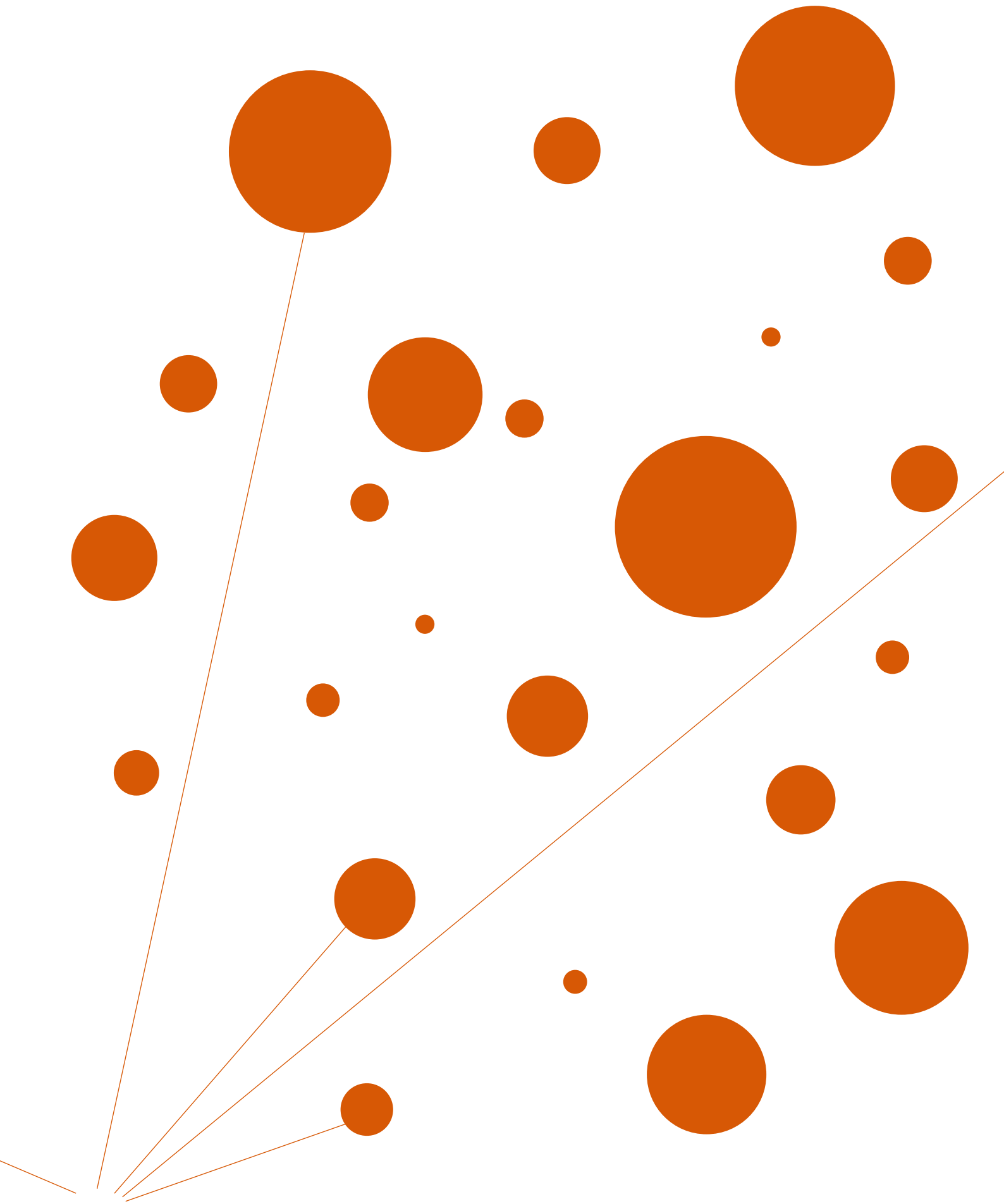

UCB Innovation for Specialists

A Global Biopharma Leader

Annual Report 2004

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UCB Group: Financial Highlights (Belgian GAAP)

	2004 [2] € MILLION	2003 [1] € MILLION	VARIANCE IN REAL TERMS	VARIANCE AT CONSTANT EXCHANGE RATES
Results				
Turnover	3,068	2,966	+3%	+8%
EBITA [3]	507	487	+4%	+17%
Operating profit (EBIT)	484	487	-1%	+13%
Ordinary profit	474	483	-2%	+11%
Profit before tax	492	479	+3%	+15%
Net profit after tax	363	340	+7%	+19%
Capital expenditures	2,530	654	-	-
R&D expenses	376	270	+39%	-
Cash flow from operating activities [4]	719	678	-	-
Cash flow from investing activities [5]	(2,425)	(753)	-	-
Free cash flow [6]	(1,706)	(75)	-	-
Financial Position				
Total assets/liabilities	5,374	3,091	-	-
Shareholders' equity	1,965	1,784	-	-
Net debt [7]	1,721	9	-	-
Ratios				
Return on sales	+12%	+11%	-	-
Return on capital employed (ROCE)	+15%	+21%	-	-
Share Information				
Earnings per share (€) [8]	2.49	2.33	-	-
Gross dividend per share (€)	0.86	0.82	-	-
Number of shares outstanding (million)	145.933	145.933	-	-
Share price year end (€)	37.57	29.89	-	-
Other				
Number of employees (year end)	11,403	11,559	-	-
Average USD/EUR exchange rate	1.243	1.130	-	-

(1) includes 9 months of Methylamines activities consolidated until September 30th, 2003 and 11 months of Resins, Additives & Adhesives activities acquired from Solutia
(2) includes 9 months of Films activities divested on September 30th, 2004 and 5 months of Celltech activities consolidated since August 1st, 2004
(3) earnings before interest, tax and amortization. Includes royalties
(4) includes amortization on R&D costs: €180 million in 2004 and €156 million in 2003
(5) includes capitalized R&D: €236 million in 2004 and €216 million in 2003,
2004 includes €2,388 million for Celltech acquisition and €320 million proceeds from Films divestment
2003 includes €514 million related to the acquisition of the Resins, Additives & Adhesives activities from Solutia and €115 million proceeds from sale of Methylamines activities
(6) sum of cash flow from operating activities and from investing activities
(7) excluding treasury shares
(8) before minority interests

Consolidated turnover 2004 (€ million)

3,068

€ MILLION	04	03	02
Pharma (1)	1,679	1,463	1,476
Surface Specialties (2)	1,387	1,501	1,037
Non-sectorial	2	2	1
Total	3,068	2,966	2,514

Consolidated ordinary profit 2004 (€ million)

474

€ MILLION	04	03	02
Pharma (1)	378	402	440
Surface Specialties (2)	78	66	34
Non-sectorial	18	15	20
Total	474	483	494

Consolidated profit before tax 2004 (€ million)

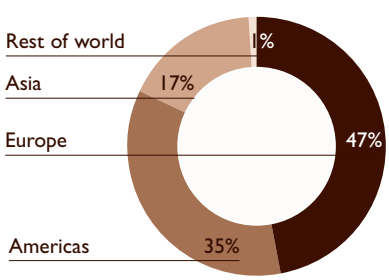
492

€ MILLION	04	03	02
Pharma (1)	344	431	441
Surface Specialties (2)	132	33	16
Non-sectorial	16	15	10
Total	492	479	467

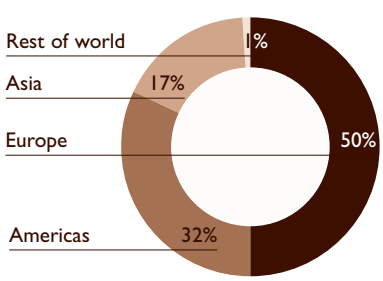
(1) includes 5 months of Celltech in 2004, consolidated since August 1st, 2004
(2) 2004 includes 9 months of Films divested on September 30th, 2004, 2003 includes 9 months of Methylamines divested on September 30th, 2003, 2003 includes 11 months of Resins, Additives & Adhesives activities acquired from Solutia, consolidated since February 1st, 2003
(3) includes total net profit after tax, adding-back depreciation and amortization (excl. R&D), adding-back variance in provisions for risks and charges and capital grants, and divestments

€ MILLION	04	03	02
Cash flow (3)	727	490	403

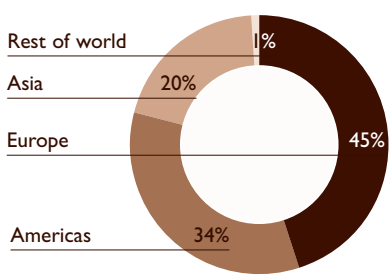
Distribution of consolidated turnover 2004



Distribution of consolidated turnover 2003



Distribution of consolidated turnover 2002



UCB has transformed itself into a pure biopharmaceutical company, enabling specialists in severe diseases and investors to benefit from the best of both worlds …a world where patients with severe diseases, such as epilepsy, will be able to enjoy the advantages of both large- and small-molecule solutions …a world that combines the global infrastructure, managerial experience and commercial expertise of a traditional mid-cap pharma with the speed, innovation and entrepreneurship of a small biotech. This annual report explains the latest chapter in UCB's 77-year history in more detail. We are confident this will make a world of difference to our customers, investors, staff and, above all, to patients with severe diseases.

Our strategy is to focus on severe diseases treated by specialists, covering three main therapeutic areas – the central nervous system (CNS), inflammation and immunology (including allergy), and oncology. By concentrating our R&D on a limited range of severe diseases, we increase the likelihood of major, high-value innovations. By targeting specialists in these diseases, we can reach our customers with a relatively small sales force.

Chairman and Chief Executive Officer's Statement

Ever since UCB entered the pharmaceutical market a few decades ago, it has demonstrated its ability to turn novel ideas into powerful therapeutic and commercial realities, including one blockbuster and another one in the making. This is a remarkable achievement for a company of its size and a testament to the quality of its people, global marketing capability and strategic focus on severe diseases treated by specialists.

Now we have embarked on what promises to be an even more fruitful and extraordinary journey as a pure 'biopharmaceutical' company, combining our proven commercial expertise and small-molecule technology with the vast therapeutic potential of large-molecule biotechnology, not to mention its speed and entrepreneurship.

Two events made this pivotal transformation possible: the divestment of our Surface Specialties and Films business and the acquisition of Celltech.

We acquired the UK-based Celltech Group in July 2004, one of Europe's leading biotechnology companies. With Celltech, we have not only significantly enriched our pipeline of novel, specialist products in our chosen therapeutic areas – notably the central nervous system (CNS), inflammation and immunology (including allergies) and oncology – but also gained a powerful R&D engine, with particular expertise in large-molecule monoclonal antibodies. According to recent estimates, the majority of innovations in the pharmaceutical industry are now generated by biotechnology.

Together with UCB's proven skills in small-molecule pharmaceutical chemistry, this provides a powerful drug-discovery platform, enabling us to address our selected severe-disease areas more precisely and rapidly.

Roch Doliveux, CEO

Georges Jacobs, Chairman

Chairman and CEO's Statement
Continued

Truly global, with strong capabilities to deliver

UCB is a truly global biopharmaceutical company, with operations in over 40 countries worldwide and a proven ability to deliver. This is reflected in strong, yet balanced, biopharmaceutical sales in the major global markets, including the US (40% of sales in 2004), Europe (40%) and Japan (12%), as well as world leadership in allergy, with Zyrtec® and Xyzal®, and the top position in epilepsy in the US with Keppra®, achieved in just four years.

A long-term strategic view

The second key event in our transformation into a pure Biopharma was the divestment of our Surface Specialties sector, representing a total turnover of €1.4 billion or approximately half of the Group's activities in 2004: the sale of our Films business for €320 million was closed on September 30th, 2004, and the divestment of the specialty chemical business announced in October has been completed on February 28th, 2005, for a total price of €1,415 million, including €50 million contingent on 2005 results.

With our Surface Specialties sector, we demonstrated our long-term perspective by adding value to the business, including an acquisition in 2003 and restructuring, in order to optimise its value and enable us to acquire Celltech with minimum debt. This important step might not have seemed strategically obvious at the time, but our investors understood our long-term strategy and we thank them for their confidence and support.

Attractive risk-reward profile

Our strategic focus today is on delivering innovative small- and large-molecule solutions to specialists in severe diseases in our three chosen therapeutic areas. This focus offers several important advantages, giving UCB an attractive risk-reward profile. Targeting specialists, for example, requires a relatively small sales force. With the ability to pursue both large- and small-molecule solutions, we are also able to balance the risks more effectively and reduce them by focusing our research programs on validated targets.

Success in specialist severe diseases is a function of innovation, not size. With our new combined pipeline, cutting-edge R&D and global-operating infrastructure, we are well-placed to make a major impact in these highly rewarding markets.

Significant progress in a year of transformation

Despite the scale of our transformation, we have maintained our strategic and operational focus and drive, generating strong underlying results in 2004. Net profit rose 7% (+19% at constant exchange rates), while turnover grew by 9% and ordinary profit by 16%, after correcting for acquisition, divestment and currency impacts. It is the last time we will report our financials in Belgian GAAP; we are moving to International Financial Reporting Standard (IFRS) from 2005 onwards.

Our flagship anti-epileptic drug (AED), Keppra, the market leader among the new AEDs for treating epilepsy in the US, performed particularly well, increasing its global sales by 33%. In the allergy sector, Xyzal more than doubled its sales (+156%), which more than compensated for the decline in Zyrtec's global sales (at constant exchange rates) and demonstrated our ability to defend our franchises. We also made several new filings for marketing approval, including for a paediatric indication and an intravenous formulation for Keppra, and progressed several large and small molecules through various clinical phases. This included encouraging advances with one of the major large molecules we inherited from Celltech, CDP870 (now known as Cimzia™), which has substantial potential in Crohn's disease and rheumatoid arthritis.

With the sale of our Surface Specialties and Films sectors complete, UCB once again has a strong balance sheet, giving us the resources to fuel our internal growth. Our long-term growth prospects are solid, underpinned by a stronger, more diversified pipeline that provides the opportunity to accelerate our growth beyond our allergy and epilepsy franchises. A 2005 R&D budget of €480 million provides the right resources to deliver our pipeline.

We would like to thank our UCB teams for their performance and tremendous work in 2004. We also would like to particularly thank our colleagues from Surface Specialties and Films for their contribution to UCB's success over the past years and wish them all the best in their new entities where they become also strategically focused. During this transformation, UCB has broadened its talent pool of experienced Biotech and Pharma experts, who, together with our highly engaged employees, are shaping the future of UCB as a global biopharmaceutical leader. This talented and diverse team, combined with our strong R&D pipeline and solid performance, allows us to approach the future with confidence.

Roch Doliveux
Chief Executive Officer

Georges Jacobs
Chairman of the Board

Report of the Board of Directors

In accordance with legal and statutory requirements, we present the report on the UCB Group's activities and consolidated accounts for 2004. We also submit for approval the annual accounts of UCB S.A. for the year ended December 31st, 2004.

General Situation

The consolidated turnover of the UCB Group increased by 3% to €3,068 million in 2004, compared to €2,966 million in the previous year. Sales for the Biopharma activity amounted to €1,679 million and for Surface Specialties €1,387 million.

The operating profit of the Group before tax was €484 million, against €487 million in 2003, a decrease of 1%. After taking into account exceptional results and taxation, the net profit of the Group rose by 7% to €363 million (2003: €340 million). At constant exchange rates, net profit grew by 19%.

UCB's total number of employees was 11,403, compared with 11,559 the previous year. This difference takes into account the acquisition of Celltech in July 2004 and the sale of the Films activities in September 2004. The cost of wages, salaries and social charges followed the trend in the workforce, totalling €737 million or 24% of the Group's turnover, compared to €692 million the previous year.

The Group's expenditure on Research and Development rose by 39% to €376 million as a result of the acquisition of Celltech, of which €51 million are related to Surface Specialties. R&D objectives are discussed in the pages dealing with the Biopharma activity.

Investments increased from €654 million to €2,530 million, primarily driven by the acquisition of Celltech, the largest investment, for a sum of €2,388 million in 2004.

The acquisition of the Celltech Group was financed by a €2.4 billion credit facility. This facility was subsequently reduced to €1.9 billion at year end, mainly as a result of the sale of the Films sector, leading to a net debt position of €1.7 billion at year end 2004. The net debt has since then been reduced substantially due to the proceeds of the sale of Surface Specialties: €1.15 billion of this was paid in cash and over €0.2 billion in Cytec Industries Inc. shares. This fully restores the Group's strong **financial structure**.

UCB maintains strict internal procedures to manage and monitor foreign exchange, interest rate and liquidity risks. The use of derivatives for the cover of foreign currency transaction exposures is mostly restricted to foreign currency forward contracts or currency swaps in order to hedge receivables, payables, intercompany transactions and other known transactional exposures denominated in currencies other than the functional currency of the subsidiary. There is no trading activity in financial instruments. All transactions are undertaken to manage the risks arising from underlying business activities.

A limited number of currency and interest rate swaps have been used to re-denominate external borrowings from floating to fixed interest rates and into the currencies as required by the cash flow.

UCB's management team combines the depth of biotechnology, pharmaceutical and international experience needed to succeed in today's increasingly challenging global environment. Our Executive Committee is composed of four senior executives, enabling us to respond quickly to opportunities. This is complemented by a senior leadership team of over 20 individuals, most with between 12 and 30 years' experience in the pharmaceutical industry, including extensive international experience.

Roch Doliveux

Executive Committee

Roch Doliveux,
Chief Executive Officer: Appointed January 2005. Previously Director-General of UCB Pharma Sector; CEO of Pierre Fabre Pharmaceuticals; President of Schering-Plough International in the USA, plus other posts with the company in France and Belgium. Started at Ciba-Geigy (now Novartis), working in Switzerland, France and Peru. He is also a member of the Board of the European Federation of the Pharmaceutical Industry Association.

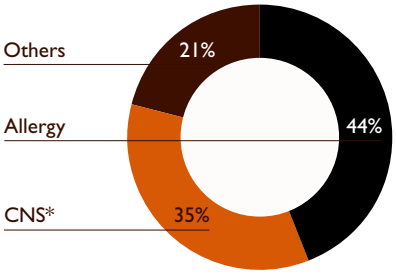
Melanie Lee,
Executive Vice President R&D: Appointed July 2004. Previously R&D Director at Celltech and Research Unit Head at Glaxo Wellcome (now GSK). Also chairs Cancer Research Technology, the technology transfer subsidiary of Cancer Research UK (CRUK), and is a CRUK Trustee. In 2003 was elected a Fellow of the Academy of Medical Sciences and was awarded an honorary doctorate by the University of York, UK, in 2004.

Luc Missorten,
Executive Vice President Finance: Appointed November 2004. Previously General Manager of UCB Pharma, Spain; and Executive Vice President and Chief Financial Officer of Interbrew (now Inbev).

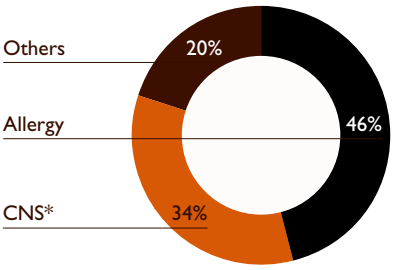
Jean-Pierre Pradier,
Executive Vice President Human Resources: Appointed July 1997. Previously Vice President HR International for Baxter, based in the USA and later Switzerland; head of HR for Baxter Europe; with prior HR experience with Eli Lilly.

The proven growth of UCB Biopharma in 2004 highlights our potential as a pure biopharma company, as well as our ability to keep our eye on our performance in a period of significant change. With the acquisition of Celltech, now fully integrated into our business, we are in an even stronger position to deliver long-term growth.

Turnover by therapeutic area 2004
Total 1,679 (€ million)



Turnover by therapeutic area 2003
Total 1,463 (€ million)



(*) CNS: Central Nervous System

Biopharma

Key figures (Belgian GAAP)	2004 [1] € MILLION	2004 [1] $ MILLION [2]	2003 € MILLION	2003 $ MILLION [3]	VARIANCE IN REAL TERMS	VARIANCE AT CONSTANT EXCHANGE RATES
Consolidated turnover	1,679	2,087	1,463	1,653	+15%	+20%
EBITA [4]	402	500	397	448	+1%	+15%
Amortization charges	(23)	(29)	-	-		
Operating profit (EBIT)	379	471	397	448	-5%	+9%
Net financial (charges)/income	(1)	(1)	5	6		
Ordinary profit	378	470	402	454	-6%	+8%
Exceptional results	(34)	(42)	29	33		
Profit before tax	344	428	431	487	-20%	-8%
Cash flow [5]	274	341	275	311		
Value-added						
Remuneration	470	584	411	464		
Depreciation & amortization [6]	75	93	44	50		
Net financial charges	1	1	(5)	(6)		
Ordinary profit before taxation	378	470	402	454		
Total	924	1,148	852	962		
Capital expenditure [7]	2,490		80			
R&D expenditure	325	404	210	237		
ROCE (Return on capital employed)	21%		41%			
Staff on December, 31st	8,235		6,650			
Average USD/EUR exchange rate	1.243		1.130			

Several strong performing products [8]

NET SALES (€ MILLION)	2004	CHANGE FROM 2003 IN REAL TERMS	CHANGE FROM 2003 AT CONSTANT EXCHANGE RATE
Central Nervous System	586	+18%	+25%
Keppra	417	+33%	+41%
Nootropil	103	-11%	-9%
Atarax	45	+4%	+6%
Metadate CD/Equasym XL [9]	11	-	-
Others CNS	10	-	-
Allergy	731	+9%	+15%
Xyzal	104	+157%	-
Zyrtec	494	-15%	-11%
Zyrtec-D/Cirrus	50	+8%	+17%
Tussionex [9]	63	-	-
Others allergy	20	-	-
Others	362	+22%	+24%
Total sales	1,679	+15%	+20%

(1) includes 5 months of Celltech activities consolidated since August 1st, 2004
(2) converted at 2004 USD/EUR average exchange rate of 1.243
(3) converted at 2003 USD/EUR average exchange rate of 1.130
(4) earnings before interest, tax and amortization. Includes royalties
(5) includes total net profit after tax, adding-back depreciation and amortization (excluding R&D), adding-back variance in provisions for risks and charges and capital grants, and divestments
(6) excluding amortization on R&D costs
(7) 2004 includes €2,388 million for Celltech acquisition (costs included)
(8) all trademarks are the registered property of UCB S.A. and its affiliated companies
(9) account for 5 months since August 1st, 2004

As the top new treatment for epilepsy in the US, Keppra has demonstrated UCB's ability to deliver powerful results in the highly competitive Central Nervous System (CNS) market. A rich pipeline of extensions and new follow-up compounds provide UCB with an opportunity to strengthen its position in this therapeutic area – one of the largest and fastest growing in the pharmaceutical industry.

DEVELOPMENTS DURING 2004

KEPPRA 33% INCREASE IN SALES | **USA 29% SALES GROWTH** | **KEPPRA SOLD IN 46 COUNTRIES**

Epilepsy

Keppra

Key competitive strengths: In just four years UCB has entered and established a leading position in the new anti-epileptic drug (AED) market with Keppra, with 23.4% of the US market for epilepsy. During 2004, UCB's CNS scientists confirmed that Keppra binds to a synaptic vesicle protein in the brain, called SV2A, the only known drug to do so. Published in the Proceedings of the National Academy of Sciences, this insight not only helps to explain the drug's ability to offer some patients seizure-free lives without the side effects associated with older AEDs, it also provides a unique and innovative proprietary platform for developing even more effective therapies, now being explored (see Brivaracetam and Seletracetam, infra).

Developments during 2004: Keppra's potential to establish itself as the world's top treatment for epilepsy was underlined by a 33% increase in its sales in 2004 to €417 million (+41% at constant exchange rates). In the US, it extended its market leadership among new AEDs with 29% sales growth to €270 million (+42% in US dollar), while in Europe, where it is a strong number two, it closed the gap with the leader with a 38% rise in sales to €139 million.

Worldwide turnover for Keppra 2004
(in € million)
Total 417

Worldwide turnover for Keppra 2003
(in € million)
Total 314

Difference	In real terms	At constant exchange rate
USA	+29%	+42%
Europe	+38%	+38%
Total	+33%	+41%

UCB

UCB'S WORLD-LEADING EXPERTISE IN EPILEPSY RESEARCH WITH CELLTECH'S SKILLS IN PROTEIN BIOLOGY ARE ADVANCING OUR UNDERSTANDING OF THE KEPPRA-BINDING PROTEIN FUNCTION IN OTHER NEUROLOGICAL DISEASES.

UCB

BY COMBINING UCB'S DISCOVERY CAPABILITIES IN NEUROLOGY WITH CELLTECH'S EXPERTISE IN INFLAMMATION, WE ARE INNOVATING IN FIELDS SUCH AS MULTIPLE SCLEROSIS.

Innovation for Specialists
Central Nervous System (CNS)
Continued

Sold in 46 countries, Keppra is currently indicated as an add-on therapy for partial onset seizures with or without secondary generalized seizures for epilepsy patients aged over 16 years. To expand its franchise as rapidly as possible, several important steps were taken in 2004:

- an application for a new intravenous formulation of Keppra was filed in the US in December 2004 and in Europe in March 2005. This will make it the first new AED to be available intravenously for emergency treatment, enabling us to access more 'uncontrolled' patients
- in the fourth quarter of 2004, we also filed a paediatric indication of Keppra (for patients aged 4-16) in the US and Europe; the FDA has granted it a priority review. The incidence of epilepsy is highest among young children: paediatric use represents 20% of AED prescriptions
- in addition, we accelerated our monotherapy Phase III clinical programme. Filing is expected in 2005, with filings for a licence in Japan and for generalized seizures expected at a later date
- opportunities to use Keppra for other CNS conditions, such as post-herpetic neuralgia, are also being investigated.

Brivaracetam (UCB34714)
Key competitive strengths: Brivaracetam is a broad-spectrum product in development. Studies indicate that it has the potential to be more efficacious and potent than Keppra, but also to be applied to other diseases, beyond epilepsy. With its dual mechanism of action, a high affinity for the SV2A ligand and sodium channel antagonism, the compound underlines the broad therapeutic and commercial potential of UCB's unique expertise around SV2A pharmacology.

Developments during 2004: Phase II clinical trials including patients with photosensitive epilepsy produced preliminary results suggesting the compound is more potent than Keppra and provides suppression of light-induced electro encephalogram (EEG) abnormalities. Brivaracetam has also demonstrated some preclinical activity in the treatment of neuropathic pain and essential tremor.

Seletracetam (UCB4412)
Key competitive strengths: Seletracetam is another high-affinity SV2A ligand in development. Unlike Brivaracetam, which has sodium antagonist activity, Seletracetam reduces high-voltage-activated calcium currents, providing UCB with another avenue for tackling the highly heterogeneous nature of epilepsy.

Developments during 2004: A Phase I clinical trial has indicated that this compound is well tolerated and preclinically even more potent than Keppra.
This combination of high-potency, lower-dosage opportunities and excellent tolerability offers the possibility of smaller, more convenient, once-a-day dosing.
Both Brivaracetam and Seletracetam are protected by composition of matter patent until 2021.

Narcolepsy

Xyrem

Key competitive strengths: Xyrem is the only FDA-approved medication for the treatment of cataplexy (sudden loss of control over voluntary muscle movement) associated with narcolepsy: 93% of people with narcolepsy have some degree of cataplexy. Its main advantages include short- and long-term control of cataplexy, improved daytime alertness and nocturnal sleep patterns, and retained long-term responsiveness.

Developments during 2004: With the acquisition of Celltech, UCB gained the right to market this orphan drug in Europe from Orphan Medical Inc. In 2004, UCB submitted it to EMEA for approval with a decision expected at the end of 2005.

Attention deficit/hyperactivity disorder (ADHD)

Metadate CD/Equasym XL

Key competitive strengths: Marketed in the US as Metadate CD, this once-daily methylphenidate has a unique extended-release formulation, enabling children to maintain their attention throughout the school day more effectively, without affecting their appetite or sleep patterns in the evening. A study published in Pediatrics in March 2004 confirmed the product's efficacy in controlling ADHD during school hours.

Developments during 2004: Inherited from Celltech, we managed to return Metadate CD to growth in the last quarter of 2004, achieving year-end, in-market sales of €10 million during the last five months of the year. To optimize the product's commercial potential, we intend to launch it in Europe in 2005 under the brand name Equasym XL. In February 2005, Equasym XL was approved for marketing and launched in the UK.

Cognitive disorders

Nootropil

Key competitive strengths: Nootropil is a long-established cognitive enhancer.

Developments during 2004: Although the product came off patent in 1988, it still generated sales of €103 million in 2004. Its strong performance in Asia and Eastern Europe also highlighted the power and geographic reach of our global sales force.

Multiple sclerosis

CDP323

Key competitive strengths: CDP323 has potential in tackling the inflammation associated with several major diseases. Preclinical data demonstrates activity in multiple sclerosis, rheumatoid arthritis and asthma. There is additional potential for this product in psoriasis. CDP323 is a small-molecule inhibitor of alpha-4 integrins. Its mechanism of action is to stop white blood cells migrating to and exacerbating areas of inflammation. As a small molecule, it can be taken orally.

Developments during 2004: CDP323 successfully completed a Phase I multiple-dose study in healthy volunteers. Good plasma exposure, potent and prolonged inhibition of ligand-binding to alpha-4 integrins were demonstrated.

UCB

BY CONNECTING CELLTECH'S KNOW-HOW OF ANTI-TNF WITH UCB GLOBAL R&D PLATFORM, THE DEVELOPMENT OF CIMZIA HAS BEEN ACCELERATED; COMPLETING ITS ENROLMENT IN CROHN'S DISEASE PIVOTAL TRIALS TWO MONTHS AHEAD OF SCHEDULE.

UCB

UCB RESEARCH IS FOCUSING ON LEVERAGING UNIQUE LARGE- AND SMALL-MOLECULE EXPERTISE TO DISCOVER NEW ENHANCED MEDICINES WITH VALIDATED MECHANISM OF ACTION.

UCB

UCB IS 'CONNECTING THE DOTS' VERY RAPIDLY. FOR EXAMPLE, WE ARE UNDERTAKING OUR CELLTECH'S NOVEL ANTI-INFLAMMATORY MOLECULES WITH POTENTIAL IN ALLERGY TO ACCELERATE PROOF OF CONCEPT. CELLTECH AND UCB'S RESEARCH TEAM ARE BENEFICIAL TO OUR COMBINED UNDERSTANDING OF ALLERGY AND INFLAMMATORY TO MOVE OUR MOLECULE TO RAPID PROOF OF CONCEPT.

Our expanding portfolio of inflammation and immunology therapies highlights our skill in extracting the maximum value from our specialist fields. First, we discovered a blockbuster antihistamine, Zyrtec. Then we continued to build our allergy franchise by developing Xyzal, the first antihistamine to be approved for persistent rhinitis in Europe. Now we're also working on a variety of severe inflammatory diseases, including Crohn's disease and rheumatoid arthritis, with several novel large molecules, most notably Cimzia (CDP870).

DEVELOPMENTS DURING 2004 | **XYZAL DOUBLED ITS SALES +156%** | **PHASE III EPAAC STUDY IS UNDERWAY**

Allergy and asthma

Xyzal

Key competitive strengths: Launched in Europe in 2001, Xyzal is the only antihistimine licensed for persistent allergic rhinitis (PER) in the original 15 EU-member states and Norway. This indication was granted in 2004 following a six-month study that demonstrated the product's efficacy and socio-economic benefits, including its ability to improve the quality of patients' lives and reduce levels of absenteeism at work.

Persistent rhinitis is recognised as a common chronic allergy in the Aria (Allergy Rhinitis and its Impact on Asthma) guidelines provided by WHO (the World Health Organisation) and leading allergy experts.

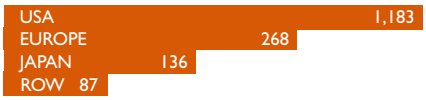
Developments during 2004: Xyzal more than doubled its sales (+156%) to €104 million, exceeding Zyrtec's sales in Europe for the first time in the last quarter and more than compensating for the decline of Zyrtec's global sales (excluding exchange-rate impacts).

A Phase III EPAAC study (Early Prevention of Asthma in Atopic Children) is underway to test the hypothesis that Xyzal can delay the onset of asthma in atopic children. This is the first time this has been attempted.

Innovation for Specialists
Inflammation and Immunology
Continued

Allergy franchise turnover (*) 2004
UCB + licensees (in € million)
Total 1,551

Allergy franchise turnover (*) 2003
UCB + licensees (in € million)
Total 1,674



Allergy franchise turnover (*) 2004
UCB consolidated (in € million)
Total 649 of which 132 Pfizer royalties (**)

Allergy franchise turnover (*) 2003
UCB consolidated (in € million)
Total 670 of which 145 Pfizer royalties (**)

Variation	In real terms	At constant exchange rate
USA	-10%	-1%
Europe	+5%	+5%
Japan	-6%	-3%
Total turnover	**-3%**	**+1%**

(*) UCB's Allergy franchise includes Xyzal and Zyrtec/Cirrus
(**) Booked in UCB's P&L (Belgian GAAP) under "other operating income"

Zyrtec

Key competitive strengths: Zyrtec, the world's most widely used second-generation antihistamine, firmly established UCB as a major global leader in the field of allergy, including the top market share in the US. Although its patent has expired in most European markets and is due to end in the US in December 2007, it has given us the credibility, global presence and momentum to forge ahead in this market with Xyzal and other novel products in our pipeline, including anti-inflammatory agents. The experience of successfully co-promoting the product in the US with Pfizer has also provided us with valuable insights into how to successfully team up with major companies to market products requiring a larger sales force than UCB has, or intends to have. In Japan, where Zyrtec is the leading antihistamine in patient-days, the product still has substantial potential: it is a growing market with limited generic competition.

Developments during 2004: Despite intense competition from low-cost OTC products and a 16% decline in the US antihistamine market, Zyrtec managed to limit the decrease in its sales to just 4%. Zyrtec's total in-market sales reached €1,447 million, of which UCB consolidated €545 million.

Tussionex

Key competitive strengths: Tussionex is the only 12-hour hydrocodone-based prescription syrup for coughs and colds, enabling UCB to offer a comprehensive range of respiratory therapies across the year, from antihistamines during high-pollen periods to Tussionex during the winter.

Developments during 2004: Tussionex increased its market share, from 27% to 30%, with sales of €63 million over the last five months of the year, despite a weak cough and cold season.

Efletirizine
Key competitive strengths: Efletirizine is a novel antihistamine with a promising onset of action and safety profile.

Developments during 2004: Efletirizine is a novel antihistamine compound, which successfully completed its once-a-day proof of concept study.

CDP323
CDP323 has potential in tackling the inflammation associated with several major diseases. Preclinical data demonstrates the potential for treatment in multiple sclerosis, rheumatoid arthritis and asthma.
(See further details under CNS p15.)

Crohn's disease

Cimzia (CDP870)
Key competitive strengths: As the only PEGylated anti-TNF-alpha antibody fragment (Fab) in development, Cimzia could offer several key features including convenience of administration:

- Anti-TNF agents generally give patients rapid relief for their disease and improve the patients' general sense of well-being. They have also been clinically validated, lowering the risk of entering the anti-TNF market. In 2004, the anti-TNF market grew by 44% to €4.2 billion and is expected to reach €10 billion by 2009 – a measure of the extraordinary potential of this new therapeutic approach to severe inflammatory disease.
- The PEGylated nature of this anti-TNF agent prolongs the Fab's half-life, enabling less frequent, more convenient dosing. Its convenience would be enhanced by subcutaneous administration, as opposed to infusion. Ease of administration is considered the second most important attribute of Crohn's disease drugs, after clinical efficacy. The Crohn's disease market, which is currently estimated to be worth over $1 billion a year, is expected to grow significantly, driven by biological agents such as Cimzia.

Developments during 2004:
The recruitment of patients suffering from Crohn's disease for our two pivotal registration studies ended two months ahead of schedule in October 2004, underlining our commitment to unlock Cimzia's potential as rapidly as possible. Results to support a Biological License Application (BLA) filing at the end of 2005 are on track.

Rheumatoid arthritis (RA)

Cimzia (CDP870)
Key competitive strengths: We intend to pursue approval of Cimzia for RA with the hope of providing RA patients with all the advantages of a PEGylated anti-TNF-alpha antibody fragment (see above). We are pursuing the development of a liquid formulation as opposed to a frozen or 'lyophilized' format, which has to be reconstituted. With a patient-friendly delivery mechanism, this will potentially enable patients suffering from mobility difficulties to self-administer at home.

Developments during 2004: We successfully completed our two pivotal registration studies and started additional profiling Phase III clinical trials. Our liquid formulation also entered stability trials and has produced encouraging results, enabling us to use it in further clinical trials in 2005.

Cimzia is protected by patent until 2021.

CDP323
CDP323 has potential in tackling the inflammation associated with several major diseases. Preclinical data demonstrates the potential for treatment in multiple sclerosis, rheumatoid arthritis and asthma.

CDP484
IL-1-beta is a key mediator in many inflammatory diseases, including RA. A Phase I study of CDP484 has been completed and we are evaluating the therapeutic opportunity.

Multiple sclerosis (MS) and other diseases

As an integrin antagonist, CDP323 has potential for activity in multiple sclerosis (see above for details of its mechanism, advantages and clinical development in CNS p15). In MS, UCB will initially focus on immune-mediated CNS inflammation. To support this drive, we have established a small-molecule Research Centre of Excellence (see p26) focusing on inflammation, including MS. We are also progressing two antibody anti-cytokine projects and collaborating on MS initiatives with various academic institutions.

The opportunities to apply our expertise and technological edge in large and small molecules to other therapeutic areas are significant. Already we're making encouraging progress in oncology with new compounds targeted at solid tumours and Non-Hodgkins Lymphoma (NHL).

DEVELOPMENTS DURING 2004

CMC544 IN PHASE I TRIALS FOR NON-HODGKINS LYMPHOMA

CDP791 SUCCESSFULLY PROGRESSED IN PHASE I PHASE II IN 2005

UCB's combined expertise in small and large molecules enables the company to search for solutions in oncology, as well as satisfy the need for combinations of treatments to provide the best survival outcomes. With small molecules, for example, there are opportunities to inhibit the signals that instruct cancerous cells to multiply or survive. Large molecules or antibodies, meanwhile, give us the facility to deliver potent toxins in a highly targeted manner, reducing side effects. Our antibody fragment technology platform is particularly useful here.

Although our oncology portfolio is still generally in an early stage, we have two notable large-molecule products in development and one already marketed: Mylotarg, a product of Celltech's research team and co-developed by Wyeth and Celltech, has already validated the use of antibodies to selectively deliver cytotoxic agents to human tumour cells. Mylotarg is indicated for the treatment of acute myeloid leukaemia.

CMC544

Key strengths: CMC544, which is being developed in partnership with Wyeth, is an antibody that selectively binds to CD22. CMC544 is a conjugated full-length humanized monoclonal antibody linked to the cytotoxin calicheamicin. CD22 is a protein that is expressed on the surface of malignant B-cells and upon binding with CMC544, the antibody and calicheamicin are internalised and the calicheamicin kills the cell. This could lead to lower side effects than are normally associated with chemotherapy.

Developments during 2004: CMC544 is in Phase I trials for Non-Hodgkins Lymphoma (NHL).

CDP791

Key strengths: CDP791 selectively blocks the Vascular Endothelial Growth Factor Receptor-2 (VEGFR-2), which promotes blood-vessel growth in solid tumours.

Developments during 2004: The product successfully progressed in Phase I trials and should be entering Phase II in 2005.

UCB

IN ONCOLOGY WE HAVE ALREADY BROUGHT TOGETHER WITH WYETH A NEW MONOCLONAL ANTIBODY TO TREAT ACUTE MYELOID LEUKAEMIA. WE ARE WORKING WITH RESEARCHERS AND CLINICIANS TO BRING BETTER TREATMENT FOR CANCER PATIENTS WITH NEW MOLECULES THAT TARGET VALIDATED APPROACHES WITH HIGHER SPECIFICITY AND POTENCY.

UCB

WITH OUR COLLECTIVE SKILLS IN BOTH LARGE AND SMALL MOLECULES, WE CAN SELECT THE MOST EFFECTIVE AND SUITABLE APPROACH FOR EACH DISEASE STATE.

UCB

OUR CULTURAL DIVERSITY, BREADTH OF EXPERTISE, EXPERIENCE AND ENTREPRENEURSHIP HAVE GENERATED A HIGHLY CREATIVE AND PERFORMING ENVIRONMENT, ENABLING US TO CONNECT EVEN MORE DOTS IN THE FUTURE.

UCB

TO ENSURE WE HAVE THE BEST PROJECTS AND RESOURCES AVAILABLE, WHILE MINIMIZING OUR RISKS, WE JOIN FORCES WITH A BROAD SPECTRUM OF EXPERT PARTNERS, FROM ACADEMICS, SPECIALIST TECHNOLOGY AND MAJOR PHARMACEUTICAL COMPANIES. OUR RECENT TIE-UP WITH MILLENNIUM IS AN ILLUSTRATION THEREOF.

Our innovative approach to research often generates unexpected opportunities in other therapeutic areas. Thanks to our entrepreneurial cultural and global infrastructure, we're able to quickly capitalise on the commercial potential of these discoveries.

DEVELOPMENTS DURING 2004

KENTERA: UCB POISED TO LAUNCH IN EUROPE

Progress in other therapeutic areas

In Europe, UCB is poised to launch an innovative transdermal therapy for the symptomatic treatment of urge incontinence or 'overactive bladder', which affects nearly 17% of Europeans over the age of 40. Kentera, which is licensed from Watson Pharmaceuticals Inc, is a transdermal patch that has been clinically proven to reduce the number of incontinence episodes and average daily urinary frequency amongst this age group. The incidence of adverse anticholinergic events, such as 'dry mouth', is also low. In June 2004, the European Commission granted UCB marketing authorisation for this product. UCB intends to start marketing this product in the second quarter of 2005.

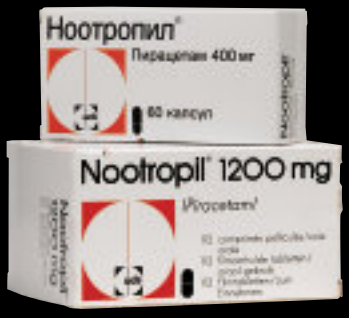
The products

Keppra® (levetiracetam)
Product benefits: Significantly reduces the frequency of seizures

Geographic spread: Europe and US
Market share: 23% (US epilepsy Rx market share)
Net Sales: €417 million

Metadate™ CD/Equasym™ XL
Product benefits: Improves symptoms of Attention-Deficit Hyperactivity Disorder with specific benefits in school day performance of children and adolescents

Geographic spread: US, launching in Europe in 2005
Market share: 2.5% (US, Dec 2004)
Net Sales: US €11 million (5 months of Celltech activities consolidated since August 1st, 2004)



Nootropil® (piracetam)
Product benefits: A cerebral function regulator

Market share: Mainly in Europe (75%) and Asia (17%)
Net Sales: €103 million

Zyrtec® (cetirizine)
Product benefits: Anti-allergic used for seasonal allergic rhinitis, perennial allergic rhinitis and chronic idiopathic urticaria

Geographic spread: US, Japan, Asia and Europe
Market share: US 37%, Japan 16% and Europe 6%
Net Sales: €494 million (part that UCB consolidates)

Zyrtec-D® / Cirrus™ (cetirizine + pseudoephedrine)
Product benefits: Relieves symptoms of allergic rhinitis, including nasal congestion

Net Sales: €50 million

Tussionex™ (hydrocodone)
Product benefits: A twelve-hour acting antitussive

Geographic spread: US
Market share: 29.8% (US, 2004)
Net Sales: €63 million (5 months of Celltech activities consolidated since August 1st, 2004)

Xyzal® (levocetirizine)
Product benefits: Only anti-allergic indicated for all forms of allergic rhinitis, including persistent allergic rhinitis, as well as chronic idiopathic urticaria

Geographic spread: Europe, Middle East, Africa and Asia
Market share: 16% (Europe)
Net Sales: €104 million

Lortab™ (hydrocodone-paracetamol)
Product benefits: Analgesic which reduces most types of pain

Geographic spread: US
Net Sales: €20 million

Bup-4™ (propiverine hydrochloride)
Product benefits: For the treatment of urinary incontinence

Geographic spread: Japan
Net Sales: €29 million

Atarax® (hydroxyzine)
Product benefits: A non-benzodiazepinic tranquilliser

Geographic spread: Europe and US
Net Sales: €45 million

Dipentum™ (olsalazine sodium)
Product benefits: Treatment for ulcerative colitis

Geographic spread: Europe and US
Net Sales: €5 million (5 months of Celltech activities consolidated since August 1st, 2004)

Our research and development team has the technology and breadth of expertise to accelerate our large- and small-molecule drug-discovery programmes. These strengths are proving increasingly attractive to partners, widening our commercial potential.

Expertise in both large and small molecules

Our dual-pipeline strategy, encompassing both small and large molecules, gives us the facility to address disease pathways at different points in our targeted therapy areas. 'Extracellular' large molecules (or antibodies), for example, are often the only way to block protein interactions, while intracellular drug targets are often best addressed with small molecules (or 'novel chemical entities', NCEs), which readily enter the cells. There are also different trade-offs between the convenience of the two types of molecules that we can use to our advantage, where appropriate: small molecules are typically taken orally while large molecules, for example, are generally administered by injection and can act very rapidly for a long period of time. Occasionally small molecules are formatted as injectable to achieve rapid action.

More generally, as pharmacogenetics and other developments lead to more personalised treatments, the combination of large- and small-molecule therapies will enable us to tackle different disease states at different stages. The investment risks associated with each type of molecule vary at different stages of development, which gives us the flexibility to balance our risks more optimally.

Dynamic, flexible Centres of Excellence

To give our scientists the time, resources and environment to focus on our therapeutic priorities, free of the bureaucracy and other constraints often associated with large organisations, we restructured our small-molecule research capability into three Centres of Excellence, each focusing on specific therapeutic areas. These include: immunology and oncology (Slough, UK); inflammation, including multiple sclerosis (Cambridge, UK); and CNS disorders (Braine l'Alleud, Belgium). At our site in Slough, we also established a Celltech Antibody Centre of Excellence concentrating on large-molecule antibody technologies for inflammation, immunology and oncology.

Each Centre is small enough to allow vital and regular face-to-face contact between the scientists and is supported by all the necessary functions to progress commercially viable ideas. As part of our drive to increase our focus, we closed our Boston site in 2004.

Cutting-edge technology for rapid discovery
With our proprietary SLAM (Selected Lymphocyte Antibody Method) technology, we are able to isolate high-affinity, functionally active antibodies with exceptional speed, reducing the time it takes to identify these antibodies from about six months to just eight weeks. Our Celltech Antibody Research Centre is constantly improving SLAM's capabilities, originally licensed from Abgenix, building on earlier advances. Our PEGylated antibody fragment platform gives us a further edge, enabling us to prolong the antibodies' therapeutic activity, leading to less frequent, more convenient dosing.

Highly productive clinical development
Each year our objective is to select two new development candidates and progress at least 10 new projects through clinical development (Phases I-III). Our cutting-edge technology will play a key role in identifying new candidates, while our proven expertise in safety toxicology and other aspects of clinical development will help us accelerate our products through our pipeline. To enhance the speed, efficiency and quality of our clinical development, we introduced and completed a process-improvement programme in 2004, called PRIDE (Process Reengineering Initiates Development Excellence).

This included harmonising our global development processes and setting stretching new targets. The impact of PRIDE is already being felt. During 2004, for example, we completed recruitment for Phase III trials of Cimzia in Crohn's disease two months ahead of schedule, plus filed several new indications for Keppra.

Intellectual property
UCB's attractiveness as a development partner has been significantly enhanced by the rich Intellectual Property (IP) estate it acquired with Celltech, complementing UCB's existing and growing IP estate. The Celltech estate includes over 50 patent 'families', covering antibody technologies and targets. Many of these provide valuable royalty streams.

A growing network of partners
We have a strategy of partnering to complement our skills and maximise our product potential. We have over 20 partnerships ranging from joint research collaborations, such as Biogen Idec, Amgen and Wyeth to co-marketing arrangements with companies like Pfizer.

Our recent agreement with Millennium Pharmaceuticals Inc, announced in January 2005, is one example of UCB's interest in R&D partnerships. Under the terms of the agreement, our Celltech Antibody Centre of Excellence will collaborate with Millennium on the research, development and commercialisation of new antibody therapeutics generated from two validated Millennium targets: a co-stimulatory molecule and a chemokine receptor.

The co-stimulatory molecule is a CD28 homologue and has been implicated in the regulation and activation of T cells. The chemokine receptor is expressed on peripheral T cells and has been implicated in multiple inflammatory diseases, including psoriasis, ulcerative colitis and graft rejection.

Partnering Arrangements

NCE discovery
Discovery Partners International
Combinature
Chembridge Corporation

Antibody discovery
Xenova
Millennium
Bio Invent
Seattle Genetics

NCE product-development partnership
Astra Zeneca
Johnson & Johnson
Merck

Antibody development
Biogen Idec
Amgen
Wyeth

NCE marketed product
Abbott
Marushi
Orphan Medical
Pfizer

Antibody marketed product
Wyeth

Strategic antibody manufacturing
Nektar
BioReliance
Sandoz
Lonza

Marketing
Pfizer
Watson
Daiichi
Sumitomo

A strong development pipeline for new product launches

Therapeutic areas	Diseases	Pre-clinical	Phase I
CNS	Epilepsy	-	Seletracetam
	Multiple sclerosis	**CDP435***	CDP323
	Other CNS	-	-
	-	-	-
Inflammation	Allergy/respiratory	Efletirizine (once a day)	CDP323
	Rheumatoid arthritis	**CDP484***	CDP323
	Crohn's disease	-	CDP323
Oncology	-	-	**CMC544***
	-	-	**CDP791***
Other	Urinary incontinence	101264	-

As the pipeline illustrates, UCB has the potential to bring a steady stream of large- and small-molecule products to the market over the next five years and beyond. Where molecules have potential in primary care, as opposed to our core field of severe diseases, we will team up with major pharmaceutical companies with appropriate sales forces.

* Biological therapeutic

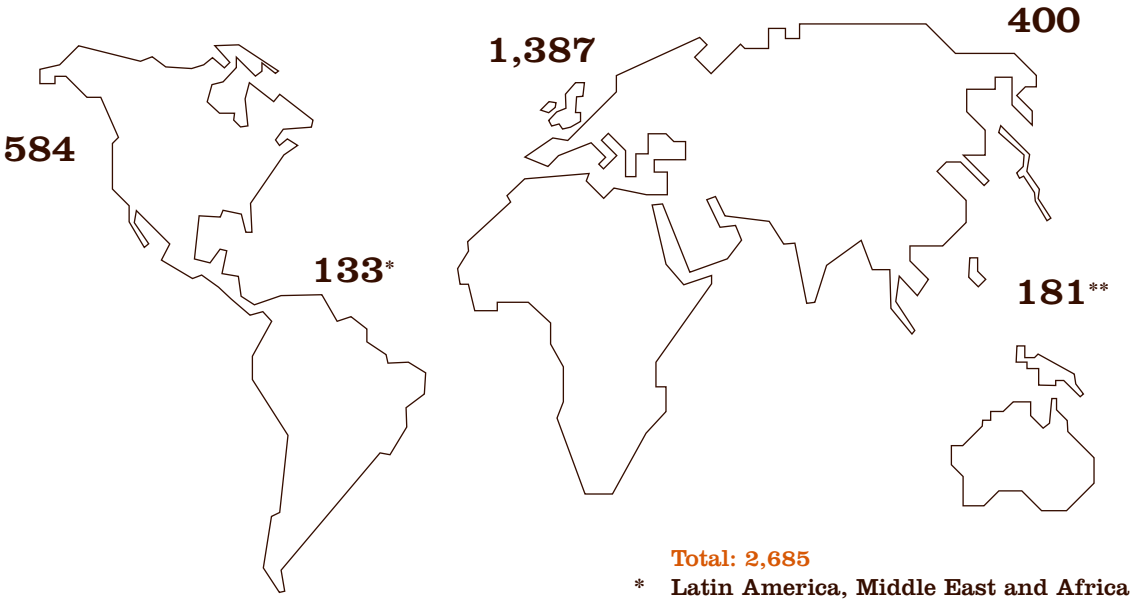
Phase II	Phase III	Submission	Approval
Brivaracetam	Keppra (Mono, PGS)	Keppra (Paediatrics, IV)	-
-	-	-	-
Keppra	-	Xyrem	-
Brivaracetam	-	Equasym XL (EU)	-
-	Xyzal EPAAC	Xyzal (oral solution)	-
-	**Cimzia***	-	-
-	**Cimzia***	-	-
-	-	-	-
-	-	-	-
-	-	-	Kentera

R&D investments to rise by 28%

To strengthen its pipeline and speed to market, the UCB Board agreed a 28% increase in R&D expenditure in 2005 to €480 million. The top priorities will be to finalise the development of Cimzia (CDP870), maximise the potential of Keppra and further develop its successors, and progress with the clinical development of CDP323, CDP791 and CDP484. Over €100 million will be invested in Cimzia in 2005 to complete its development for Crohn's and further develop it for rheumatoid arthritis.

UCB is a truly global company, with operations in over 40 countries and well-balanced sales in the major markets, including the US, Europe and Japan. A global sales force. As our strategy is to focus initially on specialists in severe diseases, we only need a relatively small sales force. UCB has over 2,600 sales representatives, covering the major global markets.

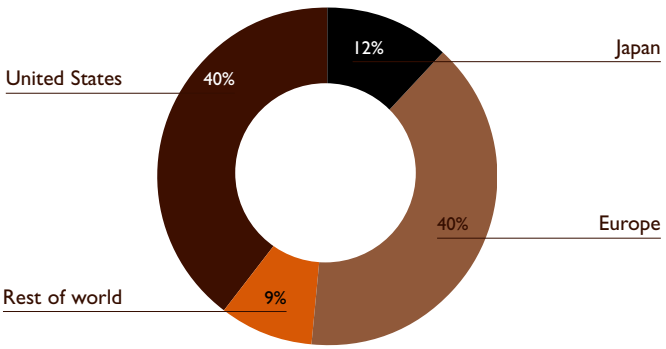
Global sales force (December 31st, 2004)



Total: 2,685
* Latin America, Middle East and Africa
** Rest of world

R&D facilities in US, Europe and Japan. We have R&D facilities in Belgium (Braine l'Alleud), UK (Slough and Cambridge), Switzerland (Bulle), US (Atlanta and Rochester) and Japan (Tokyo). **Manufacturing sites in 10 countries.** UCB's production sites are in Belgium, Italy, Germany, Spain, Switzerland, UK, US, India, Japan and South Korea.

Geographical distribution of Biopharma turnover 2004
Total (in € million): 1,679



As UCB designs and produces novel specialist medicines for severe diseases, our business is fundamentally about people – our staff who generate the ideas, the patients we ultimately help. To unlock the creative potential of our staff, we are developing an open, dynamic and accountable corporate culture.

CORE VALUES	PASSION AND PERFORMANCE CARE ACCOUNTABILITY	ENTREPRENEURSHIP INTEGRITY AND QUALITY	INNOVATION FOCUS AND 'ACT NOW'

UCB embraces seven core values into its corporate culture using a variety of techniques. Below, some of our staff summarise what these values mean to them and how UCB is bringing them to life.

Passion and performance:
"As a relatively small company, we're still able to have regular face-to-face contact with patients we're aiming to help. That's a huge incentive to succeed: these are people with severe and sometimes life-threatening diseases."

Care:
"When you see the extraordinary difference a product like Keppra can make to patients, you realise that what we're doing is really worthwhile and not just about the bottom line. It makes sense of everything."

Accountability:
"You're given the autonomy to get on with things but you're also expected to deliver. So you work much more like a team, sharing information and ideas to get the best results. Sure, we sometimes make mistakes but they're a team responsibility and we learn from them and move on."

Entrepreneurship:
"I know it sounds a bit of a cliché but even problems are seen as opportunities. However, we don't rush headlong into every opening. It has to make strategic and commercial sense. Provided it does, we'll go for it: there's a real 'can do' mentality."

Integrity and quality:
"These are the foundation of our business. The controls are so rigorous, and the human stakes so high, you can't afford to be anything but scrupulously professional. That's not to say you're not given freedom to explore; you just know the boundaries and what's expected of you. That's very clear."

Innovation:
"Ever since Celltech joined UCB there's been a real buzz. With such different yet complementary technologies and cultures, anything seems possible. Those 'eureka' moments won't happen overnight but they're likely to happen more often and quickly than before."

Focus and 'act now':
"There is pressure to deliver but it's manageable. There are well-defined, actionable priorities and decisions are taken quickly. You don't have to go through layers of bureaucracy; you just have to learn to run a bit quicker than usual."


Passion and performance

Bily
Allergy Communications


Care

Rich
USA CNS Marketing


Accountability

Celestina
R&D


Entrepreneurship

Nicolas
General Management


Integrity and quality

Zaina
Finance

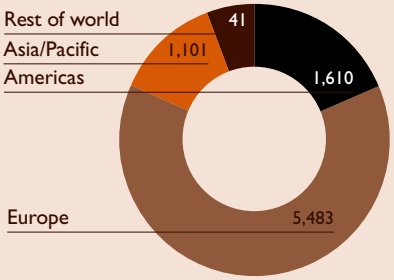

Innovation

John
IT R&D

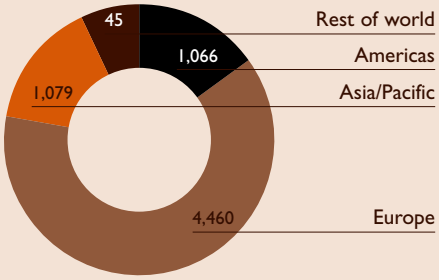

Focus and 'act now'

Alet
Business Development

Geographical distribution of Biopharma staff 2004



Geographical distribution of Biopharma staff 2003



UCB Biopharma staff 2004
R&D

RESEARCH	1,057
DEVELOPMENT	350

TOTAL: 1,407

2003

RESEARCH	775
DEVELOPMENT	245

TOTAL: 1,020

UCB Biopharma staff 2004
Sales representatives

EUROPE	1,387
AMERICAS	717
ASIA/PACIFIC	581

TOTAL: 2,685

2003

EUROPE	1,560
AMERICAS	703
ASIA/PACIFIC	723

TOTAL: 2,986

The divestment of Surface Specialties enabled us to acquire Celltech and move towards our goal of becoming one of the world's leading biopharmaceutical companies. Here we outline the important contribution of this sector during 2004.

Surface Specialties

Key figures (Belgian GAAP)	2004 (1) € MILLION	2004 (1) $ MILLION (3)	2003 (2) € MILLION	2003 (2) $ MILLION (4)	VARIANCE IN REAL TERMS	VARIANCE AT CONSTANT EXCHANGE RATES
Consolidated turnover	1,387	1,724	1,501	1,696	-8%	-4%
of which Films	275	342	362	409		
EBITA (5)	101	126	91	103	+11%	+21%
Amortization charges	-	-	-	-		
Operating profit (EBIT)	101	126	91	103	+11%	+21%
Net financial (charges)/income	(23)	(29)	(25)	(28)		
Ordinary profit	78	97	66	75	+18%	+33%
of which Films	5	6	3	3		
Exceptional results	54	67	(33)	(37)		
Profit before tax	132	164	33	38		
Cash flow (6)	412	512	206	233		
Value-added						
Remuneration	264	328	279	315		
Depreciation & amortization (7)	75	93	89	100		
Net financial charges	23	29	25	28		
Ordinary profit before taxation	78	97	66	75		
Total	440	547	459	518		
Capital expenditure (8)	33		560			
R&D expenditure	51	63	60	68		
ROCE (Return on capital employed)	9%		9%			
Personnel employed as of December 31st	2,805		4,605			
Average USD/EUR exchange rate	1.243		1.130			

(1) includes 9 months of Films activities consolidated on September 30th, 2004
(2) includes 9 months of Methylamines activities consolidated until September 30th, 2003 and 11 months of Resins, Additives & Adhesives activities acquired from Solutia
(3) converted at 2004 USD/EUR average exchange rate of 1.243
(4) converted at 2003 USD/EUR average exchange rate of 1.130
(5) earnings before interest, tax and amortization. Includes royalties
(6) includes total net profit after tax, adding-back depreciation and amortization (excluding R&D), adding-back variance in provisions for risks and charges and capital grants, and divestments
(7) excluding amortization on R&D costs
(8) 2003 includes €514 million for acquisition of Resins, Additives & Adhesives activities from Solutia

Surface Specialties is a leading international player in the manufacture of innovative high-value products for coatings.

In 2004 Surface Specialties was involved in the development, manufacture and marketing of a specific range of resins, additives, films and adhesives mainly for industrial uses. Its largest markets included the automotive, graphic arts, construction, industrial products, packaging and labelling sectors.

Performance and achievements
During the year Surface Specialties consolidated its position as a world leader in environmentally friendly resins for the coatings and graphic-arts industries. Despite a steep rise in the cost of raw materials, driven by global capacity constraints and increases in energy prices, the division (excluding Films and Methylamines) increased its turnover by 11% to €1,112 million. It performed especially well in Asia, accounting for 18% of its turnover, where, in 2004, it grew by 20%.

Key strengths that enabled Surface Specialties to succeed in such a challenging environment included its ecologically friendly and durable coatings technologies, as well as its close relationships with its customers – key to developing bespoke products that suit application customer needs.

Resins for paints, varnishes and inks, industrial resins, adhesives and additives
These activities included resins and additives for industrial coatings and graphic arts, as well as technical resins serving a wide range of other target markets, including textiles, wood finishing, tyre composites, electronics and paper upgrading.

Being one of the world leaders in resins for the coating industry, Surface Specialties meets the demand for high-performance end products thanks to its comprehensive range of products. Three quarters of the resins sold are used in eco-friendly technologies.

The turnover of these activities increased from €1,000 million in 2003 to €1,103 million in 2004. It should once again be noted that currency exchange rates had a negative impact on the consolidated figures in Euros.

Films
The sale of the Films activities to a consortium led by Dennis Matthewman and Candover Partners Ltd, announced in July 2004, has been completed on September 30th, 2004 for an amount of €320 million.

The UCB Films sector included the manufacture of BOPP (bi-oriented polypropylene) films, cellulose films (cellophane) and a 50% participation in, Securency Pty Ltd, a joint-venture with the Reserve Bank of Australia that supplies the substrate for polymeric bank notes.

The turnover of this business decreased from €362 million to €275 million. The reduction is the result of 9 months of consolidation of the Films division.

The Films activities continued to improve profitability, with ordinary profit before taxation reaching €5 million in only nine months of consolidated results.

Sale of the specialty chemical activities
On October 1st, 2004, UCB signed a definitive agreement to sell its specialty chemical business to Cytec Industries Inc, a global leader in speciality chemicals and materials, underpinned by technologically advanced customer-oriented solutions. With Cytec's scale and expertise behind, the Surface Specialties business will be in an even stronger position to capitalise on its unique strengths and build on its achievements.

The development and ultimate sale of the specialty chemical sector, completed in February 2005, played a key role in providing UCB with the resources needed to acquire Celltech and to transform the company into a pure biopharmaceutical leader. The sale was completed on February 28th, 2005 for a total consideration of €1,415 million.

We wish Surface Specialties staff well and thank them for their considerable contribution to UCB's development.

Non-sectorial Activities

The UCB non-sectorial results relate to activities that are not directly attributable to one particular sector in the Group. The ordinary results are mainly generated by financial activities conducted by the non-sectorial legal entities.

Non-sectorial activities 2004
Profit before taxation (in € million)

TOTAL: 16

Non-sectorial activities 2003
Profit before taxation (in € million)

TOTAL: 15

Corporate Governance

The aim of Corporate Governance is to optimize the organization of the administration and management of listed companies. Belgium has defined a new code of best practice in terms of Governance for all quoted companies, which responds to international standards. In a separate document, UCB presents information on the way its Board of Directors and Executive Committee operate, together with their relationship to shareholders, in respect of this new Code. This document is part of this annual report. It can also be downloaded at our website (www.ucb-group.com).

2004 Report of the Board of Directors for UCB S.A.
UCB S.A., which is the Group's parent company, holds shareholdings directly or indirectly in the subsidiaries. Its net profit, after tax and transfer to exempt reserves, amounted to €444 million in 2004. After taking account of the profit brought forward from the previous year of €127 million, the balance available for distribution amounts to €571 million. The Board of Directors proposes to distribute a gross dividend of €126 million.

With regards to the use of the authorised capital reserved for the personnel of the Group performing directorial or senior management functions, the Board of Directors approved an option plan on shares within the framework of the Belgian legislation of 1999. In 1999, a first issue of 147,000 subscription rights on UCB shares was reserved for some 270 members of staff. A second issue took place in 2000, covering around 480 people and 237,500 subscription rights.

Since 2001, it has been decided to no longer 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. In 2001, this issue related to 346,800 share options, reserved for 490 members of staff. In 2002 and 2003, 450,000 options were issued to the personnel of the UCB Group performing directorial and senior management functions, covering approximately 560 people. The company has decided not to make use of the authorisation granted to it in 2001 and 2003 by the General Meeting of shareholders to purchase its own shares to cover the share purchase option plans set up for the personnel of the UCB Group performing directorial or senior management functions. UCB Fipar, an indirect subsidiary of UCB S.A., has by mutual agreement taken over all UCB's obligations in this matter.

In 2004, 650,000 share options were issued to the personnel of the UCB Group performing directorial and senior management functions, covering approximately 890 people. Moreover, as a consequence of a rollover allowing Celltech's personnel to exchange Celltech share options, granted prior to the acquisition, for UCB share options, and according to the rules set out in the takeover prospectus, UCB has issued to Celltech personnel 310,845 share options on UCB's own shares.

Results of UCB S.A. and proposed distribution
The operations of UCB S.A. generated in 2004 a net profit of €444,123,253.45 after tax. This profit includes an exceptional profit of €33,091,829.

After taking account of the profit brought forward from the previous year of €126,502,042.55, the balance available for distribution amounts to €570,625,296. The Board proposes to you the following distribution:

1.	Distribution to shareholders of a gross dividend of	€125,502,380
2.	Transfer to legal reserves	€ -
3.	Transfer to distributable reserves	€310,000,000
4.	Carried forward	€135,122,916
		€570,625,296

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 €0.645 per share, against the surrender of coupon No. 7, compared with €0.615 last year. This amount takes account of a withholding of 25%. Coupon No. 7 will be payable as from June 17th, 2005 at the branches and agencies of Fortis Bank.

The Board of Directors wishes to thank Mark Eyskens, who resigned from his position as Chairman of the Board on December 31st, 2004, having reached the age limit. He has held this position for six years with competence, intelligence and humour. In appreciation, the Board has decided to confer on him the title of Honorary Chairman of the Board.

Following the successful acquisition of Celltech and the divestment of Surface Specialties, which constitutes a major milestone in the strategic refocusing of UCB, Georges Jacobs, Chairman of the Executive Committee, has stepped back from the daily management of the Group, as he is nearing his 65th birthday. Georges Jacobs has been the Chairman of the Executive Committee since 1987.

The Board of Directors expresses its gratitude to Georges Jacobs for distinguished services rendered to UCB and appointed him on January 1st, 2005, as Chairman of the Board of Directors, where he replaces Mark Eyskens. The Board of Directors appointed Roch Doliveux as Chairman of the Executive Committee of the UCB Group on January 1st, 2005. Roch Doliveux' past international pharmaceutical experience and excellent performance as Head of UCB Pharma, since October 2003, stands him in good stead to take up this new challenge.

The appointments of Baron Jacobs, Mr Mark Eyskens, Mr Eric Janssen, Mr Guy Keutgen, Countess Diego du Monceau de Bergendal, Mrs Jean van Rijckevorsel and Mr Jean-Louis Vanherweghem expire at the end of the Shareholders Meeting of June 14th, 2005. Being eligible, the Board proposes that they be re-elected, except for Mr Eric Janssen and Mr Mark Eyskens who have reached the age limit.

It is also proposed to you to nominate, as a new Director, Dr Peter Fellner, previously Chairman of the Board of Directors of Celltech Group PLC and Mr Gerhard Mayr, previously President of Eli Lilly International Pharmaceutical. The Board is of the opinion that the appointment of these candidates will broaden the skills of the Board in the biopharmaceutical field whilst at the same time increasing its international composition. It will also be proposed to you to appoint Count de Pret as a new Director. Mr de Pret will be one of UCB's main shareholder representatives, to replace Mr Eric Janssen.

As defined in article 524 of the Companies Code, it will be proposed to the meeting to recognize the status of independent Directors Mr Guy Keutgen and Mr Gerhard Mayr in addition to Mr Alan Blinken, Mr Karel Boone and Mr Jean-Louis Vanherweghem.

The Board expresses its warmest thanks to all employees around the world for their collective energy and drive to ensure UCB's growth, within a demanding economic and competitive context. Its thanks also go to the staff of Surface Specialties, including the Films division, who left the Group after a long time at UCB.

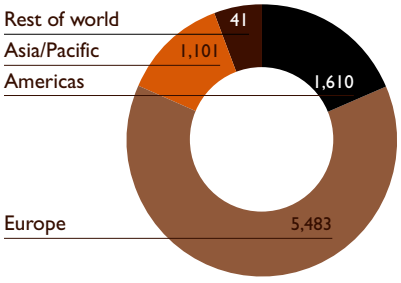
Brussels, March 22nd, 2005.
The Board of Directors

Social Report. UCB creates conditions in which its employees can be creative, continuously enrich their knowledge and contribute to UCB's growth and future in a challenging environment.

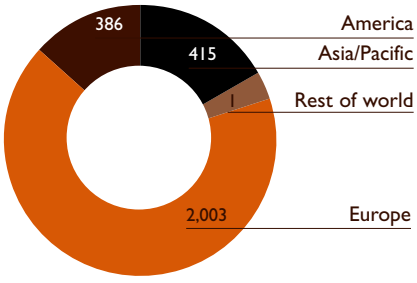
In 2004, there were significant changes in the Group's staff resulting mainly from the acquisition of Celltech (+1,860 people) and partially offset by the transfer of the Films activities (-1,586 people). On February 28th, 2005 after the closing of the sale of Surface Specialties to Cytec, 2,805 employees of Surface Specialties left the Group.

Evolution staff

Geographical distribution of Biopharma staff 2004
Total: 8,235



Geographical distribution of Surface Specialties staff 2004
Total: 2,805



	2004	2003
Americas	2,079	1,738
Europe	7,751	8,065
Asia/Pacific	1,531	1,711
ROW	42	45
Total UCB	**11,403**	**11,559**

Qualifications of staff
The percentage of management has continued to increase within the two sectors, notably following the strengthening of scientific and management positions.

2004	Management: 43%
	Employees: 38%
	Workers: 19%
2003	Management: 42%
	Employees: 32%
	Workers: 26%

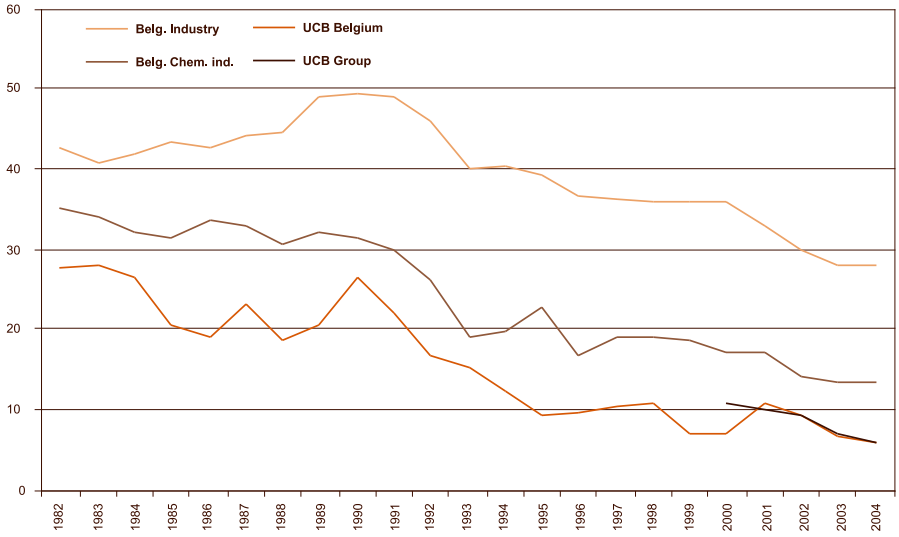
Wages, salaries and social charges
Recruitment, re-assignment, promotion, succession planning for senior managers and high potentials are reviewed and coordinated by the Executive Committee. We ensure that our compensation programmes remain competitive with the leading companies in our market sector, to attract and retain employees of the highest quality.

The total cost of wages, salaries and social charges increased from €692 million to €737 million.

The Group spent a significant amount on social charges (legal, extralegal and contractual) and taxes. For a net income of €100, the total average cost for UCB was approximately €150. For the UCB Group as a whole, the average salary cost per employee was €61,471.

Safety: improvement of the accident-frequency rate by 17%
UCB attaches the utmost importance to the safety of its employees at all its installations. In 2004, UCB significantly improved its safety performance. The frequency rate for accidents decreased by 17%. This rate is the main parameter used as performance indicator for safety in all industrial and administrative sites. In this field UCB is doing better than the industry as a whole. For UCB Belgium, for example, the rate is 5.75, while the average for the Belgian chemical industry is 13.46.

Evolution of the accident-frequency rate



Caring for the Environment

Since 1991, UCB has been a member of the Responsible Care programme, an initiative that promotes safe and environmentally-sound management of chemicals. Our Keppra-manufacturing process typifies our commitment to the programme's guiding principles. Using multi-column chromatography technology, we have cut production waste by 55%, reduced the volume of solvents required and improved yields.

Biopharma
UCB comprises 12 R&D and production centres, an increase of four units following the Celltech acquisition.

In Braine-l'Alleud (Belgium), an active policy regarding waste management has been implemented for several years. This has been concentrated on solvent recycling, new treatment approaches, energy recovery and waste reduction in production processes. Reduction in total water consumption reached 16%. Stringent criteria are integrated in new projects in line with the Kyoto agreements to increase our energy efficiency. The manufacturing operation has successfully obtained at the end of the year the ISO 14001 certification. In addition, a constant dialogue with the local community is taking place to address their environmental concern.

For the site of Bulle (Switzerland), an extension of the ISO 14001 has been obtained, making the whole site certified. In Rochester, New York (USA), upgrading of the solvent recovery system has commenced. In Ashton (UK), the process of putting in place an environmental management system has started. In Vapi (India), an update of the water-treatment station is being studied.

Environment, safety and health investments for 2004, including associated cost, were above €6 million.

Surface Specialties
We achieved overall improvement of environmental indices and better energy efficiency reflecting our continuous effort to reduce the impact of our activities on the environment. The site of Seremban (Malaysia) has been certified ISO 14001 and OHSAS 18000.

Environment, safety and health investment for 2004 amounted to €8.3 million for compliance to changing legislation, further improving safety and reducing environmental impact on air, water and waste.

Indices of pollution Biopharma (*)

2004

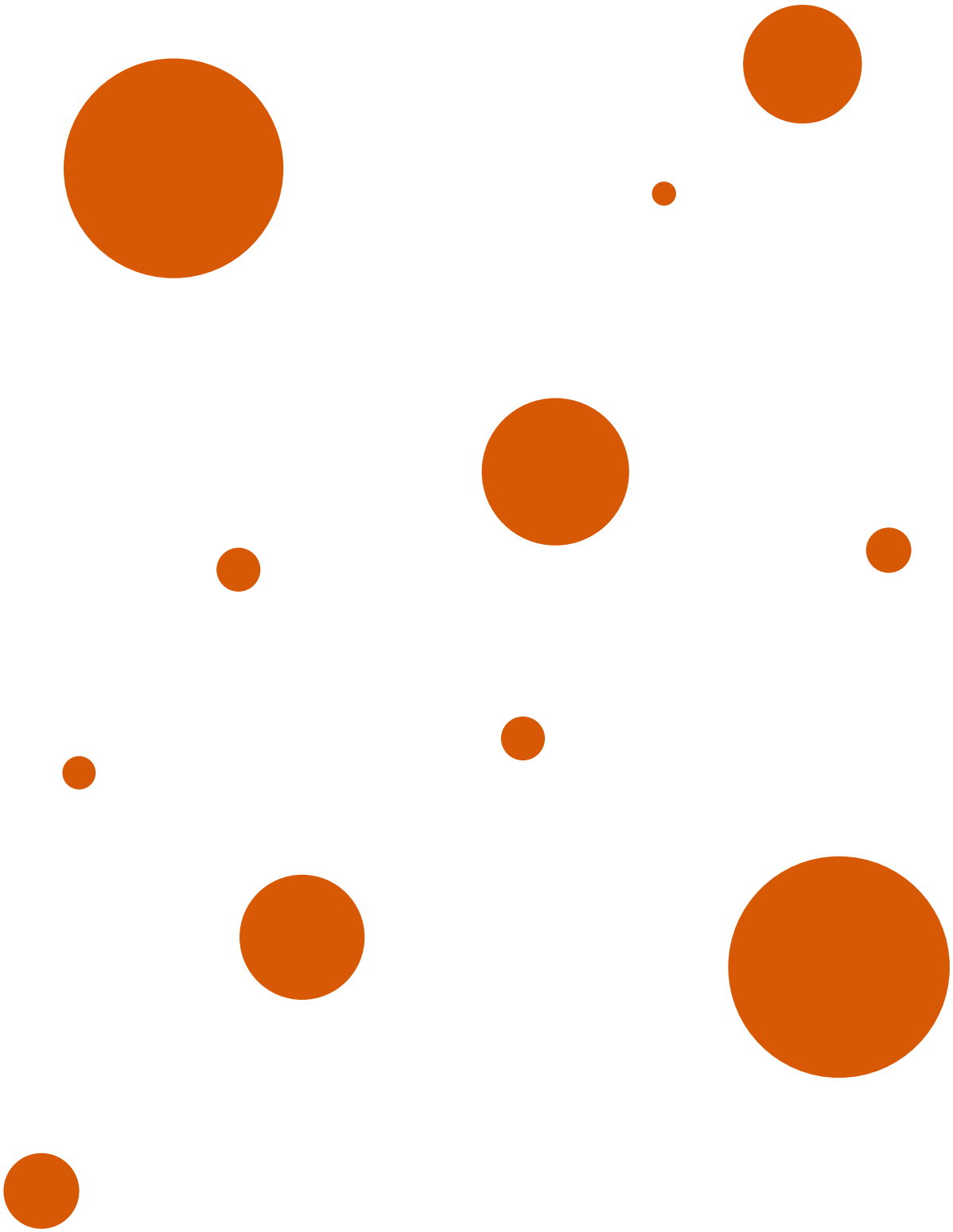
2003

Indices of pollution Surface Specialties (*)

2004

2003

(*) UCB has adopted indices to measure pollution and its impact on the environment. Each criteria is normalised to a year (2000 = 100) representing its nuisance potential to the surrounding area, the choice of which is based on European norms and a hierarchy of values generally accepted as relevant



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Consolidated Balance Sheet (Belgian GAAP)

A comparison of the consolidated balance sheets over 5 years can be found on page 61.

ASSETS After distribution		31.12.2004 € THOUSAND		31.12.2003 € THOUSAND		31.12.2002 € THOUSAND	
	Fixed assets		**3,461,562**		**1,301,104**		**889,291**
I.	Formation expenses (ann. VII)		307		343		466
II.	Intangible assets (ann. VIII)		595,071		462,960		254,829
III.	Consolidation differences (ann. XII)		2,154,682		94,927		27,732
IV.	Tangible fixed assets (ann. IX)		699,906		726,115		589,413
	A. Land and buildings	355,161		324,561		207,791	
	B. Plant, machinery and equipment	265,779		336,606		300,991	
	C. Furniture and vehicles	33,270		325,984		23,817	
	D. Leasing and other similar rights	3,262		3,004		5,158	
	E. Other tangible fixed assets	4,697		4,327		3,077	
	F. Assets under construction and advance payments	37,737		21,633		48,579	
V.	Financial fixed assets (ann. I to IV and X)		11,596		16,759		16,851
	A. Apportioned companies	66		5,144		6,010	
	1. Investments	66		5,144		6,010	
	2. Amounts receivable	-		-		-	
	B. Other companies	11,530		11,615		10,841	
	1. Shares	3,259		3,157		3,942	
	2. Amounts receivable	8,271		8,458		6,899	
	Current assets		**1,911,978**		**1,789,831**		**1,731,644**
VI.	Receivables of more than one year		37,022		45,821		71,856
	A. Trade receivables	2		1		21,992	
	B. Other amounts receivable	37,020		45,820		49,864	
VII.	Stocks and contracts in progress		439,093		403,946		415,609
	A. Stocks	439,093		403,946		415,609	
	1. Raw materials and consumables	142,585		105,705		91,035	
	2. Work in progress	63,077		70,215		85,373	
	3. Finished goods	171,396		182,468		181,419	
	4. Goods purchased for resale	61,438		44,853		57,111	
	5. Buildings for resale	-		-		-	
	6. Advance payments	597		705		671	
	B. Contracts in progress	-		-		-	
VIII.	Amounts receivable within one year		755,603		799,570		683,518
	A. Trade receivables	497,069		508,896		416,553	
	B. Other amounts receivable	258,534		290,674		266,965	
IX.	Investments		477,407		392,519		443,136
	A. Own shares	77,048		33,468		22,404	
	B. Other investments and deposits	400,359		359,051		420,732	
X.	Cash at bank and in hand		148,369		90,148		61,644
XI.	Deferred charges and accrued income		54,484		57,827		55,881
	Total assets		**5,373,540**		**3,090,935**		**2,620,935**

43.

The consolidated financial statements have been drawn up in accordance with the applicable legal and regulatory requirements in Belgium and by applying the accounting principles and disclosure requirements of the Royal Decree of January 30th, 2001. In accordance with this Decree, 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		31.12.2004 € THOUSAND		31.12.2003 € THOUSAND		31.12.2002 € THOUSAND	
	Capital and reserves		**1,959,710**		**1,772,389**		**1,555,155**
I.	Capital		437,799		437,799		437,799
II.	Share premium account		79		79		79
III.	Revaluation surpluses		1,824		2,422		1,967
IV.	Reserves (ann. XI)		1,587,858		1,351,333		1,132,258
V.	Consolidation differences (ann. XII)		3,152		3,759		3,758
VI.	Conversion differences		(71,737)		(23,999)		(21,445)
VII.	Investment grants		735		996		739
	Minority interests		**5,244**		**11,380**		**10,125**
VIII.	Minority interests						
	Provisions, deferred tax and latent taxation liabilities	**364,918**		**250,587**		**201,558**	
IX.	A. Provisions for risks and charges	232,872		183,729		185,243	
	1. Pensions and similar obligations	54,521		48,782		26,893	
	2. Taxation	-		-		126	
	3. Major repairs and maintenance	3,620		2,839		3,099	
	4. Other risks and charges	174,731		132,108		155,125	
	B. Deferred tax and latent taxation liabilities	132,046		66,858		16,315	
	Current liabilities		**3,043,668**		**1,056,579**		**854,097**
X.	Amounts payable in more than one year (ann. XIII)		252,351		312,450		126,412
	A. Financial liabilities	247,014		307,785		121,684	
	1. Subordinated loans	-		-		-	
	2. Unsubordinated loans	37,854		41,347		49,032	
	3. Leasing and other similar obligations	1,439		1,265		863	
	4. Credit institutions	162,056		215,860		14,555	
	5. Other loans	45,665		49,313		57,234	
	B. Trade creditors	16		100		99	
	1. Suppliers	16		100		99	
	2. Bills of exchange payable	-		-		-	
	C. Advances received on contracts in progress	-		-		-	
	D. Other amounts payable	5,321		4,565		4,629	
XI.	Amounts payable in one year or less (ann. XIII)		2,698,426		697,295		681,110
	A. Current portion of amounts payable after one year	52,062		52,429		54,040	
	B. Financial debts	1,970,716		98,354		127,994	
	1. Credit institutions	1,964,508		91,692		127,576	
	2. Other loans	6,208		6,662		418	
	C. Trade debts	349,152		256,222		210,345	
	1. Suppliers	345,482		252,916		208,462	
	2. Bills of exchange payable	3,670		3,306		1,883	
	D. Advances received on contracts in progress	-		62		67	
	E. Taxes, remuneration and social security	148,851		133,183		122,373	
	1. Taxes	69,744		57,280		60,051	
	2. Remuneration and social security	79,107		75,903		62,322	
	F. Other amounts payable	177,645		157,045		166,291	
XII.	Accrued charges and deferred income		92,891		46,834		46,575
	Total liabilities		**5,373,540**		**3,090,935**		**2,620,935**

44.

Consolidated Profit and Loss Account

		31.12.2004 € THOUSAND		31.12.2003 € THOUSAND		31.12.2002 € THOUSAND	
I.	Sales and operating income		3,534,196		3,327,593		2,923,320
	A. Turnover	3,068,067		2,966,051		2,514,009	
	B. Changes in work in progress, finished goods and orders in process	(27,428)		(45,479)		(15,131)	
	C. Production capitalized	227,441		216,137		217,221	
	D. Other operating income	266,116		190,884		207,221	
II.	Cost of sales and operating charges		(3,050,182)		(2,841,049)		(2,420,923)
	A. Materials	927,864		929,958		701,547	
	1. Purchases	961,415		961,786		740,947	
	2. Changes in stocks	(33,551)		(31,828)		(39,400)	
	B. Services and miscellaneous	991,949		853,061		795,951	
	C. Wages, salaries, social charges and pensions	736,629		692,070		604,125	
	D. Depreciation and reductions in value on formation costs and on tangible and intangible fixed assets	363,465		348,418		329,722	
	E. Reductions in value on stocks, orders in process and on commercial debts	(5,426)		20,238		6,035	
	F. Provisions for risks and charges	(28,566)		(39,868)		(42,747)	
	G. Other operating charges	39,917		34,677		25,389	
	I. Depreciation on consolidation differences	24,350		2,495		901	
III.	Operating profit		484,014		486,544		502,397
IV.	Financial income		197,120		229,724		127,990
	A. Income from financial fixed assets	339		3,328		-	
	B. Income from current assets	22,198		16,454		24,090	
	C. Other financial income	174,583		209,942		103,900	
V.	Financial charges		(206,654)		(233,522)		(136,758)
	A. Interest and other debt charges	54,034		31,014		25,625	
	B. Depreciation on consolidation differences	-		-		-	
	C. Reductions in value on current assets other than those covered in II. E. above	49		75		92	
	D. Other financial charges	152,571		202,433		111,041	
VI.	Ordinary profit before taxation		474,480		482,746		493,629
VII.	Exceptional income		185,482		114,675		109,328
	A. Write-back of depreciation and of reductions in value on tangible and intangible fixed assets	65,512		68,279		38,483	
	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	9,903		12,772		35,350	
	E. Surpluses on disposal of fixed assets	108,461		28,104		1,446	
	F. Other exceptional income	1,606		5,520		34,048	
VIII.	Exceptional charges		(167,623)		(118,210)		(136,581)
	A. Exceptional depreciation and reductions in value on formation costs on tangible and intangible fixed assets	17,798		5,806		8,690	
	B. Exceptional depreciation on consolidation differences	-		-		-	
	C. Reductions in value of financial fixed assets	-		-		2,354	
	D. Provisions for exceptional risks and charges	47,767		25,778		51,821	
	E. Deficits on disposal of fixed assets	18,709		12,996		670	
	F. Other exceptional charges	83,349		73,630		73,046	

45.

		31.12.2004 € THOUSAND		31.12.2003 € THOUSAND		31.12.2002 € THOUSAND	
IX.	Profit for the year before taxation		492,339		479,211		466,376
X.	A. Transfer from deferred tax and latent taxation liabilities		133		371		460
	B. Transfer to deferred tax and latent taxation liabilities		-		-		-
XI.	Taxation on profits		(129,459)		(140,203)		(136,137)
	A. Taxation	(129,513)		(143,986)		(136,314)	
	B. Adjustment of taxes and write-back of tax provisions	54		3,783		177	
XII.	Profit of the consolidated companies		363,013		339,379		330,699
XIII.	Share in the profits (losses) of apportioned companies		27		298		1,114
	A. Profits	53		323		1,168	
	B. Losses	(26)		(25)		(54)	
XIV.	Consolidated profit	363,040		339,677		331,813	
	A. Minority interests	1,931		1,535		(413)	
	B. Share of the Group in the profit	361,109		338,142		332,226	

Summarised presentation of the consolidated profit and loss account

		31.12.2004 € THOUSAND	31.12.2003 € THOUSAND
I.	Ordinary profit		
	Turnover	3,068,067	2,966,051
	Other income	466,129	361,542
	Operating costs and other charges	(2,662,367)	(2,490,136)
	Depreciation (1)	(387,815)	(350,913)
	Operating profit (2)	484,014	486,544
	Financial income (3)	(9,534)	(3,798)
	Ordinary profit before tax	474,480	482,746
II.	Exceptional profit	17,859	(3,535)
III.	Profit before tax	492,339	479,211
	Deferred taxation	133	371
	Taxation	(129,459)	(140,203)
	Share of UCB in the results of the apportioned companies	27	298
IV.	Profit after tax	363,040	339,677
	Profit attributable to minority interests	1,931	1,535
	Profit attributable to UCB	361,109	338,142

(1) the detail of depreciation on fixed assets:

Ordinary depreciation	(153,285)	(136,169)
Depreciation on R&D costs	(234,530)	(214,744)
	(387,815)	(350,913)

Depreciation amounted to €363,465 thousand compared with €348,418 thousand in 2003 (Item II. D.) plus depreciation on consolidation differences of €24,350 thousand against €2,495 thousand in 2003 (Item II. I.)

(2) operating profit or EBIT (earnings before interest and taxes)

(3) detail of financial income/charges by sector:

Pharma	(1,279)	5,220
Surface Specialties		
– Chemicals	(16,309)	(15,418)
– Films	(7,181)	(9,735)
Non-sectorial activities	14,896	12,807
	(9,873)	(7,126)
Income from non-consolidated shareholdings	339	3,328
Surface Specialties		
– Chemicals	339	385
Non-sectorial activities		2,943
	(9,534)	(3,798)

46.

MAIN EXCEPTIONAL RESULTS BY SECTOR	31.12.2004 € THOUSAND	31.12.2003 € THOUSAND
Pharma		
Write-back of depreciation on R&D costs	55,269	52,622
Provisions for risks and charges	(1,148)	(2,591)
Restructuring costs	(77,167)	(14,243)
Depreciation	(6,803)	(2,393)
Start-up costs	(7)	(1,240)
Other	(4,194)	(2,725)
Total Pharma	(34,050)	29,430
Surface Specialties		
Surplus on the sales of assets	70,030	20,695
Write-back of depreciation on R&D costs	1,142	3,230
Provisions for risks and charges	(2,694)	(4,581)
Restructuring (of which Films in 2003 €11 million)	(8,567)	(44,164)
Litigations	-	(8,165)
Other	(5,344)	(210)
Total Surface Specialties	54,567	(33,195)
Non-sectorial		
Write-down and write-back	161	(830)
Other	(2,819)	1,060
Total non-sectorial	(2,658)	230
Total	17,859	(3,535)

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 S.A. holds a controlling interest in law or in fact, are consolidated in accordance with the total integration method. However, those companies where UCB S.A. 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 explanation 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 %)
Celltech BV (The Netherlands)	100
Celltech Europe Ltd (Great Britain)	100
Celltech France SAS (France)	100
Celltech Group Ltd (Great Britain)	100
Celltech Insurance Ltd (Ireland)	100
Celltech Japan Ltd (Great Britain)	100
Celltech Ltd (Great Britain)	100
Celltech Manufacturing Services Ltd (Great Britain)	100
Celltech Nordic APS (Denmark)	100
Celltech Pharma Beteiligung GmbH (Germany)	100
Celltech Pharma Deutschland GmbH & CO KG (Germany)	100
Celltech Pharma Europe Ltd (Great Britain)	100
Celltech Pharma GmbH & CO KG (Germany)	100
Celltech Pharma Holding GmbH (Germany)	100
Celltech Pharma Ireland (Ireland)	100
Celltech Pharma SA (Belgium)	100
Celltech Pharma SA (France)	100
Celltech Pharma SA (Spain)	100
Celltech R&D Ltd (Great Britain)	100
Celltech Reinsurance (Ireland) Ltd (Ireland)	100
Celltech US Ltd (Great Britain)	100
Chiroscience Group Ltd (Great Britain)	100
Chiroscience R&D Ltd (Great Britain)	100
Confirmant Ltd (Great Britain)	100
Darwin Discovery Ltd (Great Britain)	100
Evans Healthcare Ltd (Great Britain)	100
International Medication Systems (UK) Ltd (Great Britain)	100
Medeva BV (The Netherlands)	100
Medeva Holdings BV (The Netherlands)	100
Medeva International Ltd (Great Britain)	100
Medeva Ltd (Great Britain)	100
Medeva Pharma Schweiz AG (Switzerland)	100
Oxford Glycosciences (UK) Ltd (Great Britain)	100
Oxford Glycosciences Ltd (Great Britain)	100
Oxford Glycotherapeutics Ltd (Great Britain)	100
Rodleben Pharma GmbH (Germany)	100
UCB (Pharma) Ireland Ltd (Ireland)	100
UCB Farchim S.A. (AG Ltd) (Switzerland)	100
UCB Healthcare GmbH (Germany)	100
UCB Healthcare SNC (France)	100
UCB Pharma (Produtos Farmaceuticos) Lda (Portugal)	100
UCB Pharma A/S (Norway)	100
UCB Pharma AB (Sweden)	100
UCB Pharma AE (Greece)	100
UCB Pharma AG (Switzerland)	100
UCB Pharma AS (Turkey)	100
UCB Pharma BV (The Netherlands)	100
UCB Pharma GmbH (Austria)	100
UCB Pharma Ltd (Great Britain)	100
UCB Pharma OY (Finland)	100
UCB Pharma S.A. (Belgium)	100
UCB Pharma S.A. (France)	100
UCB Pharma S.A. (Spain)	100
UCB Pharma Sp. Z.O.O. (Poland)	100
UCB Pharma SPA (Italy)	100
UCB Pharma SRO (Czech Republic)	100
UCB Watford Ltd	100
Vedim Pharma (Produtos Quimicos e Farmaceuticos) Lda (Portugal)	100
Vedim Pharma GmbH (Germany)	100*
Vedim Pharma SA (Spain)	100
Vedim Pharma SNC (France)	100
Vedim Sp. Z.O.O. (Poland)	100
outside Europe	
Celltech Manufacturing CA Inc (USA)	100
Celltech Manufacturing Inc (USA)	100
Celltech Pharmaceuticals Inc (USA)	100
Celltech Technologies Inc (USA)	100
Celltech US LLC (USA)	100
Cistron Biotechnology Inc (USA)	100
Darwin Molecular Ltd (USA)	100
Korea UCB Co Ltd (Korea)	100
Oxford Glycosciences Inc (USA)	100
UCB (SA) (Proprietary) Ltd (South Africa)	100
UCB Bioproducts Inc (USA)	100
UCB Chemfar Inc (USA)	100
UCB Coprom LP (USA)	100
UCB de Mexico S.A. de CV (Mexico)	100
UCB India Private Ltd (India)	100
UCB Japan Co Ltd (Japan)	100
UCB Pharco Inc (USA)	100
UCB Pharma (Thailand) Ltd (Thailand)	100
UCB Pharma Asia Pacific SDN.BHD. (Malaysia)	100
UCB Pharma Inc (US) (USA)	100
UCB Pharma Ltd (Hong Kong)	100
UCB Philippines Inc (Philippines)	100
UCB Phip Inc (USA)	100
UCB Research Inc (USA)	100
Upstate Pharma LLC (USA)	100
Vedim SA de CV (Mexico)	100

(*) apportioned company

SURFACE SPECIALTIES

M.I.O. Schoonaarde NV (Belgium)	100
M.I.O. Zwijnaarde NV (Belgium)	100
Société Commerciale UCB S.A. (France)	100
Surface Specialties SA (Belgium)	100
Surface Specialties UK Ltd (Great Britain)	100
Surface Specialties Austria GmbH (Austria)	100
Surface Specialties Denmark A/S (Denmark)	100
Surface Specialties France SAS (France)	100
Surface Specialties Germany GmbH & Co KG (Germany)	100
Surface Specialties Holding Germany GmbH (Germany)	101
Surface Specialties Iberica SL (Spain)	100
Surface Specialties Italy Srl (Italy)	100
Surface Specialties Kimyasal San. ve Tic. Ltd Sti.(Turkey)	100
UCB (Investments) Ltd (Great Britain)	100
UCB Films Italia SRL (Italy)	100*
UCB Services Ltd (Great Britain)	100
UCB T&R Graham Ltd (Great Britain)	100
Vianova Resins Germany Management GmbH (Germany)	100
Viking Resins Germany Holding GmbH & Co KG (Germany)	100

outside Europe

Daicel-UCB Co Ltd (Japan)	55
Especialidades para Superficies LTDA (Brasil)	100
SK UCB Co Ltd (South-Korea)	50
Surf Chip Inc (USA)	100
Surf IP MGMT Inc (USA)	100
Surface Specialties Japan Co Ltd (Japan)	100
Surface Specialties Holding Inc (USA)	100
Surface Specialties Mexico SA de CV (Mexico)	100
Surface Specialties (Shanghai) Co, Ltd (China)	100
Surface Specialties (Taiwan) Ltd (Taiwan)	100
Surface Specialties (Thailand) Ltd (Thailand)	96.27
Surface Specialties Chemicals International Trading (Shanghai) Co Ltd (China)	100
Surface Specialties Inc (USA)	100
Surface Specialties Korea Co Ltd (South Korea)	100
Surface Specialties Malaysia Sdn Bhd (Malaysia)	100
Surface Specialties UCB Inc (Canada)	100

NON-SECTORIAL ACTIVITIES

Cogefina SA (Switzerland)	100
Doutors Reassurance SA (Switzerland)	100
Fin-UCB S.A. (Belgium)	100
GIC SA (Belgium)	100
Ilika Epikalipseon Hellas Epe (Greece)	100*
IMS Overseas SA (Switzerland)	100
Pabelfima BV (The Netherlands)	100
Société Financière UCB Holding SAH (Luxemburg)	100
UCB Actias S.A. (Belgium)	100
UCB Denmark A/S	100
UCB España S.A. (Spain)	100
UCB Finance NV (The Netherlands)	100
UCB Fipar S.A. (Belgium)	100
UCB France S.A. (France)	100
UCB GmbH (Germany)	100
UCB Hungary Ltd (Hungary)	100
UCB Investissements SA (Switzerland)	100
UCB Lux S.A. (Luxemburg)	100
Vedim Ltd (Great Britain)	100
Viking Trading Co Ltd (Great Britain)	100

outside Europe

Fipar (Thailand) Ltd (Thailand)	100
UCB (Taiwan) Ltd (Taiwan)	100
UCB Asia Pacific Sdn Bhd (Malaysia)	100
UCB Australia Pty Ltd (Australia)	100
UCB Inc (USA)	100
UCB Singapore Private Ltd (Singapore)	100
UNI Mediflex Private Ltd (India)	100

(*) apportioned 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 S.A. 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 115 of the Royal Decree of the January 30th, 2001. 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 into account in the profit and loss account of the year in which they are incurred, are depreciated 'pro rata temporis' 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 considering 'pro rata temporis'.
The depreciation of the purchase price of patents, licences and similar items is 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 considering 'pro rata temporis'. 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 'pro rata temporis' 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 'pro rata temporis' depreciation during the fifth year following their inclusion in assets.

III. Differences on consolidation

The positive consolidation differences included in the assets on the consolidated balance sheet have been depreciated 'pro rata temporis' 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 considering '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 & office machines	33 1/3%
Prototype equipment	33 1/3%

THE RATES OF EXCHANGE USED ON DECEMBER 31ST, 2004 HAVE BEEN AS FOLLOWS:

CURRENCY 1 € = X FOREIGN CURRENCY	CLOSURE EXCHANGE RATE		AVERAGE EXCHANGE RATE	
	2004	2003	2004	2003
CANADIAN DOLLAR	1.645	1.629	1.617	1.582
US DOLLAR	1.364	1.261	1.243	1.130
POUND STERLING	0.707	0.707	0.679	0.692
SWISS FRANC	1.544	1.559	1.544	1.520
SWEDISH CROWN	9.022	9.091	9.128	9.123
NORWEGIAN CROWN	8.241	8.418	8.371	7.992
DANISH CROWN	7.440	7.448	7.441	7.432
TURKISH LIRE (100)	18350.004	17543.860	17770.006	17006.803
POLISH ZLOTY	4.083	4.717	4.517	4.403
CZECH CROWN	30.441	32.573	31.897	31.862
HUNGARIAN FORINT	246.305	262.329	251.636	253.357
SOUTH AFRICAN RAND	7.729	8.389	8.001	8.507
INDIAN RUPEE	59.312	57.471	56.313	52.651
JAPANESE YEN (100)	1.399	1.349	1.344	1.309
HONG-KONG DOLLAR	10.606	9.794	9.683	8.797
AUSTRALIAN DOLLAR	1.751	1.680	1.689	1.738
NEW ZEALAND DOLLAR	1.897	1.924	1.873	1.945
THAI BAHT	53.107	49.975	50.065	46.944
SINGAPORE DOLLAR	2.228	2.145	2.101	1.969
SOUTH KOREAN WON (100)	14.306	15.038	14.245	13.459
TAIWAN NEW DOLLAR	43.271	42.863	41.535	38.889
MEXICAN NEW PESO	15.242	14.164	14.028	12.189
BRAZILIAN REAL	3.622	3.667	3.633	3.465
RINGITT ($ MALAYSIAN)	5.185	4.794	4.724	4.293
PHILIPPINES PESO	76.687	69.930	69.754	61.222
EURO	1.000	1.000	1.000	1.000
ARGENTINE NEW PESO	4.061	3.695	3.658	3.332
RENMINBI YUAN	11.292	10.438	10.293	9.350

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 write-down 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. Merchanted 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 on the day on which the operation was done. This rule also applies to the conversion into local currency of monetary receivables and payables expressed in a foreign currency. At the end of the year, however, the counter value in local currency of these items has been subject to revaluation on the basis of the exchange rates on the dates at which the accounts are made up; realised exchange differences on foreign currency transactions are taken to the profit and loss account, as are non-realised exchange losses, whilst non-realised exchange profits are included under accrued charges and deferred income in the balance sheet.

IX. Provisions for risks and charges

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

X. Income taxes

Accounting for income taxes is based upon the following principles:
– a current tax liability or asset is established on the estimated taxes payable or refundable, using current local tax rates
– a deferred tax liability or asset is established on the estimated future tax effects attributable to temporary differences and carry forwards, using local tax rates that

are expected to apply to the period when the liability is settled or the asset is realised
– a reduction in the value of deferred tax asset is made where its realisation is not assured within the foreseeable future.

Celltech R&D

Concerning the R&D expenses made by our subsidiary Celltech, UCB judges that the UCB rules of valuation are not precise and adapted enough to offer a true and fair view. Indeed these expenses have always been included in the charges of this company, and this in light of the higher percentage of R&D expenses compared to the turnover. UCB has decided not to activate the R&D charges of its subsidiary Celltech R&D, for the five months in 2004 it belonged to the UCB Group. According to the IFRS valuation, they are, however, taken into expenses. If we had applied to this R&D the UCB rules of valuation, an activation of R&D of €237 million as well as a depreciation write-back in the exceptional results, estimated at €27 million would have taken place. The positive consolidation differences would also have been decreased by €210 million.

VII. FORMATION EXPENSES (€ thousand)

Net book value at the end of the previous year	343
Changes in the year	
– New expenses incurred	1
– Depreciation	(28)
– Conversion differences	(9)
– Other	-
Net book value at the end of the year of which	307
– Expenses of formation or of capital increases, loan issue expenses, and other formation expenses	307
– Restructuring costs	-

VIII. INTANGIBLE FIXED ASSETS (€ thousand)

	R&D COSTS	CONCESSIONS, PATENTS, LICENCES, ETC	GOODWILL	PAYMENTS ON ACCOUNT
a) Cost of acquisition				
At the end of the previous year	858,142	166,894	153,090	3
Changes in the year:				
– Purchases, including production capitalized	235,672	31,404	-	-
– Disposals and write-offs	(68,653)	(27,559)	(7)	(3)
– Transfers from one item to another	-	785	-	-
– Conversion differences	1,325	(6,153)	(11,079)	-
– Other movements	(5,795)	106,563	(1,440)	-
At the end of the year	1,020,691	271,934	140,564	-
b) Depreciation and write-offs				
At the end of the previous year	604,903	84,008	26,258	-
Changes in the year:				
– Taken	245,473	23,528	5,378	-
– Written back as excessive	(65,512)	-	-	-
– Cancelled following sales and disposals	(62,431)	(17,755)	(184)	-
– Transfers from one item to another	-	248	-	-
– Conversion differences	911	(703)	(2,246)	-
– Other movements	(5,821)	2,469	(406)	-
At the end of the year	717,523	91,795	28,800	-
c) Net book value at the end of the year (a) – (b)	303,168	180,139	111,764	-

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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	442,538	899,223	100,276	10,503	14,518	21,638
Changes in the year:						
– Purchases, including production capitalized	29,381	46,564	10,053	1,687	3,765	19,042
– Disposals and write-offs	(6,470)	(53,033)	(11,069)	(470)	(142)	(1,307)
– Transfers from one item to another	7,313	4,608	4,444	(4)	(7,460)	(9,438)
– Conversion differences	(12,219)	(15,904)	(1,844)	6	(62)	(1,862)
– Other movements	34,811	(95,615)	(6,539)	(6,966)	(15)	9,664
At the end of the year	495,354	785,843	95,321	4,756	10,604	37,737
b) Surpluses						
At the end of the previous year	1,105	241	13	-	2	-
Changes in the year:						
– Taken	-	-	-	-	-	-
– Cancelled	-	-	-	-	-	-
– Transfers from one item to another	-	-	-	-	-	-
– Conversion differences	159	2	-	-	-	-
– Other movements	(468)	(41)	(1)	-	-	-
At the end of the year	706	202	12	-	2	-
c) Depreciation and write-offs						
At the end of the previous year	118,992	562,858	64,305	7,499	10,193	5
Changes in the year:						
– Taken	18,143	76,051	10,620	623	1,419	-
– Written back as excessive	-	-	-	-	-	-
– Received from third parties	-	-	-	-	63	-
– Cancelled following sales and disposals	(2,108)	(43,093)	(9,579)	(324)	(142)	-
– Transfers from one item to another	1,595	(269)	3,442	(3)	(4,775)	10
– Conversion differences	(2,916)	(9,301)	(1,142)	239	(99)	-
– Other movements	7,193	(65,980)	(5,583)	(6,540)	(750)	(15)
At the end of the year	140,899	520,266	62,063	1,494	5,909	-
d) Net book value at the end of the year (a) + (b) - (c)	355,161	265,779	33,270	3,262	4,697	37,737
of which: – Land and buildings				1,843		
– Plant, machinery and equipment				5		
– Furniture and vehicles				1,414		

X. FINANCIAL FIXED ASSETS (€ thousand)

	APPORTIONED COMPANIES	OTHER COMPANIES
1. Share capital		
a) Cost of acquisition		
At the end of the previous year	5,144	3,157
Changes in the year:		
– Purchases	-	153
– Sales and disposals	(4,839)	(43)
– Transfers from one item to another	-	-
– Conversion differences	-	(8)
At the end of the year	305	3,259
b) Surpluses	-	-
c) Write-offs		
– At the end of the previous year	-	-
– At the end of the year	-	-
d) Uncalled amounts		
– At the end of the previous year	-	-
– Changes in the year	-	-
e) Movements in the capital and reserves of apportioned companies	(239)	-
– Share in the result for the financial period	27	-
– Eliminations of dividends relating to this participation	(266)	-
– Other movements in the capital and reserves	-	-
Net book value at the end of the year (a) + (b) - (c) - (d) +/- (e)	66	3,259
2. Receivables		
Net book value at the end of the previous year	-	8,458
Changes in the year:		
– Additions	-	913
– Repayments	-	(930)
– Write-offs taken	-	-
– Write-offs written back	-	-
– Conversion differences	-	(170)
– Other movements	-	-
Net book value at the end of the year	-	8,271
Cumulative write-offs of receivables at the end of the year	-	-

XI. CUMULATIVE RESERVES (€ thousand)

At the end of the previous year	1,351,333
Changes in the year:	
– Share of the Group in the profit	361,109
– Other movements	-
– Dividend UCB S.A. – own shares	918
– Declared dividend by UCB S.A.	(125,502)
At the end of the year	1,587,858

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

	CONSOLIDATION POSITIVE	DIFFERENCES NEGATIVE	APPORTIONMENT POSITIVE	DIFFERENCES NEGATIVE
Net book value at the end of the previous year	94,927	3,759	-	-
Changes in the year:				
– Arising from an increase in the percentage held	2,084,751	-	-	-
– Arising from a decrease in the percentage held	(646)	(607)	-	-
– Depreciation	(24,350)	-	-	-
– Differences taken in profit	-	-	-	-
– Other changes	-	-	-	-
Net book value at the end of the year	2,154,682	3,152	-	-

DEFERRED AND LATENT TAXATION LIABILITIES (€ thousand)

– Deferred taxation	3,936
– Latent taxation	128,110
Total	132,046

XIII. CURRENT LIABILITIES (€ thousand)

A. Analysis of the amounts originally payable in more than one year according to their residual term of:	NOT MORE THAN 1 YEAR	BETWEEN 1 TO 5 YEARS	OVER 5 YEARS
Financial liabilities	52,062	162,599	84,415
– Subordinate debentures	8	-	-
– Unsubordinated debentures	-	600	37,254
– Leasing and other similar obligations	659	1,439	-
– Credit institutions	1,137	160,537	1,519
– Other loans	50,258	23	45,642
Trade creditors	-	16	-
– Suppliers	-	16	-
Other amounts payable	-	5,321	-
Total	52,062	167,936	84,415

B. Liabilities guaranteed by debentures secured or irrevocably promised on the assets of the consolidated companies			
Financial liabilities			
– Unsubordinated debentures			
– Leasing and other similar obligations			
– Credit institutions			
– Other loans			
Total			

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

A. Net turnover

GEOGRAPHICAL DISTRIBUTION OF TURNOVER

COUNTRIES	PHARMA SECTOR		SURFACE SPECIALTIES		NON-SECTORIAL		UCB GROUP	
	2004	2003	2004	2003	2004	2003	2004	2003
Belgium	42,914	40,607	41,648	52,564	2,172	1,981	86,734	95,152
EU	594,345	455,674	703,961	762,313	173	63	1,298,479	1,218,050
Other European countries	27,240	83,322	40,246	72,635	154	3	67,640	155,960
America	714,065	588,212	350,367	351,990	52	20	1,064,484	940,222
Africa	19,341	20,814	13,403	16,770	-	-	32,744	37,584
Asia	272,428	271,345	208,778	222,407	-	-	481,206	493,752
Oceania	8,179	3,262	28,601	22,069	-	-	36,780	25,331
Total	1,678,512	1,463,236	1,387,004	1,500,748	2,551	2,067	3,068,067	2,966,051

	2004	2003
B. Average numbers employed and cost of personnel		
1. Average number of persons employed	12,015	12,092
– Hourly paid	2,814	3,108
– Monthly paid	4,575	3,930
– Management	4,626	5,054
2. Costs of personnel (€ thousand)	736,629	692,070
3. Average number of persons in Belgium	3,159	3,316
C. Exceptional profit/loss (€ thousand)		
Detail of other exceptional profits		
– Write-back of revaluation surplus	-	-
– Write-back of negative consolidation difference	-	-
– Write-back of amounts written off	-	4,702
Detail of other exceptional charges		
– Restructuring	9,291	5,926
– Costs of start-up and closure of activities	67,207	34,005
– Commercial litigations	-	31,546

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	2,843
– 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	23,751
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	236,571
b) Commitments resulting from transactions relating to:	
– Rates of interest	-
– Rates of exchange	-
– Price of raw materials or goods for resale	-
– Other similar transactions	401,937
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	
	2004	2003
1. Financial fixed assets	-	-
2. Amounts receivable	11,631	16,951
– After one year	5,247	11,439
– Within one year	6,384	5,512
3. Current investments	-	-
4. Amounts payable	5,211	5,105
– After one year	-	-
– Within one year	5,211	5,105
5. Financial results		
– Income from current assets	580	758
– Debt charges	107	472

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.	7,077

Notes on the Consolidated Balance Sheet

ASSETS (€ thousand)		31.12.2004	31.12.2003	DIFFERENCE
I.	Formation expenses 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.	307	343	(36)
II.	Intangible fixed assets 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.	595,071	462,960	132,111
	The net increase of €132,111 thousand is explained as follows:			
	– Investments in the year	267,076		
	– Depreciation in the year	(274,099)		
	– Write-back of depreciation on R&D costs	65,512		
	– Movement in the consolidation scope	103,433		
	– Sales, disposals and other	(29,811)		
III.	Consolidation differences The increase is mainly due to acquisition premiums in the new companies included in the consolidation for the first time, notably following the acquisition of Celltech.	2,154,682	94,927	2,059,755
IV.	Tangible fixed assets 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 decrease of €26,209 thousand in the tangible fixed assets of the Group is as follows:	699,906	726,115	(26,209)
	– Investments in the year	110,492		
	– Depreciation in the year	(106,855)		
	– Conversion differences	(18,505)		
	– Sales and disposals	(17,245)		
	– Movements in the consolidation scope and other	5,904		
V.	Financial fixed assets This item consists mainly of the shareholdings and receivables relating to the non-consolidated companies.	11,596	16,759	(5,163)
VI.	Receivables of more than one year The decrease is basically due to a reduction in the receivables of Société Financière UCB.	37,022	45,821	(8,799)
VII.	Stocks The value of stores, raw materials, consumables, work in progress and finished goods have increased. The increase is mainly due to the Celltech acquisition.	439,093	403,946	35,147
VIII.	Receivables of one year or less The decrease mainly comes from companies excluded this year from the consolidation scope (ex-Films sector).	755,603	799,570	(43,967)
IX.	Investments This item covers mainly term deposits for one month or more.	477,407	392,519	84,888

LIABILITIES (€ thousand)	31.12.2004	31.12.2003	DIFFERENCE
I. Capital	437,799	437,799	-
II. Share premium account	79	79	-
	437,878	437,878	-
III. to VI. Group reserves	1,521,097	1,333,515	187,582
The increase of €187,582 thousand is explained as follows:			
– Profits in the year of the Group	361,109		
– Dividend declared by UCB S.A.	(125,502)		
– Differences on exchange rates and others	(48,025)		
VII. Investment grants 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.	735	996	(261)
VIII. Minority interests This item covers the share of third parties in the shareholders' funds of the consolidated companies. The decrease comes mainly from Securency Pty Ltd which left the consolidation scope.	5,244	11,380	(6,136)
IX. Provisions for risks and charges and deferred taxation This increase mainly results from deferred taxation of the companies included in the consolidation for the first time, mainly Celltech.	364,918	250,587	114,331
X. Amounts payable in more than one year The decrease is mainly due to the decrease in credit institutions for UCB S.A.	252,351	312,450	(60,099)
XI. Amounts payable in one year or less The significant increase is mainly due to an increase in financial amounts payable by UCB S.A., related to the acquisition of Celltech.	2,698,426	697,295	2,001,131

Notes on the Consolidated Profit and Loss Account

(€ thousands)

	31.12.2004	31.12.2003
Ordinary profits		
– Turnover	3,068,067	2,966,051
Turnover amounted to €3,068,067 thousand, an increase of 3% compared to the previous year.		
– Operating profit	484,014	486,544
Gross operating profit was equivalent to 13.7% of turnover.		
– Financial income	(9,534)	(3,798)
This includes income from non-consolidated shareholdings of the portfolio for €339 thousand, compared to €3,328 thousand in 2003.		
– Ordinary profits before taxation	474,480	482,746
A decrease of 1.7% compared to the previous year.		
Exceptional profits	17,859	(3,535)
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	492,339	479,211
Compared to 2003, there is an increase of 2.7%.		
– Deferred taxation	133	371
This item covers the deferred taxation relating to the subsidies included in the profits.		
– Taxation	(129,459)	(140,203)
– Share of UCB in the profits of apportioned companies	27	298
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	363,040	339,677
Share of UCB in the consolidated profits		
The share of UCB in the consolidated profit of €363,040 thousand amounted to €361,109 thousand. In 2003, there was a consolidated profit of €339,667 thousand and the share of UCB in that profit was €338,142 thousand.		

Auditors' Report

Ladies and Gentlemen,

In accordance with legal and statutory requirements, we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We have audited the consolidated financial statements as of and for the year ended December 31st, 2004, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of €5,373 million and a consolidated profit for the year of €361 million (share of the Group). The annual accounts of certain subsidiaries included in the consolidation have been audited by other external auditors. We based our audit on their audit certificates and we have carried out specific additional audit procedures in the context of the consolidation. We have also examined the consolidated directors' report.

Unqualified audit opinion on the consolidated financial statements

We conducted our audit in accordance with Belgian auditing standards, as issued by the 'Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren'. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium. In accordance with those standards, we considered the group's administrative and accounting organisation, as well as its internal control procedures. We have obtained all explanations and information required for our audit. We examined, on a test basis, evidence supporting the amounts in the consolidated financial statements. We assessed the accounting principles used, the basis of consolidation and significant estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that our audit, and the work of the other auditors who have audited the accounts of certain subsidiaries, provides a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of other auditors, the consolidated financial statements give a true and fair view of the Group's assets, liabilities, consolidated financial position as of December 31st, 2004 and the consolidated results of its operations for the year then ended, in accordance with the legal and regulatory requirements applicable in Belgium and the information given in the notes to the consolidated financial statements is adequate.

In addition, the consolidated directors' report contains the information required by law and is consistent with the consolidated financial statements.

Brussels, April 13th, 2005
The Board of Auditors
(College of Commissaires)

E. Attout D. Goossens

Financial Data

CONSOLIDATED BALANCE SHEET AFTER DISTRIBUTION (€ million)

	2004	2003	2002	2001	2000
ASSETS					
Gross industrial assets	5,063	2,784	2,359	2,201	1,983
Depreciation	(1,613)	(1,500)	(1,487)	(1,357)	(1,250)
Net industrial assets	3,450	1,284	872	844	733
Other net assets	49	63	89	91	87
Fixed assets	3,499	1,347	961	935	820
Stocks and contracts in progress	439	404	416	432	398
Receivables of one year or less	756	800	683	741	664
Investments	477	392	443	339	267
Cash at bank and in hand	148	90	62	89	109
Deferred charges and accrued income	55	58	56	28	45
Current assets	1,875	1,744	1,660	1,629	1,483
Total assets	5,374	3,091	2,621	2,564	2,303
LIABILITIES					
Capital	438	438	438	438	438
Share premium account	-	-	-	-	-
Group reserves	1,521	1,334	1,116	944	750
	1,959	1,772	1,554	1,382	1,188
Minority interests	5	11	10	8	17
Equity	1,964	1,783	1,564	1,390	1,205
Investment grants	1	1	1	1	1
Own funds	1,965	1,784	1,565	1,391	1,206
Deferred taxation	132	67	17	31	6
Provisions for risks and charges	233	184	185	214	174
Amounts payable in more than one year	252	312	126	203	199
Amounts payable in one year or less	2,666	624	611	614	625
Dividend of UCB S.A.	126	120	117	111	93
– Interim dividend paid	-	-	-	-	-
Current liabilities	3,044	1,056	854	928	917
Total liabilities	5,374	3,091	2,621	2,564	2,303

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 (€ million)

	2004	2003	2002	2001	2000
I. Ordinary profit					
Turnover	3,068	2,966	2,514	2,475	2,204
Other income	466	362	409	428	383
Operating costs and other charges	(2,662)	(2,490)	(2,090)	(2,147)	(1,967)
Depreciation	(388)	(351)	(330)	(290)	(243)
Operating profit	484	487	503	466	377
Financial charges	(10)	(4)	(9)	(4)	(7)
Ordinary profit before tax	474	483	494	462	370
II. Exceptional profit	18	(4)	(27)	(6)	6
III. Profit before tax	492	479	467	456	376
Deferred taxation	-	-	-	-	-
Taxation	(129)	(139)	(136)	(136)	(107)
Results of apportioned companies	-	-	1	(2)	-
IV. Profit after tax	363	340	332	318	269
Profit attributable to minority interests	2	2	-	(1)	1
Profit attributable to UCB	361	338	332	319	268

MATURITY OF GROUP INDEBTEDNESS (€ thousand)

External loans of more than one year taken by the Group currently amount to €299,076 thousand, of which €52,062 thousand fall due during the year. The table below shows, by year, the amounts becoming due.

2005	2006	2007	2008	2009	MORE THAN 5 YEARS	TOTAL < 1 YEAR	TOTAL > 1 YEAR	TOTAL LOANS
52,062	56,723	51,244	52,703	1,929	84,415	52,062	247,014	299,076

For UCB S.A. a detailed table of loans is shown on page 66.

CONSOLIDATED TABLE OF FINANCING (€ thousand)

	31.12.2004	31.12.2003	31.12.2002
Trading activities			
Net profits	363,040	339,677	331,813
Net change in the apportioned companies	239	9,474	16,218
Depreciation (including write-offs)	333,794	307,535	327,349
Provisions for risks and charges	7,395	(26,109)	(26,679)
Surpluses or deficits on the sale of assets	(89,751)	(15,108)	(776)
Gross margin from autofinancing (trading)	614,717	615,469	647,925
Net change in the requirement for working capital	103,450	62,498	(50,957)
Net change in the cash required for trading (a)	718,167	677,967	596,968
Investment activities			
Purchase of assets and shareholdings	(2,766,523)	(869,414)	(383,997)
Sale of assets and shareholdings	341,798	116,792	2,465
Net change in the cash required for investments (b)	(2,424,725)	(752,622)	(381,532)
Financing activities			
Increase in capital (including issue premiums)	-	-	-
Increase in shares held by third parties	-	864	4,318
Capital surpluses received	506	1,476	1,936
Net change in loans	(55,574)	197,351	(62,802)
Net change in financial debts in one year or less	1,874,803	(19,688)	32,938
Dividends paid	(120,965)	(117,825)	(112,095)
Net change in the cash required for financing (c)	1,698,770	62,178	(135,705)
Net change in cash (d) = (a) + (b) + (c)	(7,788)	(12,477)	79,731
Conversion differences & changes in the scope of consolidation (e)	150,897	(9,636)	(2,787)
Cash at the beginning of the year (f)	482,667	504,780	427,836
Cash at the end of the year (g) = (d) + (e) + (f)	625,776	482,667	504,780

RATIOS (calculated after distribution)

	2004	2003	2002	2001	2000
1. Depreciation of industrial assets					
Industrial assets net/ industrial assets gross	0.68	0.46	0.37	0.38	0.37
2. Degree of capital investment					
Fixed assets/permanent funds	1.36	0.57	0.51	0.51	0.52
3. Degree of self-financing					
Own funds/third-party funds	0.65	1.69	1.83	1.50	1.32
4. Degree of long-term self-financing					
Own funds/permanent funds	0.76	0.76	0.83	0.76	0.76
5. Liquidity					
Assets readily available or realizable/ short-term borrowings	0.67	2.34	2.28	2.25	2.07
6. Return on capital					
Profit/loss for the year/own funds	0.18	0.19	0.21	0.23	0.22
(*)	0.18	0.19	0.23	0.23	0.22
7. Net margin					
Profit/loss for the year/turnover	0.12	0.11	0.13	0.13	0.12
(*)	0.11	0.12	0.14	0.13	0.12
8. Gross profitability					
Cash flow/own funds	0.37	0.27	0.26	0.32	0.35
(*)	0.24	0.25	0.28	0.35	0.33
9. Gross margin					
Cash flow/turnover	0.24	0.17	0.16	0.18	0.19
(*)	0.15	0.15	0.17	0.20	0.18
10. Level of self-financing of investments					
Investments during the year/cash flow	3.48	1.33	0.41	0.43	0.41

Own funds = include outside interests, subordinated loan(s) and investment grants

Third-party funds = all long-term loans and liabilities (except those subordinated) + current and short-term liabilities including unpaid dividends

Permanent funds = own funds (as above) + provisions for risks and losses in value + deferred taxes + all other long-term loans and liabilities

Profit/loss for the year, Cash flow } after eliminating interests on subordinated loan(s)

* figures which do not take account of exceptional profits

Annual Accounts of UCB S.A.
Balance Sheet

	31.12.2004 €	31.12.2003 €	31.12.2002 €
ASSETS			
Fixed assets	**4,429,648,959.32**	**1,925,827,160.68**	**1,325,740,896.02**
I. Formation expenses	-	-	-
II. Intangible fixed assets	266,249,967.99	235,349,555.25	179,187,226.62
III. Tangible fixed assets	146,034,482.35	199,940,060.46	203,078,836.29
IV. Financial fixed assets	4,017,364,508.98	1,490,537,544.97	943,474,833.11
Current assets	**1,150,450,216.47**	**461,823,683.52**	**507,118,247.97**
V. Receivables of more than one year	20,403,954.07	22,749,932.84	22,538,330.89
VI. Stocks and contracts in progress	108,017,194.39	152,528,933.58	194,357,362.33
VII. Receivables of one year or less	1,005,254,430.04	267,704,350.89	268,279,807.84
VIII. Investments	8,341.64	8,341.64	8,341.64
IX. Cash at bank and in hand	1,472,762.57	8,296,419.85	8,296,112.42
X. Deferred charges and accrued income	15,293,533.76	10,535,704.72	13,638,292.85
Total assets	**5,580,099,175.79**	**2,387,650,844.20**	**1,832,859,143.99**
LIABILITIES			
Own funds	**1,615,549,178.92**	**1,297,186,299.42**	**1,115,495,135.23**
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	1,041,821,474.76	731,821,474.76	554,904,445.28
V. Profit brought forward	135,122,916.00	126,502,042.55	121,988,325.76
VI. Investment grants	726,582.16	984,576.11	724,158.19
Provisions and deferred taxation	**48,392,694.09**	**88,420,904.71**	**64,050,361.63**
VII. Provisions for risks and charges	44,456,830.39	84,352,194.26	63,611,503.57
Deferred taxation	3,935,863.70	4,068,710.45	438,858.06
Current liabilities	**3,916,157,302.78**	**1,002,043,640.07**	**653,313,647.13**
VIII. Amounts payable in more than one year	429,726,195.51	477,072,356.90	288,420,507.33
IX. Amounts payable in one year or less	3,474,888,145.69	512,549,456.20	346,729,421.03
X. Accrued charges and deferred income	11,542,961.58	12,421.826.97	18,163,718.77
Total liabilities	**5,580,099,175.79**	**2,387,650,844.20**	**1,832,859,143.99**

Profit and Loss Account

	31.12.2004 €	31.12.2003 €	31.12.2002 €
I. Operating income	893,432,196.65	1,233,200,994.69	1,253,177,908.14
II. Operating charges	(757,116,080.98)	(1,109,551,090.28)	(1,092,869,971.82)
III. Operating profit	136,316,115.67	123,649,904.41	160,307,936.32
IV. Financial income	413,468,523.94	300,064,558.94	203,860,628.89
V. Financial charges	(104,498,391.79)	(95,588,742.85)	(37,622,706.84)
VI. Ordinary profit before tax	445,286,247.82	328,125,720.50	326,545,858.37
VII. Exceptional income	68,181,903.80	81,837,469.54	121,788,076.08
VIII. Exceptional charges	(35,090,074.80)	(53,263,240.72)	(65,334,697.53)
IX. Profit for the year before tax	478,378,076.82	356,699,949.32	382,999,236.92
Transfer from deferred taxation	132,846.75	371,133.41	459,782.72
Transfer to deferred taxation	-	(3,561,730.52)	-
X. Taxation for the year	(34,387,670.12)	(52,413,545.94)	(44,661,147.22)
XI. Profit for the year	444,123,253.45	301,095,806.27	338,797,872.42
XII. Transfer to tax exempt reserves	-	(6,917,029.48)	-
XIII. Profit for the year available for distribution	444,123,253.45	294,178,776.79	338,797,872.42
Distribution: see report of the Directors, p. 37.			

The annual accounts have been drawn up in accordance with the provisions of the Royal Decree of January 30th, 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 S.A., together with the report of the Auditors, have been filed at the National Bank of Belgium. They are also available on request, addressed to: UCB S.A. – Corporate 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 Auditors have issued an unqualified opinion on the statutory annual accounts of UCB S.A.

ANNEX

Shareholdings in other companies

CONSOLIDATED COMPANIES	SHARES HELD			DATA EXTRACTED FROM THE LATEST AVAILABLE ANNUAL ACCOUNTS			
	DIRECTLY/ BY SUBSIDIARIES						
	NUMBER	%	%	ANNUAL ACCOUNTS MADE UP TO	CURRENCY	OWN FUNDS (IN MONETARY UNIT)	NET PROFIT OR LOSS
Fin. UCB S.A. (Belgium)	23,609,999	99.99	0.01	31.12.2004	EUR	1,249,351,693	45,150,157
Fipar (Thailand) Ltd (Thailand)	490	49.00		31.12.2004	THB	24,114,600	(145,763)
GIC S.A. (Belgium)	4,332	99.98	0.02	31.12.2004	EUR	19,312,237	915,031
Korea UCB Co Ltd (Korea)	72,000	100.00		31.12.2004	KRW	(684,644,211)	(1,472,531,134)
Société Financière UCB S.A. (Luxemburg)	32,634	99.99	0.01	31.12.2004	EUR	134,723,373	22,490,409
Surface Specialties S.A. (Belgium)	1,559,629	100.00		31.12.2004	EUR	155,963,000	(8,074,968)
UCB (Investments) Ltd (United Kingdom)	35,006,834	77.92	22.08	31.12.2004	GBP	63,799,125	59,776,447
UCB (Pharma) Ireland Ltd (Ireland)	59,999	99.99		31.12.2004	EUR	78,000	941,499
UCB (Taiwan) Ltd (Taiwan)	8,000	100.00		31.12.2004	TWD	19,873,182	801,241
UCB Actias S.A. (Belgium)	1,249	99.92	0.08	31.12.2004	EUR	70,167	1,176,307
UCB de Mexico S.A. de CV (Mexico)	6,449,999	100.00		31.12.2004	MXN	(8,214,820)	8,180,846
UCB Denmark A/S (Denmark)	47	100.00		31.12.2004	DKK	(44,647,918)	(176,137)
UCB España S.A. (Spain)	1,235,000	100.00		31.12.2004	EUR	24,601,882	9,347,836
UCB Finance NV (Netherlands)	38,459	100.00		31.12.2004	EUR	23,690,787	281,409,584
UCB France S.A. (France)	58,494	59.08	40.92	31.12.2004	EUR	17,896,176	8,284,514
UCB GmbH (Germany)	1,639,350	25.00	75.00	31.12.2004	EUR	32,459,995	198,148,427
UCB Hungary Ltd (Hungary)	148,000,000	100.00		31.12.2004	HUF	148,000,000	517,574,925
UCB Inc (USA)	66	100.00		31.12.2004	USD	158,613,831	39,122,119
UCB India Private Ltd (India)	3,528	100.00		31.12.2004	INR	97,991,661	108,009,686
UCB Japan Co Ltd (Japan)	49,980	100,00		31.12.2004	JPY	777,054,036	(268,652,256)
UCB Lux S.A. (Luxemburg)	77,033,248	100.00		31.12.2004	EUR	2,388,030,688	-
UCB Pharma S.A. (Belgium)	499,999	99.99	0.01	31.12.2004	EUR	1,271,936	(359,537)
UCB Pharma (Thailand) Ltd (Thailand)	9,800	49.00	51.00	31.12.2004	THB	(24,838,119)	9,857,803
UCB Pharma AE (Greece)	168,404	99.83	0.17	31.12.2004	EUR	2,269,330	178,775
UCB Pharma AS (Turkey)	868,130	7.93	92.07	31.12.2004	TRL	928,007	(1,498,245)
UCB Pharma Ltd (Hong Kong)	269,600	99.85	0.15	31.12.2004	HKD	571,883	426,525
UCB Pharma SRO (Czech Republic)	12,300,600	100.00		31.12.2004	CSK	14,015,202	10,995,409
UCB Pharma Sp. Z.O.O. (Poland)	236,456	78.05		31.12.2004	PLZ	1,619,222	5,497,720
UCB Singapore Private Ltd (Singapore)	250,000	100.00		31.12.2004	SGD	(77,667)	77,735

Statement of capital

Capital	AMOUNTS IN €	NUMBER OF SHARES
1. Subscribed capital	437,799,000	
At the end of the previous year		
Changes during the year:		
– Increase	-	
At the end of the year	437,799,000	
2. Structure of the capital		
a. Type of shares		
Ordinary shares	437,799,000	145,933,000
b. Nominal or bearer shares		
Nominal		53,905,597
Bearer		92,027,403

See also point 1 in 'Supplementary Information' p.65.

SHARES DECLARED IN ACCORDANCE WITH THE LAW OF MARCH 2ND, 1989 RELATING TO THE PUBLICATION OF SIGNIFICANT SHAREHOLDINGS IN COMPANIES QUOTED ON THE STOCK EXCHANGE.

On January 1st, 1999, the capital of UCB S.A. was increased in order to be expressed in euros and each share was divided by one hundred, giving a par of €3 per share. Issued by UCB S.A. up to December 31st, 2003: 145,933,000 shares (a).
1. Shares declared in accordance with the law of March 2nd, 1989 relating to the publication of significant shareholdings in companies quoted on the Stock Exchange. Issued with rights outstanding on December 31st, 2004, to subscribe for ordinary share capital:
– 145,200 warrants, each having the right to subscribe for 1 ordinary share, of which 63,400 exercisable between January 1st, 2003 and May 31st, 2009 and 81,800 exercisable between January 1st, 2003 and May 31st, 2012.
– 236,700 warrants, each having the right to subscribe for 1 ordinary share, of which 120,400 exercisable between January 1st, 2004 and February 28th, 2010 and 116,300 exercisable between January 1st, 2004 and February 28th, 2013. So that, if all these warrants were exercised, the capital of UCB would increase to 146,314,900 shares (b).

		(a) With ref. to 145,933,000 shares	(b) With ref. to 146,314,900 shares
Financière d'Obourg S.A., Allée de la Recherche 60, 1070 Brussels	58,860,000	40.33%	40.22%
EuroPacific Growth Fund, 333 South Hope Street Los Angeles, Ca. 90071 – USA	4,416,518	3.03%	3.02%
New Perspective Fund, 333 South Hope Street Los Angeles, Ca. 90071 – USA	5,112,124	3.50%	3.49%

Financière d'Obourg S.A. is held 67.23% by Financière de Tubize, which in its turn is held 70.69% by the Janssen family.
2. According to information given to us by Financière d'Obourg S.A., changes have been made in these shareholdings, which do not require a further declaration in accordance with the law of March 2nd, 1989 relating to the publication of significant shareholdings. According to this information the situation is as follows at December 31st, 2004:
Financière de Tubize S.A., which is held 74.59% by the Janssen family, holds Financière d'Obourg S.A. 70.45% at December 31st, 2004.
3. Following a further declaration made on the March 1st, 2004, Financière d'Obourg S.A. is held 70.45% by Financière de Tubize S.A. at December 31st, 2004.
4. In application of article 631 § 2 of the Companies Act, UCB Fipar S.A., a subsidiary indirectly controlled by UCB, communicated to UCB S.A. that it acquired in 2002 746,800 UCB shares, in 2003 372,904 UCB shares and in 2004 1,064,200 UCB shares.
On December 31st, 2004 it holds 2,183,404 UCB shares – these shares represent 1.50% of the total number of shares issued by UCB S.A.

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

1. Supplementary scheme for retirement pensions
UCB S.A. 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:
a) 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
b) possible pensions paid by the ASBL Fonds de Prévoyance UCB, a supplementary pension fund maintained from monthly payments made by the company
c) a special sum, depending on the length of service, paid by the company on their retirement.

2. Supplementary scheme for pensions to surviving dependants.
UCB S.A. 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.
3. Other benefits
UCB S.A. has made internal regulations providing income to be given 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 June 10th, 2003, UCB made an issue outside the rights of preference of a loan stock of €600,000 for five years, at a floating rate of interest, with 1,000 warrants. The exercise of these warrants, which would lead to the issue of 30,000,000 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. 617)
In accordance with the exceptional case provided for under article 617 of the Belgium Companies Code, the net assets of UCB S.A. include the undepreciated R&D costs. The Board believes that these costs, linked to R&D in the pharmaceutical field and those of the specialty chemicals, are incurred annually, with the objective of developing new original medical products and new specialty 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.

3. Audit fees (art. 134 § 2 and 4 Companies Code)
In addition to the amounts agreed by the General Assembly of Shareholders, UCB S.A. paid to the College of Commissaires in 2004 supplementary fees for special work relating to the acquisition of Celltech and the sale of Surface Specialties. The additional fee should not influence the independence of the College. The total amount of this renumeration was €583,370 and is detailed below:

	D. Goosens	PWC/E.Attout	Total
Purchase of Celltech	2,500	15,745	18,245
Sale of Surface Specialties*		564,375	564,375
Disposal of Prosol		750	750
Total	2,500	580,870	583,370

* audit on accounts of Surface Specialties 2002 till 2004 under Belgian GAAP and US GAAP – part of the amount, €478,125, has been invoiced to Cytec

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 organisation, etc).
In 2004 research and development costs amounted to €191,801 thousand, compared to €189,780 thousand in 2003.
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.
Since 2003, costs of new acquisitions have been depreciated on a 'pro rata temporis' basis.

TANGIBLE FIXED ASSETS

Tangible fixed assets decreased by €53,906 thousand compared to 2003, as a result of movements in both directions. They included investments during 2004 amounting to €33,621 thousand, which exceeded the depreciation, amounting to €21,036 thousand.
The write-offs and disposals of miscellaneous equipment resulted in a reduction of assets in 2004 of €237,150 thousand, and in the cancellation of depreciation of €170,659 thousand.
Since 2003, costs of new acquisitions have been depreciated on a 'pro rata temporis' basis.

The position of the tangible fixed assets is as follows:

Gross fixed assets	€352,377 thousand
Depreciation	€(206,343) thousand
Net fixed assets	€146,034 thousand

The net fixed assets amounted to 41.44% of the gross fixed assets.

FINANCIAL FIXED ASSETS

The total increase was €2,526,827 thousand, which covered movements in opposite directions in the shareholdings of the associated companies, of which the main items were as follows:

Constitution UCB Lux S.A.	€2,388,031 thousand
Increase of the capital of UCB S.A. France	€3,777 thousand
Increase of the capital of UCB Pharma S.A.	€3,000 thousand
Increase of the capital of UCB Pharma Poland	€4,807 thousand
Increase of the capital of UCB Japan Co Ltd	€7,443 thousand
Constitution Surface Specialties	€155,963 thousand

STOCKS

The total decrease in stocks amounted to €44,512 thousand.

RECEIVABLES OF ONE YEAR OR LESS

This item increased by €737,550 thousand compared to 2003, due mainly to the increase in advances to subsidiaries.

INVESTMENTS

The investments were unchanged compared to the previous balance sheet.

LIABILITIES

OWN FUNDS

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

AMOUNTS PAYABLE IN MORE THAN ONE YEAR

The decrease of €47,346 thousand was due to repayment of loans.

AMOUNTS PAYABLE IN ONE YEAR OR LESS

This item increased by €2,962,339 thousand, mainly due to an increase in short-term loans.

Payment dates for loan repayments (€)

	AMOUNT BORROWED	INTEREST RATE %	DATE OF FINAL REPAYMENT	REPAYABLE IN MORE THAN ONE YEAR AT 31.12.2004	REPAYABLE IN ONE YEAR OR LESS AT 31.12.2004
Fin. UCB (credit roll-over 01.10.99)	60,000,000.00	5.30	2005	0.00	3,000,000.00
Fin. UCB (credit roll-over 13.12.99)	24,000,000.00	5.40	2005	0.00	3,000,000.00
Fin. UCB (credit roll-over 12.12.00)	42,000,000.00	5.70	2006	4,200,000.00	6,300,000.00
Fin. UCB (credit roll-over 12.12.01)	54,225,000.00	5.15	2008	20,000,000.00	5,000,000.00
Fin. UCB (credit roll-over 26.06.02)	100,000,000.00	5.30	2009	20,000,000.00	5,000,000.00
Fin. UCB (credit roll-over 12.12.02)	40,000,000.00	4.35	2009	11,000,000.00	3,000,000.00
Fin. UCB (credit roll-over 12.12.03)	52,000,000.00	4.30	2009	30,000,000.00	15,000,000.00
Fin. UCB (credit roll-over 13.12.04)	115,000,000.00	3.50	2014	115,000,000.00	
Private investment (credit roll-over 30.10.00)	57,475,397.17	8.79	2010	37,253,937.74	50,000,000.00
Private investment Fortis	250,000,000.00	Floating	2008	100,000,000.00	
Balance repayable on loan stocks	600,000.00	2.263	2008	600,000.00	
				338,053,937.74	90,300,00.00

UCB Shares

The number of issued shares on December 31st, 2004 was 145,933,000. The permanent stable shareholding of Financière d'Obourg represented 40.33% of UCB's capital.

UCB's shares are quoted on Euronext (Ticker: UCB). On December 31st, 2004, UCB market capitalisation reached €5.5 billion, representing 4.03% of the BEL 20 and 0.37% of the Euronext 100.

€ BILLION	2004	2003	2002
Market capitalisation	5.5	4.4	4.4

IN € PER UCB SHARE	2004	2003	2002
EPS based on net income	2.47	2.32	2.27
Gross dividend per share	0.86	0.82	0.80
Net dividend per share	0.645	0.615	0.60
Share price high	44.08	30.50	49.50
Share price low	28.72	18.80	23.15
Year-end share price	37.57	29.89	30.00
Average daily trading volume	264,026	214,285	241,096
P/E ratio	15.2	12.8	12.1
Number of issued shares (December 31st)	145,933,000	145,933,000	145,933,000

Shareholders' Diary 2005

Monday, February 7th:
Preliminary Annual Results Belgian GAAP

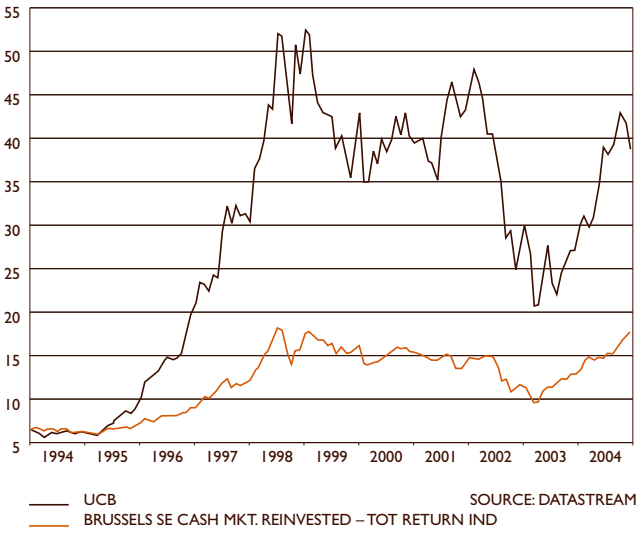
Wednesday, March 23rd:
Final Annual Results Belgian GAAP & unaudited IFRS results

Tuesday, June 14th at 11:30 a.m.:
Annual General Meeting of Shareholders at UCB Headquarters

Friday, June 17th:
Coupon no. 7 is payable

Thursday, July 28th:
Half Year Results

UCB share-price evolution



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Application of Article 523 of the Company Code

UCB – Limited Liability Company – Allée de la Recherche 60 – 1070 Brussels – RPR 0403.053.608

Excerpt from the Minutes of the meeting of the Board of Directors held on July 28th, 2004

In Attendance:
Mr Mark Eyskens
Chairman
Baron Daniel Janssen
Vice-Chairman
Baron Jacobs (Georges)
Chairman of the Executive Committee
Countess Diego du Monceau de Bergendal
Director
Mr Eric Janssen
Director
Mr Guy Keutgen
Director
Dr Jean-Louis Vanherweghem
Director
Mrs Jean van Rijckevorsel
Director
Baron Karel Boone
Director
H.R.H. Prince Lorenz
Director
Dr Roch Doliveux
Director
Apologies
Mr Alan Blinken
Director
In Attendance:
Mrs E. de Cannart d'Hamale
General Secretary

Prior to any consideration or decision of the Board of Directors concerning the following point of the agenda:

UCB employees' stock option plan: new issue of shares
Baron Jacobs and Dr Roch Doliveux, Directors, have indicated that they have direct proprietary interests in the implementation of the said decision. In accordance with article 523 of the Company Code, these Directors have chosen to exclude themselves from the meeting in order not to attend the discussion of the Board of Directors concerning this issue, nor to participate in the vote.

The Board of Directors has established that Article 523 of the Company Code is applicable to this operation.

Consequently the Board announces the following, in accordance with the stipulations of this article and in view of the announcement in the annual report as set out in article 96, section 7 of the Company Code:

- that the aim of the current decision is, as before, to promote share ownership within the company for about 1,000 management-level employees and personnel that exercise leading functions (or similar) within the UCB Group. It is meant to motivate them financially by involving them further in the success of the company and to sensitise them to the value of UCB shares on the market, while respecting the stipulations regarding privileged information
- it would not be justifiable to exclude the Directors, the members of the Executive Committee from the group of 1,000 management-level employees and the personnel that exercise leading functions (or similar), for whom the issue is intended
- that the limited proprietary-interest consequences for the operation of the company consist of the potential difference between the purchase price of own shares by the company and the sale price of these same shares to personnel concerned when the options are exercised in line with the conditions stipulated by the regulation, to be increased if need be with the difference between this exercise price and the market value of UCB shares at that moment.

1. Distribution
The Board of Directors approved the recommendations of the Committee for Remuneration and Appointments regarding the respect of the rules of assignment in accordance with the duty categories and the levels of responsibilities. A number of the 650,000 options will consequently be divided between 1,000 management-level employees and personnel that exercise leading functions (or similar) within the UCB Group.

2. Dispensation of prospectus
The Board subsequently planned and approved the documentation for the beneficiaries of the offer, specifically regarding the reasons and terms of the offer, as well as information about the number and the nature of the shares offered. This documentation replaces the shortened prospectus that the partnership had received dispensation for following a decision by CBFA.

3. Delegating powers
The Board decided to delegate all powers to the Chairman of the Executive Committee of the company, currently Baron Georges Jacobs, and the General Secretary, currently Mrs E. de Cannart d'Hamale, acting individually with the right to transfer these rights in order to ensure the execution of the decisions taken and specifically to finalise the regulations of the issue, the documentation intended for the beneficiaries and the stock-option plan forms.

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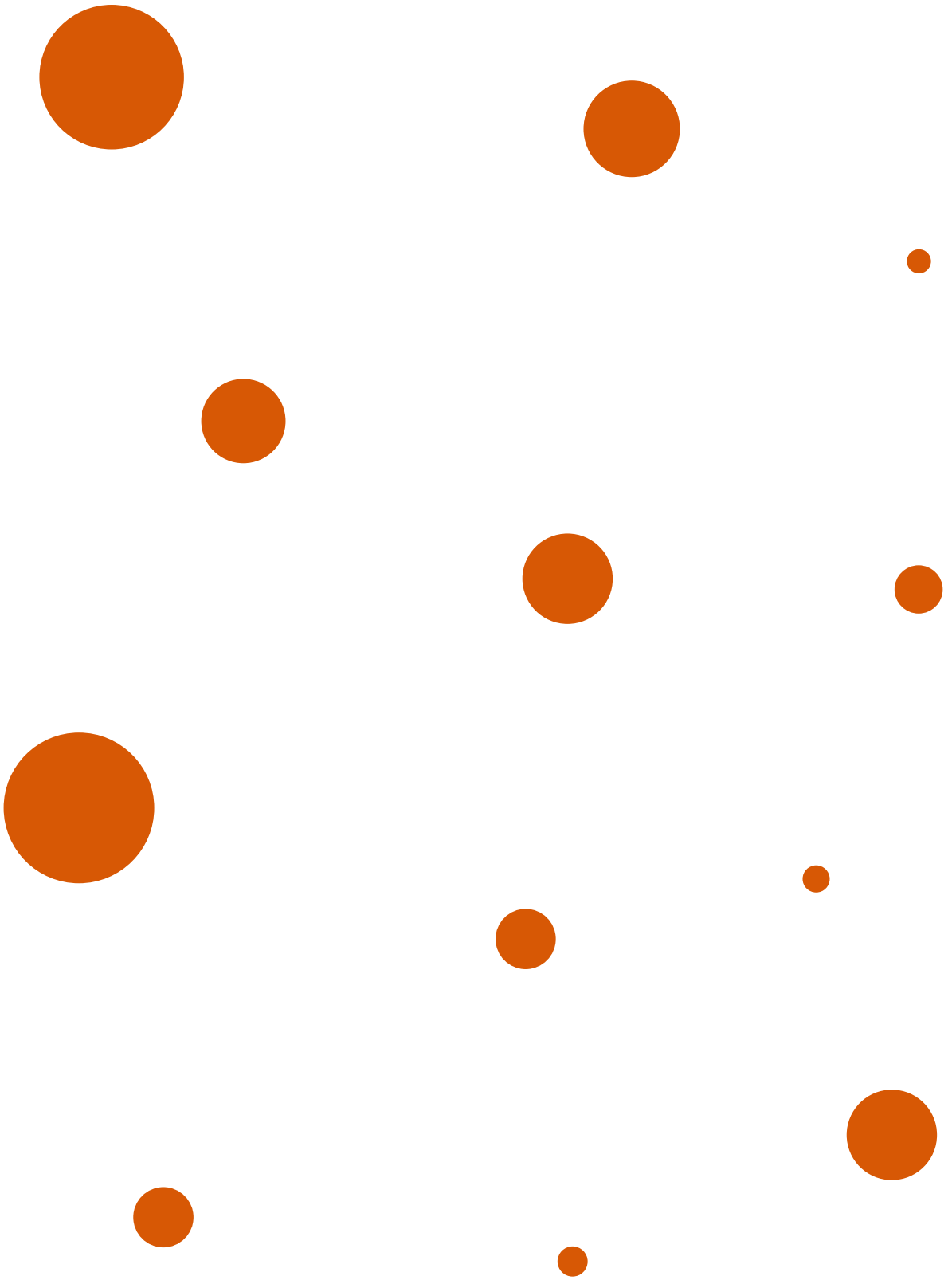

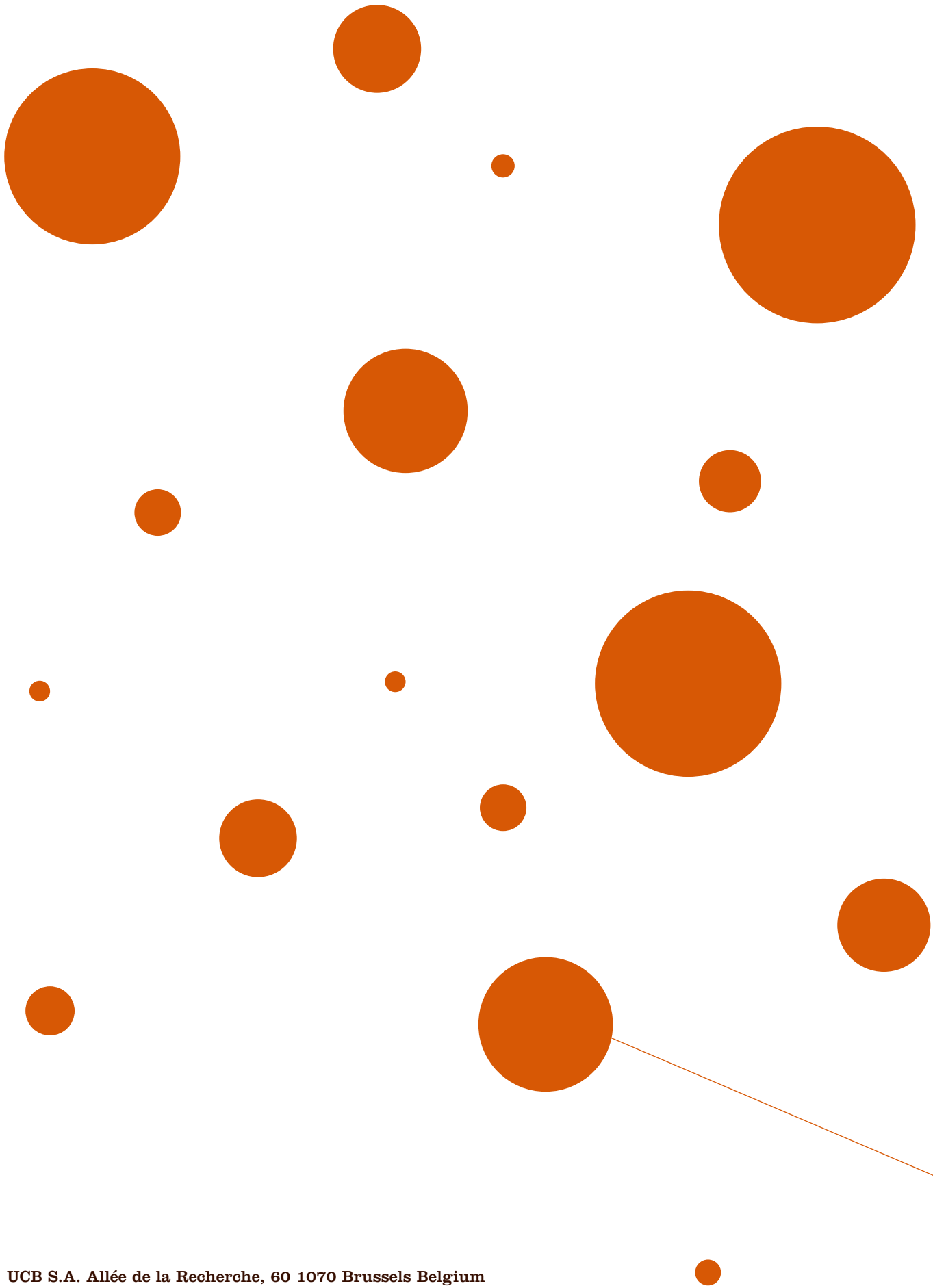

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