2%	2%	1%
TOTAL	100%	100%	100%
Operating profit			
before depreciation (EBITDA)	381	444	614
Depreciation	-162	-160	-200
Operating profit (EBIT)	219	284	414
Net financial charges	-10	-10	-11
Profits before taxation :			
Ordinary	209	274	403
Exceptional	8	15	8
Total	217	289	411
Cash flow	179	283	353
Value added			
Remuneration	238	301	351
Depreciation (*)	36	38	47
Financial charges	10	10	11
Ordinary profit before taxation	209	274	403
	493	623	812
Turnover			
per employee (1)	0.19	0.22	0.24
Value added			
per employee (2)	0.10	0.12	0.14
Capital expenditure during the year	38	54	75
R&D expenditure	133	139	168
ROCE	40	42	53
Numbers employed at 31st December	4 895	5 603	6 047

(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

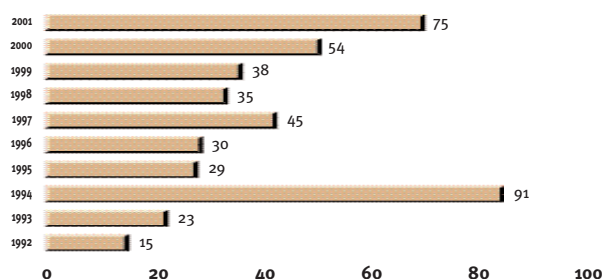
CONSOLIDATED TURNOVER (In € million)



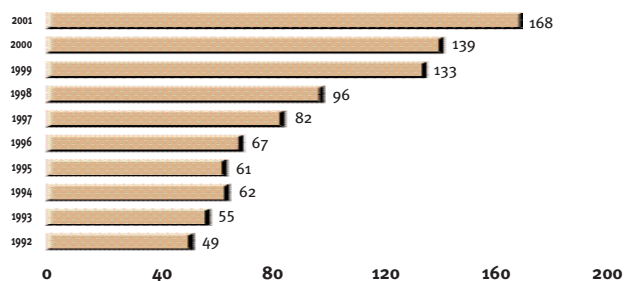
ORDINARY PROFITS BEFORE TAXATION (In € million)



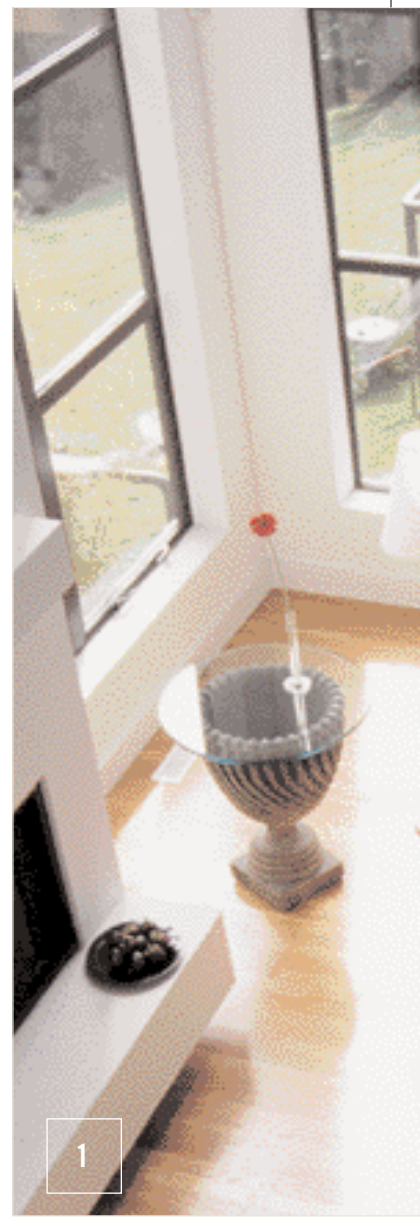
INVESTMENTS (In € million)



RESEARCH & DEVELOPMENT EXPENDITURE (In € million)



The economic climate made 2001 a particularly difficult year. The increase in oil prices in the first half led to continual fluctuations in raw material prices with adverse effects on margins. In the second half it was more a reduction in the market that was experienced. World industrial activity suffered a very significant deceleration with general underutilization of industrial capacity. In this economic context, the turnover of the Chemical Sector fell from € 664 million to € 652 million, thus limiting the reduction to 2% compared to the year 2000, due to a niche strategy in the market for speciality chemicals.



Chemical sector



Ben Van Assche (on the left), Director-General of the Chemical Sector, with Jan Vandendriessche, Director Research and Technology.

The three main product ranges of UCB are: *Radcure* resins, curable by UV/EBC beam, *Crylcoat* polyester resins for solvent free powder paints and methylamines and their derivatives. The ordinary profit of the Sector fell from € 67 million to € 40 million.

RADCURE

Radcure resins, sold under the trade mark *Ebecryl*, where UCB is world leader with 35% of the market, generated a consolidated turnover of € 269 million, a fall of 5% compared to the previous year.

The UV/EBC technology continued its worldwide penetration by offering a preferred alternative to traditional coating processes. The absence of solvents, the

productivity gains achieved by our customers and the energy savings it brings, make it a more environmentally friendly process. In production capacity, 15,000 additional tonnes were provided by the commissioning of a new factory at Shanghai, China, in November, 2001, raising the capacity of the Sector to 75,000 tonnes per year. The strengthening of its presence in Asia will enable UCB to benefit from a recovery in a market, where resins and inks curable by UV beam are growing strongly.

In graphic arts, *Radcure* resins are used as a component for inks and overcoat varnishes, whose consumption is increasing in the packaging and publishing fields. The special innovative properties of these resins enable them to be used in inks for labels and CD/DVD's. This technology has also been adapted to coatings for plastic surfaces and is additionally used on credit cards.

In industrial coatings, resins curable by UV beam are excellent for the coating of artificial wood (office furniture) and real wood (parquet floors). Amongst recent applications, the development of the concept of a light weight bottle, combining thinner glass with a resistant layer of *Radcure* resin, has shown a very attractive market potential. *Uvekol S* resin, which is used in the manufacture of safety glass, has been officially approved in the United States for use in regions frequently affected by hurricanes.

In the field of opto-electronics, new applications are being developed, such as flat liquid crystal screens, printed circuits and optical fibres.

Traditionally limited to metallic surfaces, the new *Uvecoat* polyester resins for powder paints have the characteristic of being curable by UV beam. Their use at rela-



1. The chemical products of UCB meet the new requirements of well-being, like those of comfort in the home. Uvecoat resins, for example, are used in the composition of facing panels or in the decoration of doors and wooden furniture.
2. The exterior metal sections of the Telecom Tower at Kuala Lumpur (Malaysia) are protected by coatings based on UCB Crylcoat resins.

tively low temperatures opens up a new range of applications on substrates such as wood and plastic. One finds this technology, for example, in electric motors involving plastic parts, in car radiators and in certain qualities of wood for furniture.

Taking account of new regulations to protect the environment and of the constraints involved in reducing CO₂ and the use of solvents, the market for *Radcure* resins should see a recovery in its growth in 2002. Today industrial inks and coatings are still mainly dominated by solvent based technology. The new requirements imposed to protect the ozone layer will certainly contribute to the growth of solvent free technology.

RESINS FOR POWDER PAINTS.

The consolidated turnover of *Crylcoat* polyester resins for powder paints amounted to € 141 million, compared to € 153 million the previous year. The technology of flexible super-durable coatings is a sophisticated application of polyester resins, which offers an excellent coating resistance in humid conditions. The technical characteristics of these resins enable the paint applied once to the metal to modify the form of the metallic profile without the paint flaking off. The automobile

MAIN PRODUCTS

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

Radcure resins, where UCB is the world leader, are manufactured in Belgium, in Spain, in the USA, in Malaysia and in 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 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...), etc. UCB is one of Europe's major producers. This range of products also includes **polyurethane** resins for coagulation and textile coating.



industry already seems to be a significant outlet for numerous applications of these super-durables.

The commissioning of an additional unit in Malaysia has increased the production capacity to 113,000 tonnes, divided globally between sites in Belgium, the United States, China, South Korea and Malaysia.

In a climate favourable to alternative coating technologies, which are more helpful to the environment, the market for *Crylcoat* resins should continue to benefit from its environmentally friendly status.

OTHER RESINS

The sales of *Ucecryl*, *Ucefix* and *Solucryl* acrylic resins stabilized compared to the previous year at the level of € 31 million. In the field of inks, as well as in adhesives for removable labels, the Sector actively pursued the development of applications using water based acrylic resins in place of solvents.

Polyurethane resins generated a turnover of € 28 million, compared to € 27 million in 2000. *Breathe*, the microporous breathable resin remained the leading product in the polyurethane range. Through its own network of techno-commercial support, UCB is maintaining its development strategy in the Asian market, which is by far the most significant in volume and growth, being four times that of the European market. By using strategic alliances, contracts for bespoke production are arranged to ensure local supply.

METHYLAMINES

The turnover of **methylamines and their derivatives** rose from € 169 million to € 185 million, an increase of 9%. UCB has strengthened its position in this market, where it is amongst the major world producers. In a difficult climate, both at the level of changes in raw material prices and at the level of selling prices, the activity in derivatives has been good. UCB is continuing with its efforts to globalize this activity.

In agrochemicals, sales of *Thiram*, *Ziram*, *Ferbam* and *Metam Clear* have faced a difficult period, particularly in the United States. DMF (dimethylformamide) has



All those involved in coatings cured by UV beam have joined together to sponsor the American racing car, Team UV. Objective: to draw the attention of motor manufacturers to the advantages, which UV resins offer them in painting car bodies.

remained in high demand in the polyurethanes industry and in electronics. For the new derivatives used in the manufacture of solvents or for effluent treatment, demand has been good, as also for personal care products, where foam products for soaps and shampoos have had great success.

1. UCB has developed a special resin, Uvekol, for anti-hurricane safety glass. It was approved in Florida in March, 2001.

2. Radcure resins improve everyday life. They contribute, for example, to the manufacture of ever more sophisticated flat screens.

3. Research aims to obtain patentable technology, enabling products to be developed, which assist innovation and respect the environment.

4. Adhesives, based on UCB's acrylic resins, enable the most varied self-adhesive products to be designed and manufactured, such as sticking-plaster.



1



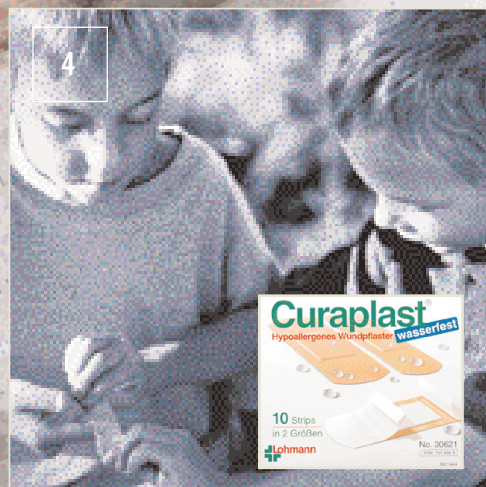
3

RESEARCH AND DEVELOPMENT

In the field of *Radcure* resins, the launch of new *Viajet* applications in inks for inkjet use has been well received in the market for industrial digital printing. The development of a new *Viaflex* range will now provide preformulated products, which offer better compatibility between the resins and the customers' applications. Research is continuing to develop new applications in the lamination of DVD's and the manufacture of flat screens for televisions and computers.

The UV beam technique used on powder polyester resins can also be applied to certain acrylic resins. Research continues to develop new applications in solvent free inks and varnishes for the coating of wood, paper and plastic. Studies are being made jointly with the R&D team of the Film Sector at Wigton to develop aqueous dispersion coatings for OPP films.

The construction of a new R&D centre at Drogenbos has been completed. Officially opened on the 19th March, 2002, the building provides laboratories for developments to ensure technical support to the customers. An extension of such infrastructures has been made to the laboratories at Atlanta in the United States and at Seremban in Malaysia.

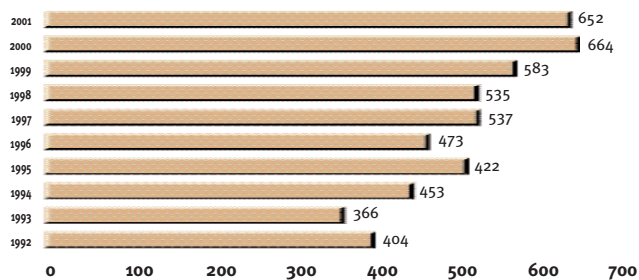


Key figures

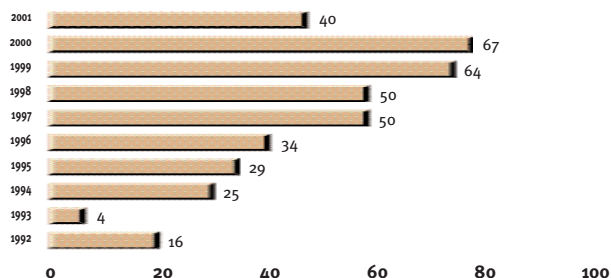
In € million	1999	2000	2001
Consolidated turnover	583	664	652
Europe	55%	49%	52%
America	29%	31%	28%
Asia/Pacific	15%	19%	19%
Rest of the world	1%	1%	1%
TOTAL	100%	100%	100%
Operating profit before depreciation (EBITDA)	114	119	100
Depreciation	-49	-53	-58
Operating profit (EBIT)	65	66	42
Net financial charges	-1	1	-2
Profits before taxation :			
Ordinary	64	67	40
Exceptional	-	-2	-7
Total	64	65	33
Cash flow	85	81	66
Value added			
Remuneration	84	103	101
Depreciation (*)	29	31	33
Financial charges	1	-1	2
Ordinary profit before taxation	64	67	40
	178	200	176
Turnover per employee (1)	0.36	0.38	0.36
Value added per employee (2)	0.11	0.12	0.10
Capital expenditure during the year	30	45	77
Research & Development expenditure	26	31	35
ROCE	23	22	14
Numbers employed at 31 st December	1 702	1 797	1 735

(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

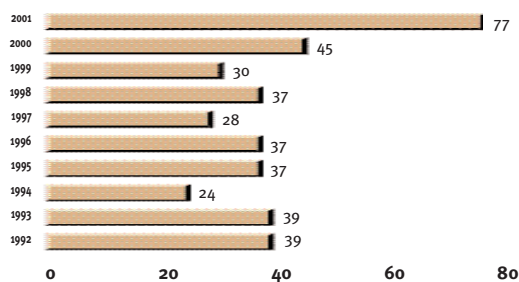
CONSOLIDATED TURNOVER (In € million)



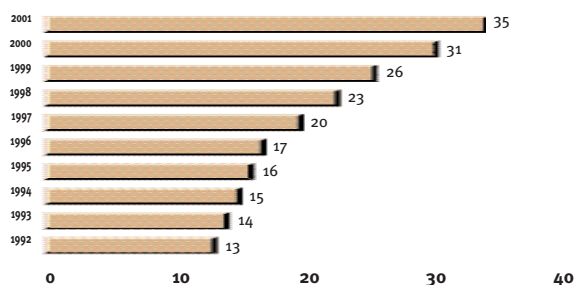
ORDINARY PROFITS BEFORE TAXATION (In € million)



INVESTMENTS (In € million)

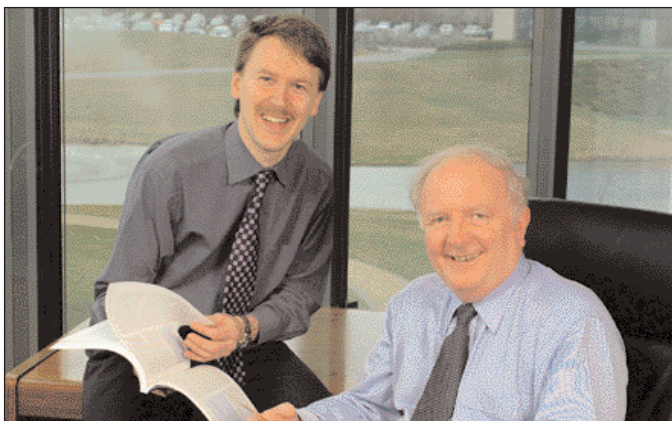


RESEARCH & DEVELOPMENT EXPENDITURE (In € million)



The Film Sector had a difficult year, mainly influenced by the increase in the costs of energy and a general reduction in industrial activity worldwide. Turnover increased to € 396 million in 2001, from € 391 million the previous year.

Film sector



William Lowther (on the right), Director-General of the Film Sector, with Martin Court, Research & Development Manager.

Additional costs linked to the development of new specialities and a particularly difficult year for *Cellophane* activities in the United States adversely affected operational margins. The Sector showed ordinary profits of € 9 million, a fall of 61%. The development of new specialities continues and should lead the Sector towards its profitability objectives.

OPP FILMS

The activities in **OPP films** generated a turnover of € 204 million, compared to € 195 million in 2001, an increase of 5%. With the commissioning in 2001 of a new bubble-extrusion unit of 11,000 tonnes at Wigton, in Great Britain, the total capacity of the Sector in OPP films is now 90,000 tonnes. This new development should enable UCB

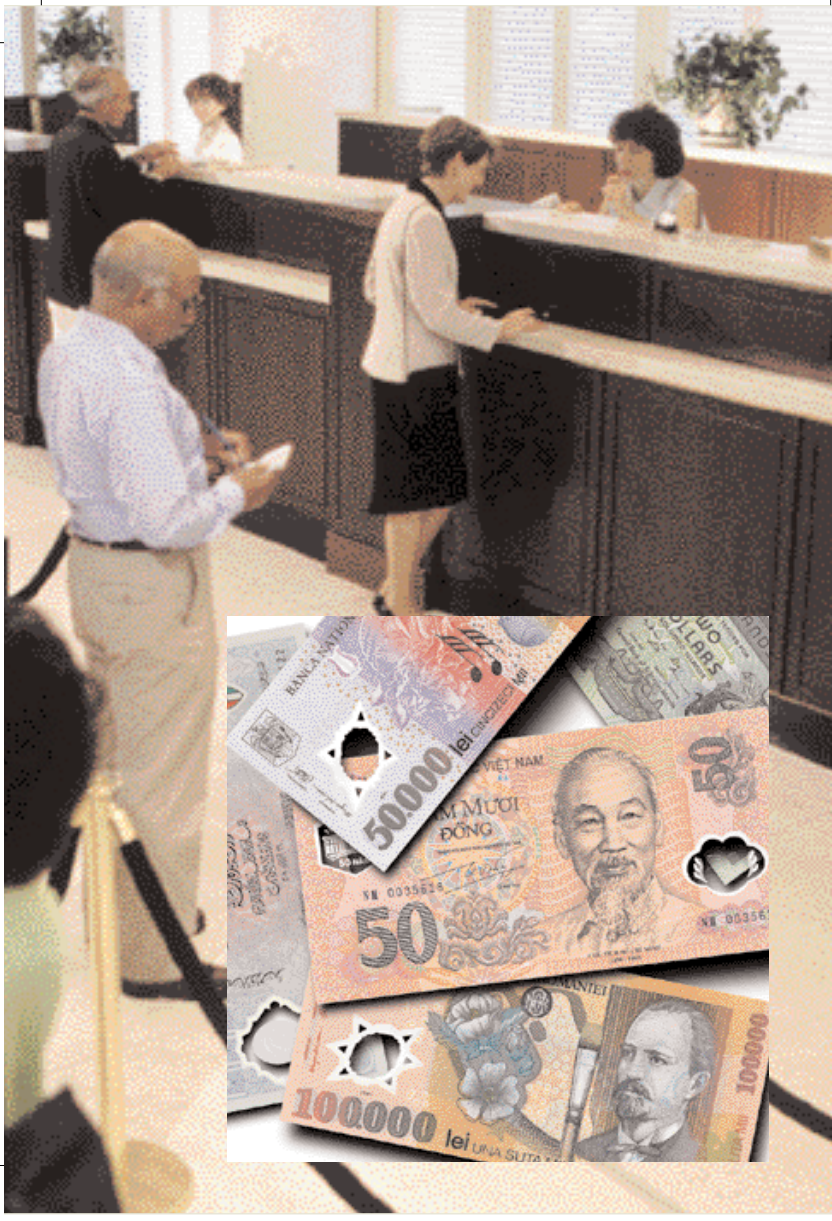
to consolidate its position in the markets for speciality films for applications in the field of self-adhesive labels, in overwrapping, as well as in coated films for packaging and in security products. The United States is a market with strong growth, which generated 17% of the worldwide turnover of speciality OPP films.

In **films for self-adhesive labels**, where UCB is world leader, sales rose from € 44 to € 52 million, an increase of 18%. In replacing traditional paper labels, OPP labels have continued to make progress in several industrial sectors, where the products are processed in the bottles, flasks or other types of packaging (food products, beverages, medicines, cosmetics). This OPP technology has the ecological advantage of simplifying and reducing the costs of recycling.

In **coated films**, UCB occupies one of the leading places on the world market through fully utilizing the technical synergies between the Chemical Sector and the Film Sector. Labels are the most dynamic application, but also long life packaging, which offer excellent protection, whilst providing optimal access to the contents. The sophistication of packaging in retail distribution seems increasingly to be an additional attractive factor with the consumer. In this spirit, UCB has developed a form of peelable coating, permitting a type of re-usable packaging, through a system of opening and closing the sachet.

OPP films used in **overwrap** make maximum use of the unique properties of the elasticity of these films, made possible by bubble-extrusion technology. The most common applications are for CD/DVD discs, cassettes, cigarette packs, etc.

In the field of **polymeric base for bank notes**, the *Guardian* product has continued its breakthrough by including new denominations of notes in Mexico and in Romania, which now brings to three, out of the 18 countries using polymeric base,



1. The main banknotes on polymeric base issued in 2001. Romania is the first European country, whose full range of notes is printed on this type of base.
2. Cellophane™'s inherent ability to hold a tight twist or fold without uncurling made it the perfect choice for these All Stars sweets from Nestlé Rowntree.

the number who have opted for a complete conversion of their notes onto this base substrate of OPP film; Australia, New Zealand and Romania. This new material responds to the demand for reducing the risks of counterfeiting, whilst considerably increasing the strength of the notes, whose life is on average four times that of traditional paper-based notes. Security Pty Ltd, a joint subsidiary of the Film Sector and the Reserve Bank of Australia, is the only company with this technology.

CELLOPHANE

In **cellulose films**, sales have stabilized at € 192 million. Benefiting from a worldwide presence, with a global market share of around 70%, UCB continues to focus on a strategy of concentrating on specialities in the field of cellulose films.

For less specialized applications, substitution in the markets for cellulose films by synthetic film continues inevitably. It is in such a context that UCB continues to maintain its efforts to rationalize its operations, as demonstrated in the course of the year by the closure of the factory at Burgos in Spain. The pursuit of the development of new applications in those specialities with high added value, which

MAIN PRODUCTS

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

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.

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 consumer products, such as cosmetics.

Cellophane cellulose films are manufactured in Great Britain 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.



make use of the unique characteristics of *Cellophane* remains the objective. These developments in the field of *Cellophane* are complementary to those being made in the range of speciality OPP films.

Amongst the recent industrial applications, which have been developed, are membranes made from cellulose films in long life batteries, for use particularly in portable computers and telephones. Benefiting from the characteristic of cellulose film of offering good heat resistance, UCB has launched a range of transparent packaging for food to be cooked in micro-wave ovens under the name, *CelloTherm*. The quality of micro-wave cooking is improved, resulting in a better taste for the food and a texture similar to that of cooking in conventional ovens.

In addition to the industrial applications already mentioned, the *Cellopore* sachet continues to be developed; as already reported, this cellulose film enables beverages and foods to be made from water previously unfit for human consumption.

RESEARCH AND DEVELOPMENT

The new Research Centre at Wigton (Great Britain) should be operational this year. It will bring together more than a hundred people and will enable the Film Sector to have a facility available designed to generate new products to the industrial stage.

In OPP films, the continuing efforts in R&D will enable new ranges of films with high added value to be introduced, thus responding to market demand for more advanced technology in labelling. New applications, based on this unique technology, are being developed in the field of certificates, such as birth certificates,



Greek CD manufacturer Intersonic is enjoying dramatically improved wrapping efficiencies since switching to Propafilm™.

1. The FIFA World Youth Championships featured the first football tickets to be printed on UCB Films' polymeric security substrate, Verifisec™.

Some 900,000 tickets were produced for the Argentinean event each featuring a number of sophisticated anti-counterfeit devices.



2. UCB Films has developed a unique biodegradable film, NatureFlex™, which is now being used by leading UK supermarket Sainsbury's for its organic produce range.

3. The R&D teams of the Film Sector are working to make its special films in bi-oriented polypropylene and in Cellophane ever more "intelligent".

4. OPP films are used in the manufacture of highly resistant and sparkling self-adhesive labels, which are easily recyclable with the bottle itself.

identity cards/passports, share certificates, entrance tickets to cultural and sporting events, etc... This is why for the World Junior Football Championship, held in Argentina in 2001, FIFA chose the polymeric substrate for printing the 900,000 tickets required for the events.

In applications for cellulose films, R&D continues to develop the technology of new membranes designed for batteries for electric cars and for the linings of garments for chemical and biological.

industry for a better life

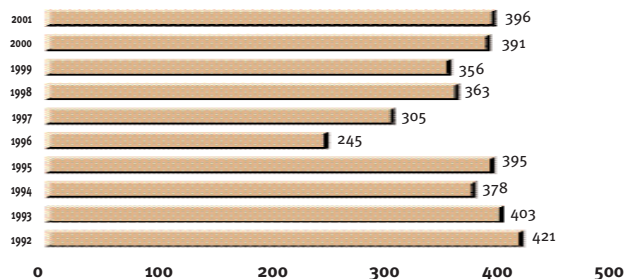
Key figures



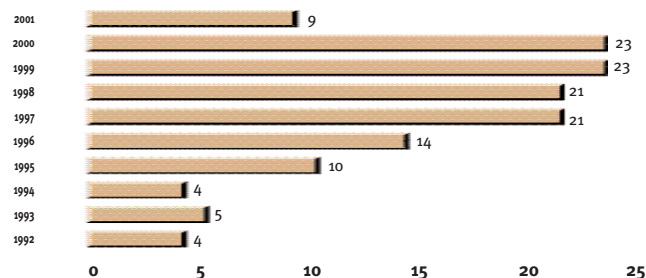
In € million	1999	2000	2001
Consolidated turnover	356	391	396
Europe	57%	55%	54%
America	24%	26%	30%
Asia-Pacific	16%	16%	14%
Rest of the world	3%	3%	2%
TOTAL	100%	100%	100%
Operating profit before depreciation (EBITDA)	53	61	49
Depreciation	-22	-27	-29
Operating profit (EBIT)	31	34	20
Net financial charges	-8	-11	-11
Profits before taxation :			
Ordinary	23	23	9
Exceptional	-11	-7	-6
Total	12	16	3
Cash flow	36	75	5
Value added			
Remuneration	99	118	101
Depreciation	22	27	29
Financial charges	8	11	11
Ordinary profit before taxation	23	23	9
	152	179	150
Net sales per employee (1)	0.16	0.17	0.18
Value added per employee (2)	0.07	0.08	0.07
Capital expenditure during the year	35	64	36
Research & Development expenditure	14	12	15
ROCE	10	8	3
Numbers employed at 31 st December	2 354	2 272	1 952

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

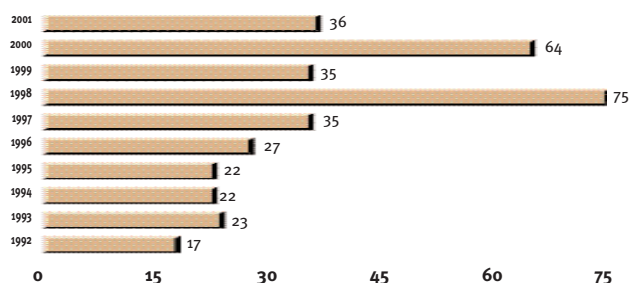
CONSOLIDATED TURNOVER (In € million)



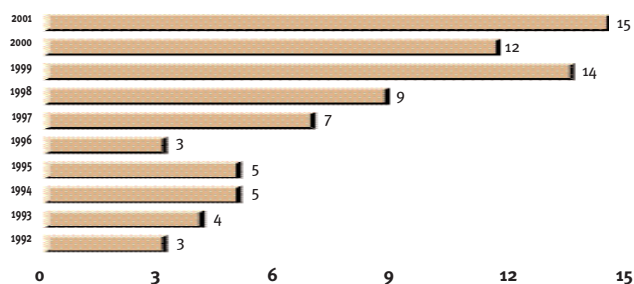
ORDINARY PROFITS BEFORE TAXATION (In € million)



INVESTMENTS (In € million)



RESEARCH & DEVELOPMENT EXPENDITURE (In € million)





Non-sectorial activities

In € million	1999	2000	2001
Profits before taxation	€	€	€
Ordinary	4	6	10
Exceptional	2	-	-1
Total	6	6	9

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

Those involved in the Group data processing gathered together at the UCB Centre in September 2001. On the programme: workshops, presentations, discussions on data processing security, the strategic role of data processing, worldwide contracts and other topical subjects.



Results of UCB SA and proposed distribution

The operations of UCB S.A. resulted in a net profit after taxation of € 331,080,696 in 2001, compared to € 164,750,713.61 in 2000. This profit includes an exceptional profit of € 6,035,069.39

After taking account of the profit brought forward from the previous year of € 98,700,073.53, the balance available for distribution amounts to € 429,780,769.53. The Board proposes to you the following distribution:

1. Distribution to shareholders of a gross dividend of	€	110 909 080
2. Transfer to legal reserves	€	3 934 836.19
3. Transfer to distributable reserves	€	195 000 000
4. Carried forward	€	119 936 853.34
	€	429 780 769.53

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 € 0.57 per share, against the surrender of coupon No 4, compared to € 0.48 the previous year.

This amount takes account of a withholding tax of 25%. Coupon No 4 will be payable as from the 14th June, 2002, at the branches and agencies of Fortis Bank.

The appointments as Directors of Baron Jacobs, Mr Eric Janssen, Mr Guy Keutgen, the Countess Diego du Monceau de Bergendal, Mrs Jean van Rijckevorsel and Mr Jean-Louis Vanherweghem expire at the end of the Annual General Meeting. Being eligible, these Directors offer themselves for re-election.

Finally, the Board wishes to express its warmest thanks to all the personnel of the Group throughout the world for their dynamic and effective contribution to the success of the Group in a sometimes difficult context on the international scene.

Brussels, 28th March, 2002.

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, H.R.H. the Prince Lorenz, 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, 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 (2004), Baron Daniel Janssen (2003), H.R.H. the Prince Lorenz (2004), Alan Blinken (2003), Baron Karel Boone (2003), Baron Jacobs (2002), Eric Janssen (2002), Guy Keutgen (2002), Countess Diego du Monceau de Bergendal (2002), Mrs Jean van Rijckevorsel (2002) and Jean-Louis Vanherweghem (2002). The appointment of a Director is for a period of three years and is renewable.

There are no special regulations, statutory or otherwise, covering the nomination of Directors and the renewal of their appointment, other than the age limit which is, in principle, 70 years, and which the members of the Board of Directors have imposed on themselves. In 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; the Annual General Meeting of 2001 fixed that of the Chairman and Deputy Chairman at € 62,000 per year. The fees of the Directors are fixed and do not include a variable element nor stock options.

Proceedings of the Board of Directors

The Board of Directors meets 6 to 8 times a year and decisions are taken in the majority of cases unanimously. In the case of a vote, the 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; until April, 2001, Baron Daniel Janssen was a part-time member of the Executive Committee.

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.

The fixed part of the gross remuneration of the members of the Executive Committee amounted to € 1.8 million in 2001. The variable part, which was essentially linked to the movement in the profits of the Group, amounted to € 2.1 million in the same year.

In 2001, 36,000 purchase options on UCB S.A. shares were granted to members of the Executive Committee. These options are exercisable from the 15th February, 2005, to the 31st May, 2011 (except in the periods from the 1st January to the 15th February and the month of July each year) at the price of € 35.55, the average price for May, 2001. The total number of options on UCB shares granted to members of the Executive Committee and not yet exercised on the 31st December, 2001, amounted to 99,000.

The members of the Executive Committee benefit, like a great part of the personnel of the Group, from a pension plan, which complements the statutory pensions, aiming to reduce as far as possible the difference between their resources before and after taking statutory retirement. This complementary pension is financed by personal

contributions from the participants, by a collective contribution made by UCB to these pension funds and by the income generated by them.

External Audit

The College of Commissaires of the UCB Group and of UCB S.A. is composed of Daniel Goossens and Daniël Van Woensel. They are appointed by the General Meeting in accordance with the law and their appointments are renewable. The last renewal took place in 2001. Neither the Commissaires, nor the firms associated with them, undertake any other activities for the UCB Group than those of the external audit.

Relations with the principal shareholders

The principal 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, which also appointed its members. It is responsible for deciding, in predefined circumstances, the time to implement this defensive mechanism and also to approve any transfer of these warrants. The holders of the warrants have entered into an agreement with UCB SA, ensuring their respect for the conditions of issuing and exercising these warrants. The warrants and the agreements have a duration of five years.

Human resources



Relaxed atmosphere at a meeting of representatives in the United States.

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.

NUMBERS EMPLOYED IN THE GROUP BY COUNTRY

	End 2000		End 2001		Difference
Belgium	3 178	32%	3 337	33%	+ 159
Great Britain	1 502	15%	1 449	15%	- 53
France	521	5%	526	5%	+ 5
Germany	434	4%	448	5%	+ 14
Italy	284	3%	325	3%	+ 41
Spain	576	6%	319	3%	- 257
Switzerland	113	1%	139	1%	+ 26
Turkey	111	1%	112	1%	+ 1
Greece	118	1%	105	1%	- 13
Portugal	81	1%	79	1%	- 2
Central and East Europe	149	2%	168	2%	+ 19
Nordic Countries	78	1%	82	1%	+ 4
Rest of Europe	61	1%	79	1%	+ 18
Europe	7 206	74%	7 168	72%	- 38
United States	1 218	12%	1 273	13%	+ 55
Latin America	85	1%	87	1%	+ 2
Americas	1 303	13%	1 360	14%	+ 57
Japan	386	4%	398	4%	+ 12
India	301	3%	304	3%	+ 3
China	141	1%	185	2%	+ 44
Australia	144	1%	138	1%	- 6
Malaysia	112	1%	129	1%	+ 17
Philippines	87	1%	97	1%	+ 10
Korea	85	1%	100	1%	+ 15
Thailand	46	-	42	-	- 4
Taiwan	33	-	35	-	+ 2
Rest of Asia	19	-	8	-	- 11
Asia/Pacific	1 354	12%	1 436	13%	+ 82
Rest of the world	47	1%	49	1%	+ 2
Total of the world	9 910	100%	10 013	100%	+ 103

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.



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 functions 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 global management procedures. Transfers, promotions, recruitment and succession planning for colleagues with high potential and for management staff are reviewed and co-ordinated by the Executive Committee itself. The remuneration policy followed by the Group, together with that on pensions, is based on two principles: benchmarking, which enables local conditions to be taken into account and performance, which is assessed on the basis of identical systems and norms relating to the objectives of each person. Continuing training and information are managed globally. 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 worldwide

Although numbers employed outside Europe continue to increase (+141 people) with the globalization of the activities of the Group, employment is also increasing in Europe and particularly in Belgium (+159 people). The increase in employment globally has been in Asia, in the United States, as well as in Belgium.

2) Main production sites

In the Pharma Sector, the Belgian and American sites show the sharpest increase. In the Chemical Sector, the increase in numbers employed has been most significant in China, where a production unit was commissioned. In the Film Sector, the reduction was mainly due to the closure of the site at Burgos in Spain.

NUMBERS EMPLOYED IN THE GROUP BY SECTOR AT 31ST DECEMBER, FOR THE MOST IMPORTANT SITES

	2000	% Group	2001	% Group	Difference
Pharma Sector					
Sites at Brussels	238		216		- 22
Braine-l'Alleud	1 595		1 801		+ 206
Paris and Limay	505		477		- 28
Barcelona	237		241		+ 4
Turin	266		306		+ 40
Sindorf and Rosslau	300		314		+ 14
Athens	118		105		- 13
Istanbul	111		112		+ 1
Watford (UK)	108		115		+ 7
Bulle and Zurich	94		116		+ 22
Other European sites	346		383		+ 37
Europe	3 918		4 186		+ 268
Atlanta	546		659		+ 113
Boston	64		86		+ 22
Latin America	68		66		- 2
Japan	383		395		+ 12
Bombay and Vapi (India)	298		304		+ 6
Makati City (Philippines)	85		95		+ 10
Other Asian sites	196		210		+ 14
Rest of the world	45		46		+ 1
Outside Europe	1 685		1 861		+ 176
Total Sector	5 603	57%	6 047	60%	+ 444
Chemical Sector					
Sites at Brussels	24		27		+ 3
Drogenbos	650		634		- 16
Ghent	354		337		- 17
Schoonaarde	27		27		-
Leuna and Sindorf	102		97		- 5
Other European sites	125		101		- 24
Europe	1 282		1 223		- 59
Atlanta and North Augusta	268		222		- 46
China	103		146		+ 43
Seremban (Malaysia)	68		72		+ 4
Rest of Asia	62		57		- 5
Rest of the world	14		15		+ 1
Outside Europe	515		512		- 3
Total Sector	1 797	18%	1 735	17%	- 62
Film Sector					
Sites at Brussels	20		23		+ 3
Merelbeke	137		140		+ 3
Wigton	1 028		993		- 35
Bridgwater	349		318		- 31
Burgos	264		25		- 239
Other European sites	36		45		+ 9
Europe	1 834		1 544		- 290
Atlanta and Tecumseh	275		252		- 23
Craigieburn (Australia)	140		133		- 7
Rest of the world	23		23		-
Outside Europe	438		408		- 30
Total Sector	2 272	23 %	1 952	20%	- 320
Non sectorial					
Sites at Brussels	133		132		- 1
Atlanta	65		54		- 11
Others	40		93		+ 53
	238	2 %	279	3%	+ 41
Total of the world	9 910	100 %	10 013	100%	+ 103



Qualifications of the personnel

1) Structure of employment

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

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 %
2001		
management: 37 %	monthly-paid: 36 %	hourly-paid: 27 %

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.

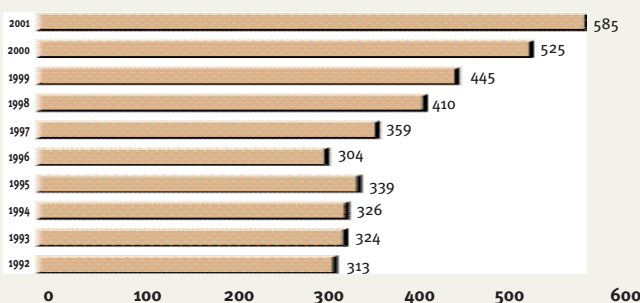
EMPLOYMENT STRUCTURE IN 2001

Management		
Sector	Pharma	2 826
	Chemical	467
	Film	248
	Non-sectorial	129
Total		3 670
		37 %
Monthly-paid		
Sector	Pharma	2 340
	Chemical	573
	Film	536
	Non-sectorial	142
Total		3 591
		36 %
Hourly-paid		
Sector	Pharma	881
	Chemical	695
	Film	1 168
	Non-sectorial	8
Total		2 752
		27 %
TOTAL GROUP		10 013
		100 %

2) Wages, salaries and social charges

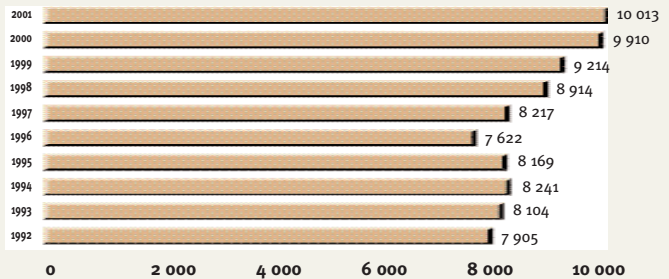
The total of wages, salaries and social charges increased from € 525 to € 585 million.

WAGES, SALARIES AND SOCIAL CHARGES (in € million)

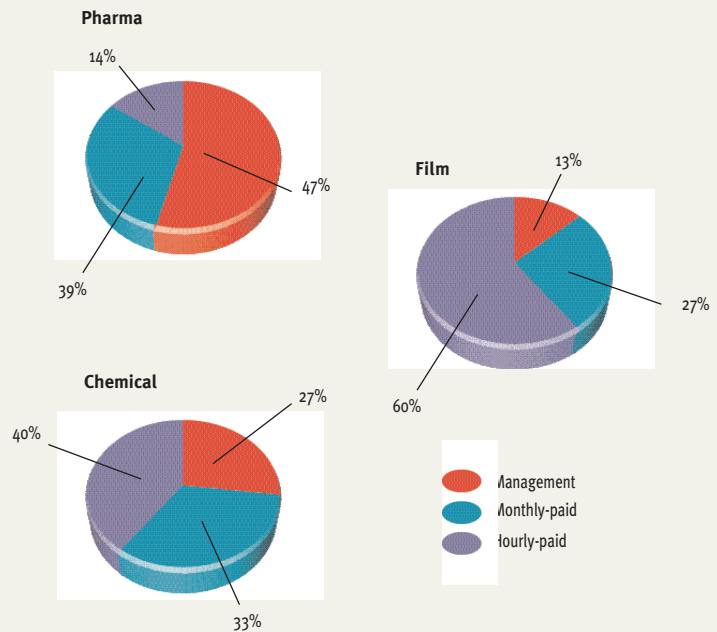


At the Group level on a world basis, the amount spent on social charges, extra-legal charges and taxes was significant: so that, if someone received a net income of € 100, the average total cost to UCB was € 150. In Belgium on the other hand, when someone received a net income of € 100, the average total cost to UCB exceeded € 250. For the UCB Group as a whole, the average salary cost per person employed was € 58,458. In Belgium, it was € 62,813.

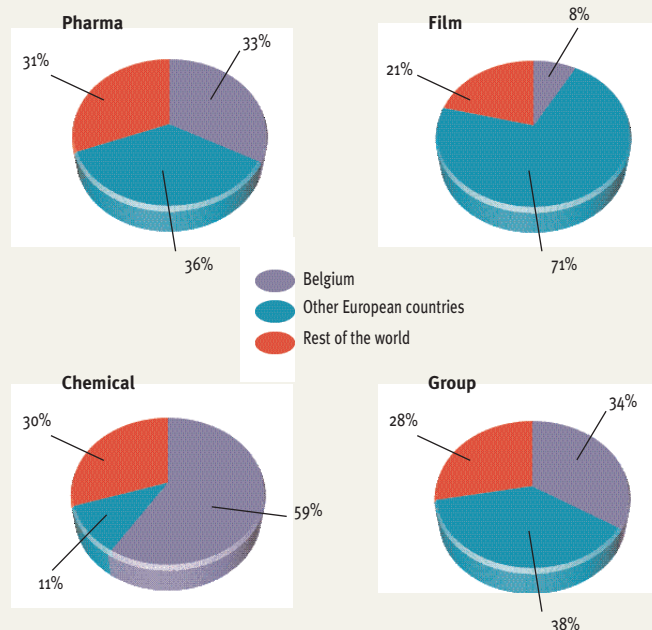
CHANGE IN NUMBERS EMPLOYED



BREAKDOWN OF PERSONNEL BY SECTOR



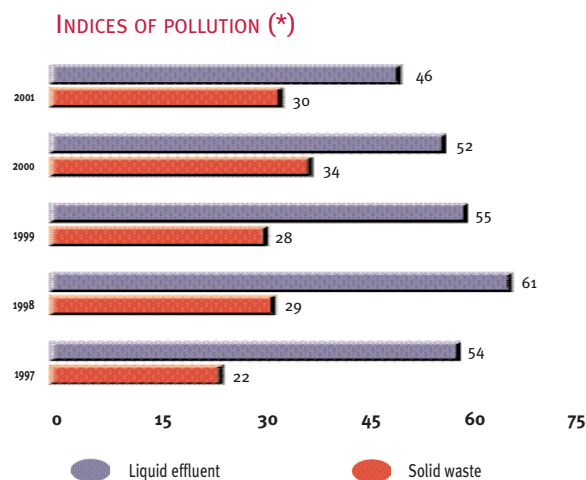
DISTRIBUTION OF PERSONNEL EMPLOYED



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 “Reasonable Care” programme of the chemical industry, which advocates a continuous improvement in performance in safety, hygiene and the environment. It also includes a system of environmental management, based on the standard ISO 14000 and of safety management, based on the standard OSHAS 18000, in all the factories of the Group.



Developments

The fall in the index of **liquid effluent** was mainly due to the commissioning of the biological treatment unit at the factory in Drogenbos. The other significant factor in the reduction was the cessation of activities at the factory in Burgos (Spain). Efforts will continue in the development of a new process to treat effluent at source in the production units for the range of Radcure resins.

Despite the maintenance of the quantity of **waste**, linked to the growth in the level of activity, this index has fallen due to an increase in the proportion recycled.

For **atmospheric emissions**, one should note the commissioning of two thermal oxidation units for volatile organic composites (VOCs). The VOC index, however, has increased following the growth of coating activities at Wigton. On the other hand, the index of carbon disulphide and hydrogen sulphide has fallen sharply, following the cessation of activities at the Burgos factory. In addition, efforts are being made at the Braine factory, which should lead to the achievement of a process to reduce VOCs. A project is in progress to improve the recycling of CS₂ in the Cellophane factories.

Investments

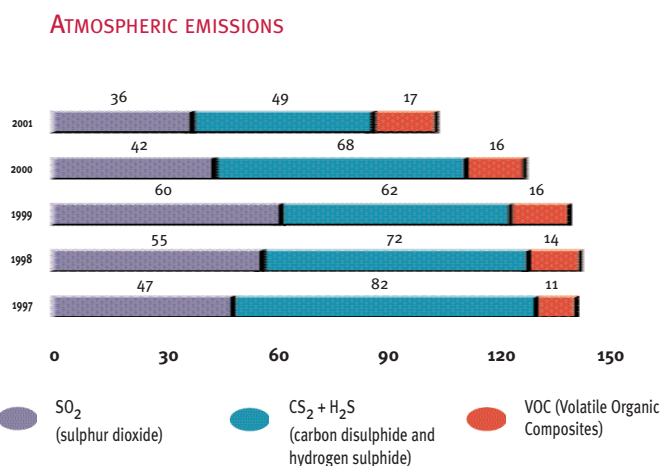
Investments, made for the protection of the environment and for the improvement of safety, rose to € 13 million, equivalent to almost 7% of the industrial investments of the Group. The running costs, including the operating costs of the water treatment and waste disposal plants, together with the costs of the people involved in the management of these problems, were € 12 million. Total expenditure on the environment, therefore, amounted to € 25 million.

In the **Pharma Sector**, the factories at Braine (Belgium) and at Bulle (Switzerland) have modernised their infrastructure for storing and sorting waste. UCB-Bioproducs at Braine has invested in a recycling plant for solvents, thus enabling the volume of waste to be considerably reduced.

A major investment has been made by the **Chemical Sector** in the new monomer unit at the factory in Shanghai (China), where the thermal oxidation of the liquid and gaseous effluents resulting from the process enables the impact on the environment to be reduced, integrated with energy recovery.

A biological effluent treatment plant has been completed at the factory in Seremban (Malaysia). The Sector has also continued with programmes for the collection and treatment of gaseous effluent in the factories at Schoonaarde (Belgium) and Drogenbos (Belgium) and the modernization of the loading and unloading equipment at the factory in Ghent (Belgium).

In the **Film Sector**, retaining bunds have been built around the storage tanks at the factory in Tecumseh (USA) to limit possible seepage.



(*) 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)

Assets	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Gross industrial assets	1 024	1 082	1 183	1 290	1 321	1 209	1 354	1 518	1 744	1 983	2 201
Depreciation	- 639	- 687	- 754	- 821	- 855	- 776	- 868	- 957	- 1112	- 1 250	- 1 357
Net industrial assets	385	395	429	469	466	433	486	561	632	733	844
Other net assets	24	27	19	22	22	23	17	39	40	87	91
Fixed assets	409	422	448	491	488	456	503	600	672	820	935
Stocks and contracts in progress	182	174	179	186	198	178	235	251	307	398	432
Receivables of one year or less	267	253	257	287	277	309	387	440	550	664	741
Investments	171	160	215	214	161	274	208	149	164	267	339
Cash at bank and in hand	24	30	34	43	37	46	53	55	80	109	89
Deferred charges and accrued income	17	22	30	22	27	30	43	24	34	45	28
Current assets	661	639	715	752	700	837	926	919	1 135	1 483	1 629
Total assets	1 070	1 061	1 163	1 243	1 188	1 293	1 429	1 519	1 807	2 303	2 564
Liabilities											
Capital	259	260	260	261	261	262	262	262	438	438	438
Share premium account	-	1	2	2	4	5	5	5	-	-	-
Group reserves	117	147	189	211	258	380	500	589	585	750	944
	376	408	451	474	523	647	767	856	1 023	1 188	1 382
Minority interests	8	9	13	9	9	9	10	15	18	17	8
Equity	383	417	464	483	532	656	777	871	1 041	1 205	1 390
Investment grants	4	2	3	2	2	1	1	1	1	1	1
Own funds	387	419	467	485	534	657	778	872	1 042	1 206	1 391
Deferred taxation	-	2	2	2	1	1	1	1	1	6	31
Provisions for risks and charges	44	52	62	77	78	81	85	85	95	174	214
Amounts payable in more than 1 year	277	241	264	222	198	168	126	118	133	199	203
Amounts payable in 1 year or less	349	331	352	439	353	354	398	388	463	625	614
Dividend of UCB SA	18	21	21	23	29	37	46	55	73	93	111
- interim dividend paid	- 5	- 5	- 5	- 5	- 5	- 5	- 5	-	-	-	-
Current liabilities	639	588	632	679	575	554	565	561	669	917	928
Total liabilities	1 070	1 061	1 163	1 243	1 188	1 293	1 429	1 519	1 807	2 303	2 564

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)	1993	1994	1995	1996	1997	1998	1999	2000	2001
I. Ordinary profit									
Turnover	1 192	1 297	1 341	1 260	1 501	1 646	1 842	2 204	2 475
Other income	111	119	129	141	183	215	296	383	428
Operating costs and other charges	- 1 113	- 1 177	- 1 201	- 1 113	- 1 320	- 1 419	- 1 594	- 1 967	- 2 147
Depreciation	- 128	- 143	- 142	- 138	- 165	- 187	- 235	- 243	- 290
Operating profit	62	96	127	150	199	255	309	377	466
Financial charges	- 12	- 23	- 22	- 10	- 13	- 13	- 9	- 7	- 4
Ordinary profit before tax	50	73	105	140	186	242	300	370	462
II. Exceptional profit	22	3	-	31	25	- 15	- 1	6	- 6
III. Profit before tax	72	76	105	171	211	227	299	376	456
Deferred taxation	1	2	-	-	-	-	-	-	-
Taxation	- 13	- 17	- 20	- 25	- 52	- 67	- 79	- 107	- 136
Results of apportioned companies	-	-	- 1	- 1	-	-	-	-	- 2
IV. Profit after tax	60	61	84	145	159	160	220	269	318
Profit attributable to minority interests	3	3	3	3	3	2	1	1	1
Profit attributable to UCB	57	58	81	142	156	158	219	268	319

MATURITY OF GROUP INDEBTEDNESS (€ thousand)

External loans of more than one year taken by the Group currently amount to € 203,293 thousand, of which € 4,689 thousand fall due during the year. The table below shows, by year, the amounts becoming due.

2002	2003	2004	2005	2006	more than 5 year	total < 1 year	total > 1 year	total loans
4 689	56 197	10 722	3 716	738	127 231	4 689	198 604	203 293

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

CONSOLIDATED TABLE OF FINANCING

(€ thousand)

	31/12/1999	31/12/2000	31/12/2001
<i>Trading activities</i>			
Net profits	219 808	268 693	318 481
Net change in the apportioned companies	-	6	1 631
Depreciation (including write-offs)	220 724	231 075	264 777
Provisions for risks and charges	8 380	73 009	65 320
Surpluses or deficits on the sale of assets	- 8 099	- 45 573	- 49 631
Gross margin from autofinancing (trading)	440 813	527 210	600 578
Net change in the requirement for working capital	- 124 796	- 180 954	- 127 129
NET CHANGE IN THE CASH REQUIRED FOR TRADING (a)	316 017	346 256	473 449
<i>Investment activities</i>			
Purchase of assets and shareholdings	- 260 260	- 327 316	- 376 696
Sale of assets and shareholdings	13 937	47 246	54 915
NET CHANGE IN THE CASH REQUIRED FOR INVESTMENTS (b)	- 246 323	- 280 070	- 321 981
<i>Financing activities</i>			
Increase in capital (including issue premiums)	156	-	-
Increase in shares held by third parties	-	-	-
Capital surpluses received	727	1 483	949
Net change in loans	273	60 367	680
Net change in financial debts of more than one year	18 111	71 981	- 11 026
Dividends paid	- 56 150	- 74 089	- 95 325
NET CHANGE IN THE CASH REQUIRED FOR FINANCING (c)	- 36 883	59 742	- 104 722
NET CHANGE IN CASH (d) = (a) + (b) + (c)	32 811	125 928	46 746
Conversion differences & changes in the scope of consolidation (e)	8 218	5 657	5 130
Cash at the beginning of the year (f)	203 346	244 375	375 960
Cash at the end of the year (g) = (d) + (e) + (f)	244 375	375 960	427 836

RATIOS (calculated after distribution)	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1. Depreciation of industrial assets										
Industrial assets net/ Industrial assets gross	0.36	0.36	0.36	0.35	0.36	0.36	0.37	0.36	0.37	0.38
2. Degree of capital investment										
Fixed assets/Permanent funds	0.59	0.56	0.62	0.60	0.50	0.51	0.56	0.53	0.52	0.51
3. Degree of self-financing										
Own funds/Third party funds	0.71	0.74	0.71	0.93	1.19	1.38	1.55	1.56	1.32	1.50
4. Degree of long term self-financing										
Own funds/Permanent funds	0.59	0.59	0.62	0.66	0.72	0.79	0.81	0.82	0.76	0.76
5. Liquidity										
Assets readily available or realizable/ Short term borrowings	1.84	1.94	1.65	1.86	2.17	2.11	2.07	2.12	2.07	2.25
6. Return on capital										
Profit/loss for the year/Own funds	0.13	0.13	0.13	0.16	0.22	0.20	0.18	0.21	0.22	0.23
(*)	0.12	0.08	0.12	0.16	0.17	0.17	0.20	0.21	0.22	0.23
7. Net margin										
Profit/loss for the year/Turnover	0.05	0.05	0.05	0.07	0.11	0.11	0.10	0.12	0.12	0.13
(*)	0.04	0.03	0.05	0.07	0.09	0.09	0.11	0.12	0.12	0.13
8. Gross profitability										
Cash flow/Own funds	0.25	0.28	0.32	0.31	0.45	0.39	0.26	0.30	0.35	0.32
(*)	0.26	0.22	0.28	0.28	0.27	0.25	0.28	0.30	0.33	0.35
9. Gross margin										
Cash flow/Turnover	0.09	0.12	0.13	0.13	0.24	0.20	0.14	0.17	0.19	0.18
(*)	0.09	0.09	0.11	0.12	0.14	0.13	0.15	0.17	0.18	0.20
10. Level of self-financing of investments										
Investments during the year/Cash flow	0.69	0.66	0.89	0.56	0.34	0.36	0.67	0.34	0.41	0.43

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.

Information on UCB shares

Shareholdings

The number of UCB shares in issue on the 31st December, 2001, 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 Euronext. On the 31st December, 2001, the Stock Exchange capitalisation of the Group was € 6.6 billion, which places UCB 7th in the list of Belgian quoted companies, representing 3.56% of the total Brussels stock exchange capitalisation and 6.6% of the BEL 20 index.

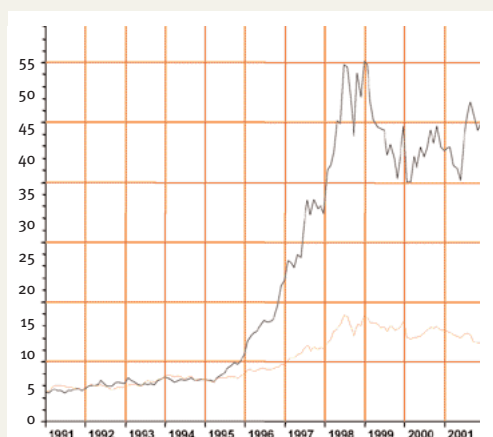
In € billion (1)	1997	1998	1999	2000	2001
Market Capitalisation	€ 4.4	€ 7.7	€ 6.3	€ 5.8	€ 6.6
<i>Other data</i>					
In € per UCB share (1)	1997	1998	1999	2000	2001
Own funds of the Group	€ 5.27	€ 5.87	€ 7.02	€ 8.15	€ 9.47
Consolidated cash flow	2.04	1.55	2.09	2.91	3.07
Ordinary consolidated profit after taxation	0.90	1.19	1.51	1.80	2.15
Exceptional consolidated profit	0.17	- 0.11	- 0.01	0.04	0.04
Total consolidated profit after taxation	1.07	1.08	1.50	1.84	2.19
Dividends per share					
Gross	0.31	0.38	0.50	0.64	0.76
Net	0.24	0.29	0.38	0.48	0.57
Highest and lowest share values	20.14/37.93	29.93/54.54	35.00/56.00	33.00/43.98	33.55/46.75
Price of the ordinary share at the end of December (2)	30.32	52.55	43.05	39.48	45.47
Increase in price of the ordinary share P.E.R. (3)	+ 43 %	+ 76 %	- 19 %	- 9 %	+ 15 %
Average number of shares dealt in per day	194 600	225 100	182 173	182 002	205 811
Number of UCB shares at 31st December	145 865 800	145 907 400	145 933 000	145 933 000	145 933 000

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

(2) The price of the ordinary share was € 44.5 on the 28th March, 2002.

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

EVOLUTION OF THE CURRENCY OF THE UCB SHARES



— 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 ORDINARY SHARES OF UCB (*)

	highest price	lowest price
1984	1.36	1.01
1985	1.45	1.11
1986	2.47	1.31
1987	3.04	1.66
1988	2.40	1.72
1989	5.25	2.23
1990	6.64	4.19
1991	4.95	3.86
1992	5.89	4.66
1993	6.49	4.98
1994	6.47	5.50
1995	9.76	5.65
1996	21.01	9.69
1997	37.93	20.14
1998	54.54	29.93
1999	56.00	35.00
2000	43.98	33.00
2001	46.75	33.55

MOVEMENT IN DIVIDENDS (*)

Net dividend per share. for financial year	
1987	0.06
1988	0.06
1989	0.08
1990	0.09
1991	0.09
1992	0.10
1993	0.11
1994	0.11
1995	0.15
1996	0.19
1997	0.24
1998	0.29
1999	0.38
2000	0.48
2001	0.57

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

Consolidated Accounts and Annual Accounts of UCB SA at 31 December 2001

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Annual Accounts of UCB SA

at 31 December 2001

Consolidated Balance Sheet

A comparison of the consolidated balance sheets over 10 years can be found on page 26

ASSETS

(After distribution)	31/12/1999 € thousand	31/12/2000 € thousand	31/12/2001 € thousand
FIXED ASSETS	638 822	742 907	853 820
I. Formation expenses (ann. VII)	1 694	1 217	638
II. Intangible assets (ann. VIII)	183 072	213 447	240 504
III. Consolidation differences (ann. XII)	23 113	22 387	22 662
IV. Tangible fixed assets (ann. XI)	423 915	495 978	580 258
A. Land and buildings	145 533	170 056	190 213
B. Plant, machinery and equipment	213 617	236 086	243 726
C. Furniture and vehicles	17 955	19 249	23 618
D. Leasing and other similar rights	3 478	3 495	5 715
E. Other tangible fixed assets	3 712	4 055	4 600
F. Assets under construction and advance payments	39 620	63 037	112 386
V. Financial fixed assets (ann. I to IV and X)	7 028	9 878	9 758
A. Apportioned companies	28	171	459
1. Investments	28	171	459
2. Amounts receivable	-	-	-
B. Other companies	7 000	9 707	9 299
1. Shares	3 889	4 042	4 007
2. Amounts receivable	3 111	5 665	5 292
CURRENT ASSETS	1 168 624	1 560 229	1 710 034
VI. Receivables of more than one year	33 055	77 259	80 758
A. Trade receivables	2	14 425	21 636
B. Other amounts receivable	33 053	62 834	59 122
VII. Stocks and contracts in progress	307 016	397 598	432 162
A. Stocks	306 666	397 496	432 162
1. Raw materials and consumables	74 826	90 935	98 725
2. Work in progress	45 527	60 315	80 229
3. Finished goods	158 093	189 747	191 919
4. Goods purchased for resale	27 732	55 501	60 024
5. Buildings for resale	-	-	-
6. Advance payments	488	998	1 265
B. Contracts in progress	350	102	-
VIII. Amounts receivable within one year	550 543	664 514	741 288
A. Trade receivables	379 922	444 759	448 761
B. Other amounts receivable	170 621	219 755	292 527
IX. Investments	164 216	266 929	339 054
A. Own shares	-	-	-
B. Other investments and deposits	164 216	266 929	339 054
X. Cash at bank and in hand	80 159	109 031	88 782
XI. Deferred charges and accrued income	33 635	44 898	27 990
Total assets	1 807 446	2 303 136	2 563 854

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 € thousand	31/12/2000 € thousand	31/12/2001 € thousand
CAPITAL AND RESERVES	1 023 732	1 189 419	1 382 633
I. Capital	437 799	437 799	437 799
II. Share premium account	79	79	79
III. Revaluation surpluses	22 334	21 553	21 356
IV. Reserves (ann. XI)	534 121	708 736	916 779
V. Consolidation differences (ann. XII)	13 161	13 161	14 955
VI. Conversion differences	15 569	7 515	- 8 794
VII. Investment grants	669	576	459
MINORITY INTERESTS			
VIII. Minority interests	18 214	16 931	8 043
PROVISIONS, DEFERRED TAX AND LATENT TAXATION LIABILITIES	95 964	180 170	244 911
IX. A. Provisions for risks and charges	94 580	174 058	214 265
1. Pensions and similar obligations	19 627	22 068	22 964
2. Taxation	141	138	138
3. Major repairs and maintenance	6 657	2 715	4 062
4. Other risks and charges	68 155	149 137	187 101
B. Deferred tax and latent taxation liabilities	1 384	6 112	30 646
CURRENT LIABILITIES	669 536	916 616	928 267
X. Amounts payable in more than one year (ann. XIII)	133 180	198 600	203 336
A. Financial liabilities	128 948	193 283	198 604
1. Subordinated loans	-	-	-
2. Unsubordinated loans	25 781	84 893	83 256
3. Leasing and other similar obligations	742	672	899
4. Credit institutions	42 350	42 822	46 524
5. Other loans	60 075	64 896	67 925
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	4 732
XI. Amounts payable in one year or less (ann. XIII)	496 626	678 053	677 147
A. Current portion of amounts payable after one year	3 357	7 363	4 689
B. Financial debts	96 150	164 466	158 349
1. Credit institutions	95 687	163 102	155 578
2. Other loans	463	1 364	2 771
C. Trade debts	188 609	253 057	234 467
1. Suppliers	184 087	248 651	232 617
2. Bills of exchange payable	4 522	4 406	1 850
D. Advances received on contracts in progress	2 403	1 014	913
E. Taxes, remuneration and social security	100 902	131 687	141 616
1. Taxes	46 306	65 390	67 467
2. Remuneration and social security	54 596	66 297	74 149
F. Other amounts payable	105 205	120 466	137 113
XII. Accrued charges and deferred income	39 730	39 963	47 784
Total liabilities	1 807 446	2 303 136	2 563 854

Consolidated Profit & Loss Account

	31/12/1999 € thousand	31/12/2000 € thousand	31/12/2001 € thousand
I. Sales and operating income	2 138 561	2 586 983	2 903 703
A. Turnover	1 842 052	2 204 266	2 475 333
B. Changes in work in progress, finished goods and orders in process	33 636	60 765	36 832
C. Production capitalized	152 443	150 758	187 503
D. Other operating income	110 430	171 194	204 035
II. Cost of sales and operating charges	- 1 829 600	- 2 210 138	- 2 437 904
A. Materials	548 415	706 038	711 224
1. Purchases	588 350	733 334	721 551
2. Changes in stocks	- 39 935	- 27 296	- 10 327
B. Services and miscellaneous	575 086	675 495	787 840
C. Wages, salaries, social charges and pensions	445 469	525 163	585 342
D. Depreciation and reductions in value on formation costs and on tangible and intangible fixed assets	234 596	242 511	289 570
E. Reductions in value on stocks, orders in process and on commercial debts	4 278	3 813	1 072
F. Provisions for risks and charges	1 479	35 991	41 048
G. Other operating charges	19 423	20 401	21 056
I. Depreciation on consolidation differences	854	726	752
III. Operating profit	308 961	376 845	465 799
IV. Financial income	64 015	90 447	118 876
A. Income from financial fixed assets	2 562	2 165	2 234
B. Income from current assets	14 797	23 599	32 912
C. Other financial income	46 656	64 683	83 730
V. Financial charges	- 72 420	- 97 676	- 122 820
A. Interest and other debt charges	19 418	29 455	38 010
B. Depreciation on consolidation differences	-	-	-
C. Reductions in value on current assets other than those covered in II E above	201	302	170
D. Other financial charges	52 801	67 919	84 640
VI. Ordinary profit before taxation	300 556	369 616	461 855
VII. Exceptional income	40 841	65 929	112 634
A. Write-back of depreciation and of reductions in value on tangible and intangible fixed assets	15 003	17 791	29 820
B. Write-back of depreciation on consolidation differences	-	-	-
C. Write-back of reductions in value of financial fixed assets	-	-	1
D. Write-back of provisions for exceptional risks and charges	6 766	14	30 205
E. Surpluses on disposal of fixed assets	13 219	46 455	50 273
F. Other exceptional income	5 853	1 669	2 335
VIII. Exceptional charges	- 42 176	- 59 787	- 118 214
A. Exceptional depreciation and reductions in value on formation costs on tangible and intangible fixed assets	1 962	3 089	4 099
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	22 611
E. Deficits on disposal of fixed assets	5 120	882	642
F. Other exceptional charges	23 417	23 883	90 862
IX. Profit for the year before taxation	299 221	375 758	456 275
X. A. Transfer from deferred tax and latent taxation liabilities	114	75	63
B. Transfer to deferred tax and latent taxation liabilities	- 271	- 53	-
XI. Taxation on profits	- 79 256	- 107 093	- 136 314
A. Taxation	- 79 272	- 107 199	- 139 957
B. Adjustment of taxes and write-back of tax provisions	16	106	3 643

	31/12/1999 € thousand	31/12/2000 € thousand	31/12/2001 € thousand
XII. Profit of the consolidated companies	219 808	268 687	320 024
XIII. Share in the profits (losses) of apportioned companies		6	- 1 543
A. Profits	-	6	89
B. Losses	-	-	- 1 632
XIV. Consolidated profit	219 808	268 693	318 481
A. Minority interests	1 269	682	- 471
B. Share of the Group in the profit	218 539	268 011	318 952

SUMMARISED PRESENTATION OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31/12/2000 € thousand	31/12/2001 € thousand		
I. Ordinary profit			(1) The detail of depreciation on intangible assets:	
Turnover	2 204 266	2 475 333	Ordinary depreciation	- 98 687 - 110 993
Other income	382 717	428 370	Depreciation on R & D costs	- 144 550 - 179 329
Operating costs and other charges	- 1 966 901	- 2 147 582		- 243 237 - 290 322
Depreciation (1)	- 243 237	- 290 322	Depreciation amounted to € 289,570 thousand compared with	
Operating profit (2)	376 845	465 799	€ 242,511 thousand in 2000 (Item II D) plus depreciation on consolidation	
Financial income (3)	- 7 229	- 3 944	differences of € 752 thousand against € 726 thousand in 2000	
Ordinary profit before tax	369 616	461 855	(Item II I).	
II. Exceptional profit	6 142	- 5 580	(2) Operating profit or EBIT	
III. Profit before tax	375 758	456 275	(Earnings Before Interest and Taxes)	
Deferred taxation	22	63	(3) Detail of financial income/charges by Sector:	
Taxation	- 107 093	- 136 314	Pharma Sector	- 9 780 - 11 003
Share of UCB in the results of the			Chemical Sector	+ 1 379 - 2 365
apportioned companies	6	- 1 543	Film Sector	- 10 641 - 10 740
IV. Profit after tax	268 693	318 481	Non-sectorial activities	+ 9 648 +17 930
Profit attributable to minority interests	682	- 471	Income from non-consolidated shareholdings	- 9 394 - 6 178
Profit attributable to UCB	268 011	318 952		+ 2 165 + 2 234
				- 7 229 - 3 944

Main exceptional results by Sector

		31/12/2000 € thousand	31/12/2001 € thousand
Pharma	Write-back of depreciation on R&D costs	14 738	26 218
	Provisions for risks and charges	- 1 737	- 5 182
	Restructuring costs	- 3 369	- 6 350
	Surplus and deficits on the sales of assets	6 952	195
	Depreciation	- 1 703	- 2 417
	Start-up costs	-	- 1 631
	Other	- 232	- 2 077
		14 649	8 756
Chemical	Write-back of depreciation on R&D costs	2 024	2 463
	Provisions for risks and charges	- 1 641	- 1 240
	Closure and product withdrawal costs	- 1 841	-
	Litigations	-	- 4 883
	Restructuring costs	-	- 2 104
	Other	23	- 1 740
		- 1 435	- 7 504
Film	Surplus and deficits on the sales of assets	36 690	34 863
	Start-up costs of industrial units	- 335	- 2 050
	Litigations	- 2 827	- 3 502
	Restructuring and closure costs	- 39 058	- 32 577
	Other	- 1 465	- 3 038
		- 6 995	- 6 304
Non-sectorial	Surplus on the sales of assets	2 599	153
	Other	- 2 676	- 681
		- 77	- 528
TOTAL		6 142	- 5 580

Annex

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

(* Apportioned companies)

<i>Proportion of capital held (in %)</i>		<i>Proportion of capital held (in %)</i>	
UCB (Investments) Ltd (United Kingdom)	100	Cogefina SA (Switzerland)	100
The 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		<i>outside Europe</i>
Société Commerciale UCB SA (France)	100	UCB Asia Pacific Sdn Bhd (Malaysia)	100
UCB GmbH (Germany)	100	UCB Australia Pty Ltd (Australia)	100
UCB France SA (France)	100	UCB Inc. (U.S.A.)	100
UCB Investissements SA (Switzerland)	100	UCB Singapore Private Ltd (Singapore)	100
UCB Hungary Ltd (Hungary)	100	UCB Chemphar Inc. (U.S.A.)	100
Doutors Réassurance 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 euros either in accordance with the «monetary/non-monetary» method, or at the rate current at the end of the year, the choice of method being that required to give a true and fair view in accordance with article 20 of the Royal Decree of the 6th March, 1990. Exchange differences which result from the application of the «monetary/non-monetary» method and the closing rate method are respectively taken to the profit and loss account and to the heading «conversion differences» in capital and reserves. Income and expenditure have been converted at the average rate over the year.

I. Formation expenses

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

II. Intangible fixed assets

R&D costs have been transferred to intangible fixed assets at their purchase or cost price. In order to make the previous years comparable, R&D costs capitalised have been wholly depreciated as a charge against current profits but the difference between the actual amount of depreciation taken in the year and the gross amount capitalised have been treated as a write-back of depreciation in the exceptional profits. A straight line depreciation rate of 33 1/3 % has been applied to these costs, based on a three year life. The depreciation of the purchase price of patents, licences and similar items is calculated either in accordance with a prudent assessment of the economic life of such intangible asset or at a minimum rate equal to that of the assets required to handle the patent or process, or by a fixed period of depreciation not lower than five years, equal to 20 %, per annum. The purchase or cost

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

The rates of exchange used on the 31st December 2001, have been as follows:

Currency 1€ = x foreign currency	Closure exchange rate		Average exchange rate	
	2000	2001	2000	2001
Canadian dollar	1.395	1.405	1.373	1.386
US dollar	0.930	0.884	0.925	0.896
Pound sterling	0.623	0.610	0.609	0.622
Swiss franc	1.517	1.482	1.561	1.510
Swedish crown	8.838	9.307	8.440	9.252
Norwegian crown	8.264	7.977	8.114	8.045
Danish crown	7.460	7.436	7.453	7.451
Turkish lire (100)	6250.000	12658.228	5747.126	10204.082
Polish zloty	3.862	3.561	4.013	3.670
Czech crown	34.928	31.766	35.639	34.058
Hungarian forint	265.111	245.038	259.808	256.608
South African rand	7.047	10.768	6.372	7.618
Indian rupee	43.440	42.535	41.571	42.159
Japanese yen (100)	1.066	1.160	0.996	1.087
Hong-Kong dollar	7.255	6.890	7.207	6.983
Australian dollar	1.677	1.731	1.585	1.732
New Zealand dollar	2.105	2.129	2.019	2.132
Thai baht	40.355	39.170	37.008	39.842
Singapore dollar	1.614	1.632	1.595	1.604
South Korean won (100)	11.779	11.765	10.449	11.561
Taiwan new dollar	30.845	30.969	28.899	30.272
Mexican new peso	8.922	8.112	8.748	8.364
Brazilian real	1.814	2.043	1.691	2.083
Ringitt (\$ Malaysian)	3.534	3.358	3.516	3.404
Philippines peso	46.577	45.537	40.664	45.577
Ecu	1.000	1.000	1.000	1.000
Argentine new peso	0.928	0.884	0.925	0.895
Renminbi Yuan	7.696	7.313	7.657	7.415
Belgian franc	40.340	40.340	40.340	40.340
French franc	6.560	6.560	6.560	6.560
Dutch guilder	2.204	2.204	2.204	2.204
German mark	1.956	1.956	1.956	1.956
Greek drachma (100)	3.408	3.408	3.364	3.408
Italian lire (100)	19.363	19.363	19.363	19.363
Portuguese escudo (100)	2.005	2.005	2.005	2.005
Austrian schilling (100)	0.138	0.138	0.138	0.138
Spanish peseta (100)	1.664	1.664	1.664	1.664
Irish punt	0.788	0.788	0.788	0.788
Finnish mark	5.946	5.946	5.946	5.946

III. Differences on consolidation

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

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

IV. Tangible fixed assets

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

The annual rates have been as follows:

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

Where economic circumstances require, depreciation can be accelerated.

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

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

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

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

V. Financial fixed assets

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

VI. Stocks

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

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

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

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

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

VII Receivables and liabilities

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

VIII. Assets and commitments expressed in foreign currencies

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

IX. Provisions for risks and charges

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

X. Income taxes

Accounting for income taxes is based upon the following principles:

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

VII. FORMATION EXPENSES

	(€ thousand)
Net book value at the end of the previous year	1 217
Changes in the year	
- New expenses incurred	1 514
- Depreciation	- 2 062
- Conversion differences	46
- Other	- 77
Net book value at the end of the year	638
of which - Expenses of formation or of capital increases, loan issue expenses, and other formation expenses	626
- Restructuring costs	12

VIII. INTANGIBLE FIXED ASSETS

(€ thousand)	R&D costs	Concessions, patents, licences, etc.	Goodwill	Payments on account
a) Cost of acquisition				
At the end of the previous year	577 840	98 284	54 019	801
Changes in the year:				
- Purchases, including production capitalized	180 376	9 143	4 598	2
- Disposals and write-offs (-)	- 79 660	- 300	- 638	-
- Transfers from one item to another	-	83	-	-
- Conversion differences	- 662	1 796	2 436	- 12
- Other movements	-	- 105	-	1
At the end of the year	677 894	108 901	60 415	792
c) Depreciation and write-offs				
At the end of the previous year	438 756	51 479	27 032	230
Changes in the year:				
- Taken	182 359	11 725	4 164	353
- Written back as excessive (-)	- 29 821	-	-	-
- Cancelled following sales and disposals (-)	- 79 660	- 335	- 638	-
- Transfers from one item to another	-	14	-	-
- Conversion differences	- 340	801	1 335	- 2
- Other movements	-	46	-	-
At the end of the year	511 294	63 730	31 893	581
d) Net book value at the end of the year (a) - (c)	166 600	45 171	28 522	211

IX. TANGIBLE FIXED ASSETS

(€ thousand)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasing and other similar rights	Other tangible fixed assets	Assets under construction and advance payments
a) Cost of acquisition						
At the end of the previous year	270 810	770 632	76 458	11 142	12 506	65 015
Changes in the year:						
- Purchases, including production capitalized	22 898	49 037	14 596	2 670	2 571	82 698
- Disposals and write-offs (-)	- 12 953	- 56 863	- 12 371	- 82	- 1 448	- 809
- Transfers from one item to another	9 972	23 120	745	- 37	186	- 34 069
- Conversion differences	2 742	8 642	- 105	75	546	2 155
- Other movements	3	68	- 259	-	- 37	- 21
At the end of the year	293 472	794 636	79 064	13 768	14 324	114 969
b) Surpluses						
At the end of the previous year	4 877	1 017	39	117	10	-
Changes in the year:						
- Taken	-	-	-	-	-	-
- Cancelled	- 4 172	- 722	- 24	-	- 8	-
- Transfers from one item to another	-	-	-	-	-	-
- Conversion differences	-	-	- 2	-	-	-
- Other movements	-	-	-	-	-	-
At the end of the year	705	295	13	117	2	-
c) Depreciation and write-offs						
At the end of the previous year	105 631	535 562	57 248	7 764	8 461	1 978
Changes in the year:						
- Taken	12 874	65 098	9 865	380	2 434	2 354
- Written back as excessive (-)	-	-	-	-	-	-
- Received from third parties	-	-	-	-	2	-
- Cancelled following sales and disposals (-)	- 15 691	- 56 382	- 11 865	- 56	- 1 456	-
- Transfers from one item to another	457	1 218	136	- 16	- 57	- 1 752
- Conversion differences	694	5 723	246	98	373	3
- Other movements	- 1	- 14	- 171	-	- 31	-
At the end of the year	103 964	551 205	55 459	8 170	9 726	2 583
d) Net book value at the end of the year (a) + (b) - (c)	190 213	243 726	23 618	5 715	4 600	112 386
of which:						
- land and buildings				4 405		
- plant, machinery and equipment				5		
- furniture and vehicles				1 305		

X. FINANCIAL FIXED ASSETS (€ thousand)

	Apportioned companies	Other companies
1. Share capital		
a) Cost of acquisition		
At the end of the previous year	171	4 042
Changes in the year:		
- Purchases	-	63
- Sales and disposals	-	- 90
- Transfers from one item to another	1 919	-
- Conversion differences	-	- 8
At the end of the year	2 090	4 007
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	- 1 631	-
- Share in the result for the financial period	- 1 543	-
- Eliminations of dividends relating to this participation	- 88	-
Net book value at the end of the year (a) + (b) - (c) - (d) +/- (e)	459	4 007
2) Receivables		
Net book value at the end of the previous year	-	5 665
Changes in the year:		
- Additions	-	967
- Repayments	-	- 1 194
- Write-offs taken	-	-
- Write-offs written back	-	-
- Conversion differences	-	- 281
- Other movements	-	135
Net book value at the end of the year	-	5 292
Cumulative write-offs of receivables at the end of the year	-	-

XI. CUMULATIVE RESERVES

(€ thousand)

At the end of the previous year	708 736
Changes in the year:	
- Share of the Group in the profit	318 952
- Other movements	-
- Declared dividend by UCB SA	- 110 909
At the end of the year	916 779

XII. STATEMENT OF DIFFERENCES ON CONSOLIDATION AND APPORTIONMENT

(€ thousand)

	Consolidation differences		Apportionment differences	
	positive	negative	positive	negative
Net book value at the end of the previous year	22 387	13 161	-	-
Changes in the year:				
- Arising from an increase in the percentage held	1 027	1 794	-	-
- Arising from a decrease in the percentage held	-	-	-	-
- Depreciation	- 752	-	-	-
- Differences taken in profit	-	-	-	-
- Other changes	-	-	-	-
Net book value at the end of the year	22 662	14 955	-	-

Deferred and latent taxation liabilities

(€ thousand)

- Deferred taxation	249
- Latent taxation	30 397
	30 646

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	4 689	71 373	127 231
- Subordinate debentures	9	-	-
- Unsubordinated debentures	-	25 781	57 475
- Leasing and other similar obligations	439	899	-
- Credit institutions	3 201	44 672	1 852
- Other loans	1 040	21	67 904
Trade creditors	-	-	-
- Suppliers	-	-	-
Other amounts payable	-	4 693	39
Total	4 689	76 066	127 270

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

Financial liabilities	5 347
- Unsubordinated debentures	-
- Leasing and other similar obligations	-
- Credit institutions	5 347
- Other loans	-
Total	5 347

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	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Belgium	38 809	39 781	40 349	42 842	8 333	8 340	799	728	88 290	91 691
E.U.	411 362	455 958	266 325	272 061	189 015	177 884	-	-	866 702	905 903
Other European countries	70 339	88 785	23 004	22 523	20 737	28 650	-	-	114 080	139 958
America	326 388	489 434	202 619	182 402	102 349	118 325	-	-	631 356	790 161
Africa	16 413	18 660	4 951	5 134	9 902	8 763	-	-	31 266	32 557
Asia	283 893	331 557	116 701	117 251	41 407	41 673	-	-	442 001	490 481
Oceania	1 667	2 404	9 881	9 512	19 023	12 666	-	-	30 571	24 582
TOTAL	1 148 871	1 426 579	663 830	651 725	390 766	396 301	799	728	2 204 266	2 475 333

B. Average numbers employed and cost of personnel

Previous year

Year

1. Average number of persons employed	9 562	10 294
- Hourly paid	2 834	2 964
- Monthly paid	3 466	3 683
- Management	3 262	3 647
2. Costs of personnel (€ thousand)	525 163	585 342
3. Average number of persons in Belgium	3 027	3 404

C. Exceptional profit/loss (€ thousand)

Detail of other exceptional profits		
- Write-back of a provision entering into the consolidation	-	-
- Write-back of revaluation surplus	781	198
Detail of other exceptional charges		
- Restructuring	12 830	58 546
- Costs of start-up and closure of activities	2 929	3 663
- Commercial litigations (*)	4 572	21 078

(*) various amicable arrangements and lawyers fees for the Chemical and Films Sectors, mainly in the U.S.A.

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		11 607
- 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		25 206
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		177 618
b) Commitments resulting from transactions relating to :		-
- rates of interest		-
- rates of exchange		-
- price of raw materials or goods for resale		-
- other similar transactions		578 911
B. Commitments relating to technical guarantees, in respect of sales or services already provided		-
C. Information concerning significant litigation and other major commitments not covered above		-
D. Commitments with respect to retirement and survivors' pensions in favour of their personnel or executives, at the expense of the companies included in the consolidation		-
The Group occasionally uses derivative instruments to cover risks inherent in the ordinary course of business; no derivative financial instrument is held for speculative purposes.		

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

(€ thousand)

	affiliated enterprises	
	previous year	year
1. Financial fixed assets	-	-
2. Amounts receivable		
- after one year	30 477	21 827
- within one year	15 020	9 157
	45 497	30 984
3. Current investments	-	-
4. Amounts payable		
- after one year	-	-
- within one year	1 745	4 828
7. Financial results		
- Income from current assets	2 026	1 551
- Debt charges	323	302

XVII. FINANCIAL RELATIONSHIPS WITH DIRECTORS

(€ thousand)

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

5 657

Notes on the Consolidated Balance Sheet

ASSETS

	(€ thousand)		
	31/12/2000	31/12/2001	Difference
I. Formation expenses	1 217	638	- 579
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	213 447	240 504	+ 27 057
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 € 27,057 thousand is explained as follows :			
- investments in the year		194 119	
- depreciation in the year		- 198 601	
- write-back of depreciation on R&D costs		29 821	
- differences on exchange rates and miscellaneous		1 718	
III. Consolidation differences	22 387	22 662	+ 275
This amount is at the same level as last year			
IV. Tangible fixed assets	495 978	580 258	+ 84 280
The tangible fixed assets include all the land, buildings, equipment and furniture, at their original cost, as it appears in the books of the companies in the Group.			
The net increase of € 84,280 thousand in the tangible fixed assets of the Group is as follows :			
- investments in the year		174 470	
- depreciation in the year		- 93 005	
- differences on exchange rates and miscellaneous		2 815	
V. Financial fixed assets	9 878	9 758	- 120
This item consists mainly of the shareholdings and receivables relating to the non-consolidated companies.			
VI. Receivables of more than one year	77 259	80 758	+ 3 499
The difference is basically equivalent to the commercial receivables of La Cellophane Española for € 12 million and the reduction in the receivables of Société Financière UCB for € 9 million.			
VII. Stocks	397 598	432 162	+ 34 564
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	664 514	741 288	+ 76 774
The increase comes largely from miscellaneous receivables			
IX. Investments	266 929	339 054	+ 72 125
This item covers mainly term deposits for one month or more.			

LIABILITIES

	31/12/2000	31/12/2001	(€ thousand) Difference
I. Capital	437 799	437 799	-
II. Share premium account	79	79	-
	437 878	437 878	-
III. to VI. Group reserves	750 965	944 296	+ 193 331
The increase of €193,331 thousand is explained as follows:			
- profits in the year		318 952	
- dividend declared by UCB SA		- 110 909	
- differences on exchange rates and others		- 14 712	
VII. Investment grants	576	459	- 117
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	16 931	8 043	- 8 888
This item covers the share of third parties in the shareholders' funds of the consolidated companies. The reduction comes largely from Rodleben Pharma and from Securrency Pty Ltd.			
IX. Provisions for risks and charges and deferred taxation	180 170	244 911	+ 64 741
The increase results from the creation of new provisions by UCB SA and different subsidiaries			
X. Amounts payable in more than one year	198 600	203 336	+ 4 736
This rise is mainly due to the increase in loans in China for the opening of a new production unit.			
XI. Amounts payable in one year or less	678 053	677 147	- 906
This item has declined slightly, mainly due to movements in opposite directions of financial and commercial amounts payable.			

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31/12/2000	31/12/2001	(€ thousand)
Ordinary profits			
- Turnover	2 204 266	2 475 333	
Turnover amounted to €2,475,333 thousand, an increase of 12.3% compared to the previous year			
- Operating profit	376 845	465 799	
Gross operating profit was equivalent to 19% of turnover, an increase of 2% compared to 2000.			
- Financial income	- 7 229	- 3 944	
This includes €2,234 thousand of income from non-consolidated shareholdings.			
- Ordinary profits before taxation	369 616	461 855	
An increase of 25% compared to the previous year			
Exceptional profits	6 142	- 5 580	
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	375 758	456 275	
- Deferred taxation	22	63	
This item covers the deferred taxation relating to the subsidies included in the profits			
- Taxation	- 107 093	- 136 314	
- Share of UCB in the profits of apportioned companies	6	- 1 543	
This item covers the share of the profits after taxation of the apportioned companies such share being calculated in proportion to the number of shares held by the Group in these companies.			
Profits after taxation	268 693	318 481	
Share of UCB in the consolidated profits			
The share of UCB in the consolidated profit of €318,481 thousand amounted to €318,952 thousand. In 2000, there was a consolidated profit of €268,693 thousand, and the share of UCB in that profit was €218,011 thousand.			

Report of the College of «Commissaires»

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, 2001, in which the total balance sheet amounted to € 2,564 million, and the profit and loss account showed a consolidated profit for the year of € 319 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, 2001, 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, 9th April, 2002

The College of «Commissaires»

D. VAN WOENSEL

D. GOOSSENS

Annual Accounts of UCB SA

Balance sheet

ASSETS	31/12/1999 €	31/12/2000 €	31/12/2001 €
FIXED ASSETS	597 469 948.72	815 595 611.90	1 024 078 588.03
I. Formation expenses	518 883.62	3 174.15	-
II. Intangible fixed assets	96 243 369.29	118 455 733.21	141 460 389.08
III. Tangible fixed assets	124 965 770.84	154 405 804.00	179 288 960.76
IV. Financial fixed assets	375 741 924.97	542 730 900.54	703 329 238.19
CURRENT ASSETS	423 057 011.80	547 044 988.89	565 808 353.76
V. Receivables of more than one year	24 199 748.00	27 635 332.11	26 961 947.01
VI. Stocks and contracts in progress	76 187 930.52	123 083 084.41	168 448 202.24
VII. Receivables of one year or less	313 789 215.51	345 573 236.04	323 362 488.89
VIII. Investments	532 079.43	29 564 341.64	22 923 436.45
IX. Cash at bank and in hand	5 656 523.80	12 162 193.63	16 115 112.44
X. Deferred charges and accrued income	2 691 514.54	9 026 801.06	7 997 166.73
TOTAL ASSETS	1 020 526 960.52	1 362 640 600.79	1 589 886 941.79
LIABILITIES			
OWN FUNDS	601 493 834.59	673 082 121.82	893 160 619.48
I. Capital	437 799 000.00	437 799 000.00	437 799 000.00
II. Share premium account	79 206.00	79 206.00	79 206.00
III. Surpluses on revaluation	-	-	-
IV. Reserves	87 732 073.41	135 969 609.09	334 904 445.28
V. Profit brought forward	75 584 015.60	98 700 073.53	119 936 853.34
VI. Investment grants	299 539.58	534 233.20	441 114.86
PROVISIONS AND DEFERRED TAXATION	18 102 605.24	24 515 242.47	70 698 285.80
VII. Provisions for risks and charges	17 948 836.78	24 203 900.05	70 449 463.69
Deferred taxation	153 768.46	311 342.42	248 822.11
CURRENT LIABILITIES	400 930 520.69	665 043 236.50	626 028 036.51
VIII. Amounts payable in more than one year	153 812 760.56	226 924 411.86	216 975 619.54
IX. Amounts payable in one year or less	230 928 280.63	420 875 484.14	392 344 636.72
X. Accrued charges and deferred income	16 189 479.50	17 243 340.50	16 707 780.25
TOTAL LIABILITIES	1 020 526 960.52	1 362 640 600.79	1 589 886 941.79

Profit and loss account

	31/12/1999 €	31/12/2000 €	31/12/2001 €
I. Operating income	809 360 576.43	979 490 659.60	1 149 444 984.19
II. Operating charges	- 778 679 496.94	- 907 704 508.68	- 1 060 643 703.30
III. Operating profit	30 681 079.49	71 786 150.92	88 801 280.89
IV. Financial income	134 653 911.09	148 578 736.40	333 763 073.70
V. Financial charges	- 32 695 493.14	- 35 774 219.76	- 36 166 233.72
VI. Ordinary profit before tax	132 639 497.44	184 590 667.56	386 398 120.87
VII. Exceptional income	3 446 272.37	23 571 046.29	37 853 512.68
VIII. Exceptional charges	- 25 122 116.90	- 6 307 184.67	- 31 818 443.29
IX. Profit for the year before tax	110 963 652.91	201 854 529.18	392 433 190.26
Provisions for deferred taxation	35 261.66	74 645.46	62 520.31
X. Taxation for the year	- 6 483 699.48	- 37 178 461.03	- 61 415 014.57
XI. Profit for the year	104 515 215.09	164 750 713.61	331 080 696.00
XII. Transfer to tax exempt reserves	-	-	-
XIII. Profit for the year available for distribution	104 515 215.09	164 750 713.61	331 080 696.00

Distribution : see report of the Directors, p. 20.

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

Consolidated companies	Shares held			Data extracted from the latest available annual accounts			
	by directly / subsidiaries			Annual accounts made up to	Currency	Own funds (in monetary unit)	Net profit or loss
	Number	%	%				
Fin. UCB SA (Belgium)	8 741 615	99.99	0.01	31/12/2001	EUR	464 227 291	18 663 363
Fipar (Thailand) Ltd (Thailand)	490	49.00		31/12/2001	THB	22 864 519	8 356 939
GIC SA (Belgium)	4 332	99.98	0.02	31/12/2001	EUR	20 200 704	27 253
Korea UCB C° Ltd (Korea)	72 000	100.00		31/12/2001	KRW	482 450 424	193 826 477
Mio Zwijnaarde SA (Belgium)	1	0.08	99.92	31/12/2001	EUR	51 576	- 786
Mio Schoonaarde SA (Belgium)	52 135	99.99	0.01	31/12/2001	EUR	1 300 707	17 007
UCB Choline Chloride (Shanghai) C° Ltd (China)	3 000 000	100.00		31/12/2001	CNY	13 836 451	- 1 485 628
Shanghai UCB Speciality Chemicals C° Ltd (China)	12 000 000	100.00		31/12/2001	CNY	89 472 894	- 3 504 658
Société Financière UCB SA (Luxembourg)	32 634	99.99	0.01	31/12/2001	EUR	123 046 447	4 607 152
SK UCB C° Ltd (Korea)	250 000	50.00		31/12/2001	KRW	6 438 526 215	2 418 072 715
UCB (Investments) Ltd (United Kingdom)	35 006 834	77.92	22.08	31/12/2001	GBP	48 464 543	11 862 656
UCB (Pharma) Ireland Ltd (Ireland)	59 999	99.99	0.01	31/12/2001	EUR	76 184	146 279
UCB (Produtos Farmaceuticos) Lda (Portugal)	88 500	98.33	1.67	31/12/2001	EUR	239 919	390 282
UCB Actias SA (Belgium)	1 249	99.92	0.08	31/12/2001	EUR	67 177	64 362
UCB España SA (Spain)	1 235 000	100.00		31/12/2001	EUR	9 105 810	8 307 861
UCB Finance NV (Netherlands)	38 459	100.00		31/12/2001	EUR	105 929 744	58 387 086
UCB France SA (France)	89 993	99.99	0.01	31/12/2001	EUR	14 027 837	6 582 082
UCB GmbH (Germany)	506 300	5.00	95.00	31/12/2001	EUR	5 213 076	- 991 231
UCB Hungary Ltd (Hungary)	148 000 000	100.00		31/12/2001	HUF	147 999 375	572 519 682
UCB Inc. (USA)	66	100.00		31/12/2001	USD	28 462 512	165 700 027
UCB India Ltd (India)	3 528	100.00		31/12/2001	INR	65 485 131	68 231 123
UCB Japan C° Ltd (Japan)	41 980	100.00		31/12/2001	JPY	1 551 588 527	411 385 990
UCB Pharma SA (Belgium)	117 120	99.99	0.01	31/12/2001	EUR	796 353	- 163 139
UCB Pharma (Thailand) Ltd (Thailand)	9 800	49.00	50.98	31/12/2001	THB	1 951 064	23 486 175
UCB Pharma AS (Turkey) (TRL million)	868 130	7.93	92.07	31/12/2001	TRL	940 474	137 179
UCB Pharma Ltd (Hong-Kong)	269 600	99.85	0.15	31/12/2001	HKD	619 562	325 733
UCB Pharma Ltd (Poland)	7 408	100.00		31/12/2001	PLZ	740 800	4 238 959
UCB Pharma Nanjing C° Ltd (China)	2 500 000	96.15		31/12/2001	CNY	20 734 787	-
UCB Pharma SA (Greece)	168 404	99.83	0.17	31/12/2001	EUR	2 835 000	- 652 180
UCB Pharma SRO (Czech Republic)	12 300 600	100.00		31/12/2001	CSK	14 015 202	20 274 698
UCB Services SAS (France)	1	0.40	99.60	31/12/2001	EUR	41 937	147 309
UCB Singapore Private Ltd (Singapore)	250 000	100.00		31/12/2001	SGD	- 6 191	- 42 201
UCB-SPF SA (Luxembourg)	24 999	99.99	0.01	31/12/2001	EUR	7 392 936	- 7 111 133
UCB Taiwan Ltd (Taiwan)	7 994	99.98	0.02	31/12/2001	TWD	13 530 284	39 165 782

Capital

	Amounts in €	Number of shares
1. Subscribed capital		
At the end of the previous year	437 799 000	
Changes during the year :		
- 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		56 197 673
Bearer		89 735 327

See also point 1 in «Supplementary Information» page 46.

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 was divided by one hundred, giving a par of 3 euros per share. Shares issued by UCB SA up to the 31/12/2001 : 145,933,000 shares (1). According to the latest declaration of shareholdings, dated the 11th July, 2000, the shareholdings are as follows: Issued with rights outstanding on the 31st December, 2001, to subscribe for ordinary share capital: - 147,000 warrants, each having the right to subscribe for 1 ordinary share, exercisable between the 1st January, 2003, and the 31st May, 2009. - 260,000 warrants, each having the right to subscribe for 1 ordinary share, exercisable between the 1st January, 2004, and the 28th February, 2010. So that, if all these warrants were exercised, the capital of UCB would increase to 146,340,000 shares (2)

	(1) With ref. to 145 933 000 shares	(2) With ref. to 146 340 000 shares
Financière d'Obourg SA, Allée de la Recherche 60, 1070 Brussels	54,219,694	37.15%
Financière de Tubize SA, Allée de la Recherche 60, 1070 Brussels	4,346,500	2.98%

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

Financière d'Obourg SA is held as to 60.58% by Financière de Tubize SA. which in its turn is held as to 70.65% by the Janssen family.

According to information given to us by the shareholders, changes have been made in these shareholdings, which do not require a further declaration in accordance with the law of the 2nd March, 1989, relating to the publication of significant shareholdings.

According to this information, the situation of the shareholdings on the 31st December, 2001, was as follows:

Issued with rights outstanding on the 31st December, 2001, to subscribe for ordinary share capital: - 145,200 warrants, each having the right to subscribe for 1 ordinary share, exercisable between the 1st January, 2003, and the 31st May, 2009. - 236,700 warrants, each having the right to subscribe for 1 ordinary share, exercisable between the 1st January, 2004, and the 28th February, 2010. So that, if all these warrants were exercised, the capital of UCB would increase to 146,314,900 shares (3)

	(1) With ref. to 145 933 000 shares	(3) With ref. to 146 314 900 shares
Financière d'Obourg SA, Allée de la Recherche 60, 1070 Brussels	56,980,000	39.05%
Financière de Tubize SA, Allée de la Recherche 60, 1070 Brussels	1,585,000	1.09%

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

Financière d'Obourg SA is held as to 65.79% by Financière de Tubize SA. (declaration of shareholding, dated the 27th July, 2001), which in its turn is held as to 70.67% 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		381 900
- Amount of capital to be subscribed	1 145 700	
- Corresponding maximum number of shares to be issued		381 900

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/widower of a salaried staff employee, who dies in service, a special payment as an additional 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 2001, research and development costs amounted to €135,550 thousand, compared to €134,013 thousand in 2000.

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 €24,883 thousand compared to 2000, as a result of movements in both directions. They included investments during 2001 amounting to €62,068 thousand, which exceeded the depreciation amounting to €36,704 thousand. The write-offs and disposal of miscellaneous equipment resulted in a reduction of assets in 2001 of €15,498 thousand and in the cancellation of depreciation of €15,017 thousand.

LIABILITIES

OWN FUNDS

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

PROVISIONS FOR RISKS AND CHARGES

The increase of €46,246 thousand is mainly due to various commercial litigations in progress, principally in the U.S.A.

The position of tangible fixed assets is as follows:

Gross fixed assets	€ 550,235 thousand
Depreciation	€ 370,946 thousand
Net fixed assets	€ 179,289 thousand

The net fixed assets amounted to 33% of gross fixed assets.

FINANCIAL FIXED ASSETS

The total increase was €160,598 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	€ 195,000 thousand
Increase in the capital of GIC	€ 18,000 thousand
Decrease in the capital of UCB Inc.	€ - 49,732 thousand

STOCKS

The total increase in stocks amounted to € 45,365 thousand.

RECEIVABLES OF ONE YEAR OR LESS

This item decreased by €22,211 thousand compared to 2000, due mainly to the increase in advances to subsidiaries.

INVESTMENTS

A decrease of €6,641 thousand, due to an increase in financial debts, for which they partially compensate.

AMOUNTS PAYABLE IN MORE THAN ONE YEAR

The decrease of €10,053 thousand is mainly due to repayment of expired loans.

AMOUNTS PAYABLE IN ONE YEAR OR LESS

This item decreased by €28,530 thousand, mainly due to the repayments of loans.

Payment dates for loan repayments (amounts in euros)

	Amount borrowed	Interest rate %	Date of final repayment	Repayable in more than one year at 31/12/2001	Repayable in one year or less at 31/12/2001
Fin.UCB (credit roll-over 27/12/95)	38 820 125.99	6.40	2002	1 883 990.78	
Fin.UCB (credit roll-over 27/12/96)	22 310 417.22	5.60	2003	4 462 083.44	
Fin.UCB (credit roll-over 12/12/97)	21 070 949.60	5.50	2003	5 701 551.07	
Fin.UCB (credit roll-over 14/12/98)	18 592 014.35	4.25	2004	7 436 805.74	
Fin.UCB (credit roll-over 01/10/99)	60 000 000.00	5.30	2005	10 000 000.00	
Fin.UCB (credit roll-over 13/12/99)	24 000 000.00	5.40	2005	6 000 000.00	
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	2006	29 400 000.00	
Fin.UCB (credit roll-over 12/12/01)	54 225 000.00	5.15	2011	54 225 000.00	
Private investment (credit roll-over 18/10/93)	12 394 676.24	7.75	2003	12 394 676.24	
Private investment (credit roll-over 21/10/93)	12 394 676.24	7.625	2003	12 394 676.24	
Private investment (credit roll-over 30/10/00)	57 475 397.17	8.79	2010	57 475 397.17	
Non convertible loan stock	991 574.10	Floating	2003	991 574.10	
G B./ State (loans guaranteed by the State effluent)					
Ostend (24/02/78)**	158 850.17	7.25*	2002	0.00	7 942.51
Ghent (16/06/77)**	15 096.72	8.95*	2003	754.84	754.84
Wondelgem (23/03/81)**	59 519.24	6.15*	2002	0.00	1 510.91
Balance repayable on loan stocks					8 656.44
				214 866 509.62	18 864.70

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

APPLICATION OF ARTICLE 523 OF THE COMPANIES CODE

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

Stock option plan

1. Prospectus
2. Delegation of powers

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

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

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

- that the current operation is designed, as in the past, to promote the holding of shares by some 500 members of the personnel of the UCB Group performing directorial, senior management or similar functions in their company, to motivate them financially by continuing to associate them with the success of the company and to make them sensitive to the value of the UCB shares on the market, whilst respecting the rules governing privileged information;
- that the Chairman and members of the Executive Committee clearly form part of the some 500 people to whom the benefits of the issue is reserved;
- that the financial consequences of the operation for the company are limited, consisting essentially of the difference which could occur between the price of the purchase of its own shares by the company and the price of the sale of these same shares to the personnel concerned on the execution of the options on the conditions fixed by the regulations, increased, where relevant, by the difference between the exercise price and the price of the UCB share on the stock exchange at that time.

1. Prospectus

The Board then prepared and approved the text of the Abbreviated Prospectus, relating to the issue of 360,000 share options in favour of members of the personnel of the UCB Group performing directorial, senior management or similar functions.

2. Delegation of Powers

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

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

Additional information required by the Royal Decree No. 185 of the 9th July, 1935.

GENERAL INFORMATION ON UCB S.A. AND ITS CAPITAL

PURPOSE

The purpose of the company is stated in article 3 of its articles of association.

Article 3

The purpose of the company is the research, manufacture, purchase, sale and processing of all products associated with cellulose and its derivatives, of plastics, of pure, simple and compound chemical and pharmaceutical products, of textile materials and products, and of similar or complementary materials and products.

It can also undertake any activity as a consulting engineer, an engineering design office, in the design or manufacture of public or private equipment or undertakings - including their organisation - without any exceptions or reservations. More generally it can undertake any commercial, industrial, financial, property, real estate, agricultural and mining operations both in Belgium and elsewhere, which may be directly or indirectly related to the above purposes. It can take part by contributing financially, by merging, by subscribing to or purchasing shares or securities, by taking out holdings or in any other manner in any enterprise having a purpose directly or indirectly related to its industrial or commercial activities.

LIFE OF THE COMPANY

The life of the company is stated in article 4 of the articles of association.

Article 4.

The company, founded on the twenty-sixth of May One Thousand nine hundred and twenty-five, the duration of which has been extended several times, has an unlimited duration with effect from the eleventh of June One thousand nine hundred and eighty-five.

PLACES IN BELGIUM WHERE THE DOCUMENTS REFERRED TO IN THE PROSPECTUS CAN BE CONSULTED.

The documents relating to the issuer and referred to in the prospectus can be consulted at the registered office.

AUTHORIZED CAPITAL

Extracts from article 7 of the articles of association of UCB S.A.

"The Board of Directors has been authorised by the Extra-ordinary General Meeting of the 9th June, 1998, to increase for a period of 5 years the capital of the company by € 4,500,000 by the issue of 1,500,000 new shares, entirely reserved to the personnel exercising management or senior management functions in the UCB Group.

The Board may, in the implementation of the permission granted to it by the present article and within the same limits as those shown in paragraphs 1 and 2, proceed with the issue of convertible loan stock units or of subscription rights whether attached or not attached to other shares."

The details of the use which the Board has made of this authorization is shown in the Annual Report in the section on the General Situation.

Brief description of the operations which have over the last three years modified the amount of capital subscribed and the number and categories of shares which it represents.

On the 1st January, 1999, the capital of UCB S.A. was converted into Euros, being increased from € 262,228,872.6 to € 437,722,200 by incorporating reserves. On the same date, the existing shares were divided into 100 new shares, the number of shares in issue rising to 145,907,400. On the 31st March, 1999, following the exercise of subscription right, the capital increased to € 437,799,000, represented by 145,933,000 shares. It has remained unchanged since that date.

Number, accounting value and accounting par of own shares purchased and held in its portfolio by the issuer or by a company, in which it holds directly or indirectly more than 50% of the shares, if these shares are not shown separately on the balance sheet.

None on the 31st December, 2001.

INFORMATION ON THE DIRECTION, MANAGEMENT AND AUDIT

1. Total number of shares in the issuer held as a whole by members of the bodies covering the direction, management and audit.

Apart from the shares held by the Directors representing the stable shareholders of UCB S.A. subject to a declaration in accordance with the law of the 2nd March, 1989, on the publication of significant shareholdings, the members of the bodies covering the direction and management of UCB S.A. as a whole held 48,500 UCB shares on the 28th March, 2002. The Commissaires-reviseurs held none.

2. Remuneration and benefits in kind granted in the last financial year, in whatever form, through general costs or through the distribution account to members of the audit.

For the year 2001, the Commissaires-reviseurs of UCB S.A. received emoluments of € 114,578.

INVESTMENTS

The investments of the UCB Group throughout the world rose from € 106 million in 1999 to € 177 million in 2000 and to € 194 million in 2001.

In 1999, the € 106 million were divided into € 38 million for the Pharma Sector, € 30 million for the Chemical Sector and € 35 million for the Film Sector. These investments mainly covered new operating units commissioned by the Chemical Sector in China and by the Film Sector in Australia, whilst investments in refurbishment were undertaken on the majority of the sites.

The amount of € 177 million for 2000 was spent as to € 54 million in the Pharma Sector, € 45 million in the Chemical Sector and € 64 million in the Film Sector. The main investments of the Pharma Sector were the purchase of the pharmaceutical activities of Fujirebio, new installations for UCB Bioproducts and the provision of high technology equipment for R & D. New production units were built for the Chemical Sector in China, in Belgium, in the United States and in Germany and for the Film Sector in Great Britain, in Belgium and in Australia.

In 2001, the amount of € 194 million was divided as to € 75 million for the Pharma Sector, € 77 million for the Chemical Sector and € 37 million for the Film Sector. The most significant investments were: in the Pharma Sector, a new building for R&D at Braine, opened in the month of November, 2001, and the development of the factory at Saitama in Japan; in the Chemical Sector, new production units, which were commissioned in China and in the United States, together with a new R&D building at Drogenbos; in the Film Sector, the new R&D building, which is nearing completion.

For 2002, the investment programme has been fixed at a total of € 181 million, of which € 95 million is for the Pharma Sector, € 50 million for the Chemical Sector and € 25 million for the Film Sector. The investments mainly cover the new research infrastructures at Braine, Atlanta, Bulle and Boston (Pharma Sector), together with Drogenbos (Chemical Sector) and Wigton (Film Sector). A new administrative building is also being constructed at Atlanta.

GEOGRAPHICAL DISTRIBUTION OF INVESTMENTS (in € million)

	1999	2000	2001
Europe	74	108	122
Americas	18	46	34
Asia/Pacific	14	23	38
Total	106	177	194

Regular information is issued by UCB in 2002 as follows:

Tuesday, 5th February, 2002 (preliminary annual results)

Thursday, 28th March, 2002 (final annual results)

Tuesday, 11th June, 2002 (Annual General Meeting and information on current state of affairs)

Thursday, 25th July, 2002 (half year results)

Wednesday, 18th December, 2002 (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 11th June, 2002 at 11.30 a.m. Coupon n° 4 is payable as from the 14th June, 2002.

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