



CELLTECH R & D LIMITED

2005 Report and Accounts

Registered Number 1472269
Registered Office
208 Bath Road
Slough
Berkshire SL1 3WE



DIRECTORS' REPORT

The Directors present their report and accounts for the 12 months to 31 December 2005

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company up to 31 March 2005 was the ongoing research and development of novel therapeutic products for human use. From 31st March 2005 the principal activity of the Company is the provision of employees to the biopharmaceutical industry.

On 31 March 2005 most of the trade and business assets and liabilities (excluding intercompany balances) were disposed of to UCB Celltech, a newly incorporated branch of UCB S.A. The total consideration for the disposal was €656,594,656.

RESULTS AND DIVIDENDS

The profit and loss account for the year is set out on page 5. An interim dividend of £141,000,000 was paid on 1st July 2005 (2004: £nil) and it is proposed that no ordinary final dividend be paid leaving £278,000,000 to be transferred to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who held office as at 31 December 2005 are listed below. No Director held any interest in the share capital of the Company.

Dr M G Lee		
M G Hardy		
P G Nicholls	appointed 31 January 2005	
H S Bains	appointed 10 May 2005	resigned 28 February 2006
M de Cannart d'Hamale	appointed 22 June 2005	
E Roelandt	appointed 22 June 2005	
S C Jones	appointed 28 February 2006	

No director had a material interest in any contract to which the Company was a party during the financial year.

FIXED ASSETS

Expenditure on tangible fixed assets up to 31st March 2005 amounted to £0.8 million (2004: £7.8 million). On 31st March 2005 all the tangible assets were sold to UCB Celltech for their net book value.

DISABLED EMPLOYEES

The Company gives every consideration to applications for employment from disabled persons where a handicapped or disabled person may adequately cover the requirements of the job.

With regard to existing employees and those who may become disabled, the Company's policy is to examine ways and means to provide continuing employment under normal terms and conditions and to provide training and career development, including promotion, wherever appropriate.

EMPLOYEE INVOLVEMENT

During the period the Company continued its policy of providing employees with information about the Company and this has been done through presentations by Directors. In addition, regular meetings are held between management and employees to allow a free flow of information and ideas. The Company has a good record of safety performance and gives a high priority to ensuring that the health and safety standards are maintained.

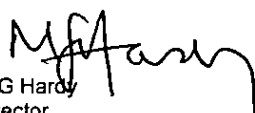
POLITICAL AND CHARITABLE DONATIONS

During the period the Company made contributions amounting to £2,906 (2004: £65,000) to charitable organisations in the UK. There were no political donations.

AUDITORS

The Company has elected to dispense with the annual re-appointment of Auditors in accordance with s386 of Companies Act 1985 and accordingly KPMG Audit Plc remain in office.

On behalf of the Board


M G Hardy
Director
11 July 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELLTECH R&D LIMITED

We have audited the financial statements of Celltech R&D Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

11 July 2007

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Celltech R&D Limited

PROFIT AND LOSS ACCOUNT

For year ended 31 December 2005

	Notes	2005 £m Continuing	2005 £m Discontinued	2005 £m Total	2004 £m Discontinued
Turnover	2	27 1	20 5	47 6	81 6
Cost of sales		-	(7 3)	(7 3)	(22 0)
Gross Profit		27 1	13 2	40 3	59 6
Investment in research and development		(27 0)	(25 6)	(52 6)	(90 1)
Corporate and general administrative expenses			(1 3)	(1 3)	(9 2)
Other operating income	3	-	-	-	3 8
Exceptional items	7	-	-	-	(28 0)
Operating profit / (loss)	4	0 1	(13 7)	(13 6)	(63 9)
Profit on disposal of business activities	8			421 5	-
Profit / (loss) on ordinary activities before interest and taxation				407 9	(63 9)
Interest receivable and similar income	5			2 6	0 2
Interest payable and similar charges	6			(7 3)	(2 2)
Profit/(loss) on ordinary activities before taxation				403 2	(65 9)
Taxation	11			15 8	-
Profit / (loss) for the year	21			419 0	(65 9)

There were no recognised gains or losses other than the retained profit for the period. A statement of the movement in reserves is given in note 21.

The notes on pages 7 to 13 form an integral part of these accounts.

Celltech R&D Limited

BALANCE SHEET


As at 31 December 2005

	Notes	31 December 2005 £m	31 December 2004 £m
Fixed assets			
Intangible assets	12	-	13 6
Tangible assets	13	-	18 6
Investments	14	-	-
		-	32 2
Current assets			
Stock	15	-	27 6
Debtors	16	133 8	134 3
Cash and liquid resources	17	0 1	7 0
		133 9	168 9
Creditors amounts falling due within one year	18	(86 7)	(431 9)
Net current assets/(liabilities)		47 2	(263 0)
Total assets less current liabilities		47 2	(230 8)
Capital and reserves			
Called up share capital	20	18 6	18 6
Share premium account	21	9 0	9 0
Profit and loss account	21	19 6	(258 4)
Equity shareholders' funds	22	47 2	(230 8)

The notes on pages 7 to 13 form an integral part of these accounts

Approved by the Board of Directors on 11 July 2007 and signed on their behalf


M G Hardy
Director


S C Jones
Director

NOTES TO THE ACCOUNTS

As at 31 December 2005

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

The adoption of FRS 21 and FRS 25 has not had a material effect on the current year or prior year financial statements

ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is exempt by virtue of s228/s248 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group

RELATED PARTY TRANSACTIONS

The Company is exempt, under Financial Reporting Standard 8, from the requirement to disclose related party transactions on the grounds that it is a wholly owned subsidiary undertaking. This exemption covers transactions with other Group undertakings

CASH FLOW STATEMENT

The Company is not required to prepare a cash flow statement as it is ultimately a wholly owned subsidiary of UCB S.A., and the consolidated accounts of that company include a consolidated cash flow statement

CLASSIFICATION OF FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

REVENUE AND INCOME RECOGNITION

Research and development milestones and royalties receivable under collaborative agreements are recognised as they accrue, patent royalties receivable under licensing agreements are recognised when they are earned. Income associated with performance milestones is recognised based upon the occurrence of the event that triggers the milestone payment as defined in the respective agreements

Revenues comprise the value of goods and services sold and access fees and milestone payments due from third parties, excluding VAT

Revenue from collaborative research and development is recognised in the accounting period in which the related work is carried out and access fees and milestone payments are recognised when they fall contractually due

RESEARCH AND DEVELOPMENT

Investment in research and development, including centrally allocated overheads, is written off as incurred, except for clinical trial material stocks, which are written off upon use or at the termination of the programme

Celltech R&D Limited

NOTES TO THE ACCOUNTS (CONTINUED)

As at 31 December 2005

1 ACCOUNTING POLICIES (CONTINUED)

INTANGIBLES

Intangible assets represent acquired licences, patents, platform technologies and marketing rights, where these relate to specific compounds, products or know-how that are being developed or used for commercial applications. Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of a business are capitalised separately where their value can be measured reliably, otherwise they are treated as part of goodwill acquired with that business. Separately capitalised intangible assets are stated at cost less provision for amortisation. Intangible assets in relation to licences, patents and marketing rights are amortised over their estimated useful lives to match the sales of the related products or, where this is not readily identifiable, on a straight-line basis. Estimated useful lives are reviewed annually and are generally presumed not to exceed 20 years. Platform technologies supporting the Group's discovery research strategy are presumed to have an indefinite life and consequently are subject to annual reviews and amortised as necessary if impairment is considered to have taken place.

DEPRECIATION

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Leasehold properties and improvements	- the shorter of 20 years or the lease term
Laboratory equipment	- 6 to 8 years
Office and computer equipment	- 3 to 8 years

STOCKS

Stock of material for use in scheduled clinical trials is written off to investment in research and development upon use or at the termination of the programme. Other stocks are stated at the lower of cost and net realisable value.

LEASED ASSETS

Assets acquired under finance leasing arrangements are capitalised upon inception at cost and depreciated over their expected useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Outstanding future lease obligations are shown in creditors. Rentals paid under operating leases are charged to the profit and loss account as they accrue.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the previous month's close or at the contracted rate if the transaction is covered by a forward currency contract.

DEFERRED TAXATION

Deferred taxation is provided on timing differences that have originated but not reversed by the balance sheet date on a non-discounted basis except as otherwise required by FRS19. Deferred taxation assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which future reversals of the underlying timing differences can be deducted.

PENSIONS

The Group operates contributory and non-contributory defined benefit and defined contribution pension schemes covering the majority of its employees. The scheme funds of the defined benefit plans are administered by trustees and are independent of the Group's finances. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries. The Group's contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

Payments to defined contribution schemes are expensed as incurred.

2 TURNOVER

Up until 31st March 2005 turnover is represented by technology licence fees and royalties receivable. From 31st March 2005 turnover is represented by income from the provision of R&D employment services to UCB SA. Turnover is stated net of value added tax.

Turnover by geographical destination	2005	2005	2005	2004
	£m	£m	£m	£m
	Continuing	Discontinued	Total	Discontinued
Europe	27.1	-	27.1	0.4
USA	-	20.5	20.5	81.2
	27.1	20.5	47.6	81.6

All turnover is derived from United Kingdom operations.

Celltech R&D Limited

NOTES TO THE ACCOUNTS (CONTINUED)

As at 31 December 2005

3 OTHER OPERATING INCOME

	31 December 2005 £m	31 December 2004 £m
Milestones – Third party	-	3.8

Milestones were receivable under research and development collaborative agreements

4 OPERATING LOSS

The operating loss is stated after charging	31 December 2005 £m	31 December 2004 £m
Auditor remuneration		
- audit services	-	0.3
- other	-	0.1
Depreciation	1.3	3.7
Operating lease rentals		
- land and buildings	0.7	2.6
- other	-	0.2

Up until 31st March 2005 auditor remuneration for the Celltech Group of companies was charged to Celltech R & D Limited. The Directors did not believe that it was practicable to apportion these amounts between the members of the Celltech group of companies. From 31st March 2005 auditor remuneration was borne by another group company.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 December 2005 £m	31 December 2004 £m
Bank interest receivable	0.1	0.2
Interest receivable from group undertakings	1.8	-
Foreign exchange gains	0.7	-
	2.6	0.2

6 INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2005 £m	31 December 2004 £m
Interest payable to group undertakings	0.4	-
Foreign exchange losses	6.9	2.2
	7.3	2.2

7 EXCEPTIONAL ITEMS

	31 December 2005 £m	31 December 2004 £m
UCB acquisition related	-	16.8
UCB integration	-	9.9
Pensions	-	1.3
Exceptional charge	-	28.0

Exceptional Items 2004

UCB Acquisition Related

These are costs associated with the acquisition of the Celltech Group by UCB and borne by this entity. The costs relate to the fees paid to merchant banks who advised on the transaction (£15.8 million), legal advice (£0.8 million) and public relation costs (£0.2 million).

UCB Integration

These costs relate to post-acquisition integration activities and relate primarily to redundancy (£3.3 million), management consulting fees paid (£2.7 million) and retention bonuses (£2.0 million). The remainder of the costs were in respect of the salaries post-acquisition of senior executives and staff who remained to assist during the integration phase and then left shortly thereafter afterwards.

Pensions

This was the cost associated with bringing part-timers at a former group subsidiary into the Celltech Pension and Life Assurance Scheme.

Celltech R&D Limited

NOTES TO THE ACCOUNTS (CONTINUED)

As at 31 December 2005

8 PROFIT ON DISPOSAL OF BUSINESS ACTIVITIES

	2005 £m Total	2004 £m Total
Gain on disposal of business activities	421.5	-

On the 31 March 2005, the trade, business assets and liabilities were sold at fair value to UCB Celltech the UK branch of UCB SA

9 DIRECTORS' REMUNERATION

	2005 £	2004 £
Directors' emoluments	-	2,224,909
Company contributions to directors to compensate for earnings cap on pensions	-	286,073
Compensation for loss of office	-	2,116,520
	-	2,402,593

No directors received any remuneration in respect of their duties to Celltech R&D Limited during 2005

There were 4 directors who served during 2004. The disclosures in this note are in respect of their emoluments only and only for the periods in which they served as directors. All the directors who served during 2004 were members of the Celltech Pensions and Life Assurance Scheme, which is a defined benefit arrangement.

During 2004 the Directors' emoluments borne by Celltech R&D Limited were in respect of P V Allen, Dr M G Lee, Dr G A Ando and M G Hardy. The aggregate of emoluments of the highest paid Director in 2004 was £855,000, and a compensation for earnings cap payment of £127,476 was made to him. During 2004, the highest paid director exercised share options. The compensation payment for loss of office is in respect of Mr P V Allen and Dr G A Ando.

	2005	2004
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	-	-
Defined benefit schemes	-	4
	-	4
The number of directors who exercised share options was	-	4

10 STAFF COSTS

Staff costs, including the emoluments of the Executive Directors, amounted to

	31 December 2005 £m	31 December 2004 £m
Salaries (including redundancy and retention bonuses)	27.4	26.4
Social security costs	2.6	3.0
Other pension costs	2.8	4.5
	32.8	33.9
	31 December 2005	31 December 2004
Average number of employees during the period	524	389
Number of employees at 31 December	587	409

On 31st March 2005 all 137 employees of Chiroscience R&D Limited, a fellow subsidiary of Celltech Group Limited, were transferred to Celltech R&D Limited.

£27.1m of the staff costs were recharged to UCB Celltech, a newly incorporated branch of UCB SA following the sale of the trade and assets at 31 March 2005 and in accordance with Employee and Intellectual Property Agreement.

Celltech R&D Limited

NOTES TO THE ACCOUNTS (CONTINUED)

As at 31 December 2005

11 TAXATION

	Year to 31 December 2005 £m	Year to 31 December 2004 £m
UK Corporation tax at 30% (2004 30%)	(15 8)	(15 7)
Current tax losses not recognised	-	15 7
Current taxation (credit) / charge and tax on profit on ordinary activities	(15 8)	-

The table below reconciles the actual tax charge to the expected tax charge, computed by applying the UK tax rate of 30% (2004 30%) to the loss on ordinary activities before taxation

	Year to 31 December 2005 £m	Year to 31 December 2004 £m
Profit / (loss) on ordinary activities before tax	403 2	(65 9)
Expected tax charge / (credit) at UK corporation tax rate	121 0	(19 8)
Permanent difference on disposal of business activities (see note 8)	(126 4)	-
Research and development tax relief	(1 9)	-
Capital allowances in excess of depreciation	(0 2)	-
Permanent differences (acquisition related costs)	-	5 0
Permanent differences (other)	-	(0 9)
Current tax losses not recognised	-	15 7
Temporary differences	(8 3)	-
Current taxation (credit) / charge	(15 8)	-

The current taxation credit of £15 8 million (2004 £nil) represents monies received for losses surrendered to other group companies

There are capital taxation losses of approximately £1 7 million (2004 £1 7 million) which have not been recognised. On 31 March 2005 trade losses of approximately £169 7 million, which had previously not been recognised, were transferred to UCB Celltech, the UK branch of UCB S A. Trade losses of approximately £1 0 million remain not recognised in Celltech R&D Limited at 31 December 2005

12 INTANGIBLE ASSETS

	£m
At 1 January 2005	13 6
Disposals in the year	(13 6)
At 31 December 2005	-

On 31 March 2005 all tangible assets were disposed of to UCB Celltech, a newly incorporated branch of UCB S A for their net book value

13 TANGIBLE FIXED ASSETS

	Leasehold properties and improvements £m	Laboratory equipment £m	Office and computer equipment £m	Total £m
Cost				
At 31 December 2004	18 6	11 1	10 2	39 9
Additions	0 3	0 5	-	0 8
Disposals	(18 9)	(11 6)	(10 2)	(40 7)
At 31 December 2005	-	-	-	-
Depreciation				
At 31 December 2004	5 8	8 1	7 4	21 3
Provided during period	0 2	0 5	0 6	1 3
Disposals	(6 0)	(8 6)	(8 0)	(22 6)
At 31 December 2005	-	-	-	-
Net book value				
At 31 December 2005	-	-	-	-
At 31 December 2004	12 8	3 0	2 8	18 6

On 31 March 2005 all tangible assets were disposed of to UCB Celltech, a newly incorporated branch of UCB S A for their net book value

Celltech R&D Limited

NOTES TO THE ACCOUNTS (CONTINUED)

As at 31 December 2005

14 INVESTMENTS

The following information relates to the Company's subsidiary undertakings

Name of Company	Country of Incorporation / Operation	Holding	Proportion held at 31 December 2005	Nature of Business
Celltech Japan Limited	England	Ordinary Shares	100%	Dormant

The company also holds an indirect 100% shareholding in Chiroscience Group Limited via its investment in Celltech Japan Limited

15 STOCK

	31 December 2005 £m	31 December 2004 £m
Raw materials and consumables	-	0.2
Clinical trials material	-	27.4
	-	27.6

16 DEBTORS

	31 December 2005 £m	31 December 2004 £m
Trade debtors	-	4.7
Other debtors	5.7	2.1
Prepayments and accrued income	-	9.0
Amounts due from fellow group companies	128.1	118.5
	133.8	134.3

17 CASH AND LIQUID RESOURCES

	31 December 2005 £m	31 December 2004 £m
Cash at bank and in hand	0.1	-
Liquid resources	-	7.0
	0.1	7.0

18 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2005 £m	31 December 2004 £m
Trade creditors	-	16.3
Taxation and social security	-	1.1
Other creditors	3.7	3.5
Accruals	-	29.6
Deferred income	-	4.8
Current portion of leasing obligations	-	0.5
Integration spend	-	3.9
Amounts due to fellow group companies	83.0	372.2
	86.7	431.9

Included in other creditors are pension contributions totalling £nil (2004 £81,075) payable to the pension funds

19 DEFERRED TAXATION

No deferred taxation asset or liability has been recognised (2004 nil). There are capital losses of £1.7 million (2004 £1.7 million) available for offset against future profits. On 31 March 2005 trade losses of approximately £169.7 million, which had previously not been recognised, were transferred to UCB Celltech, the UK branch of UCB S.A. Trade losses of approximately £1.0 million remain not recognised in Celltech R&D Limited at 31 December 2005.

Celltech R&D Limited

NOTES TO THE ACCOUNTS (CONTINUED)

As at 31 December 2005

20 CALLED UP SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
	No	No	£m	£m
Ordinary shares of £1 each	24,000,000	24,000,000	18.6	18.6

21 RESERVES

	Share Premium Account	Profit and Loss Account
	£m	£m
At 31 December 2004	9.0	(258.4)
Profit for the year	-	419.0
Dividends on shares classed as equity	-	(141.0)
At 31 December 2005	9.0	19.6

22 SHAREHOLDERS' FUNDS

	Called up share capital	Share premium account	Profit and loss account	Total
	£m	£m	£m	£m
At 1 January 2005	18.6	9.0	(258.4)	(230.8)
Profit for the year	-	-	419.0	419.0
Dividends on shares classed as equity	-	-	(141.0)	(141.0)
At 31 December 2005	18.6	9.0	19.6	47.2

23 PENSION ARRANGEMENTS

The Company is a member of the Celltech Pension and Life Assurance Scheme (CP&LAS) which is constituted through separate independent trust and is contributory, funded, and the benefits of which are based on final pensionable pay.

As this scheme is run for the UCB UK Group as a whole, it is not possible to distinguish the assets and liabilities specifically relating to the Company. Therefore the Company accounts for both this scheme as if it was a defined contribution scheme.

The Company also participates in a defined contribution scheme.

Total Pension charges for the Company for the year were £1.2m (2004 £0.9m) for defined benefit schemes and £1.6m (2004 £0.6m) for its defined contribution scheme. There were no material contributions outstanding to any of the schemes at either year-end.

The Company's contributions for the defined benefit scheme are assessed on a triennial basis, in accordance with the advice of a qualified actuary using the projected unit method. The contributions are determined on the basis of long-term funding assumptions and are set at a level to meet the future benefit accrual and eliminate any funding surplus or shortfall over the long-term.

Actuarial Valuation

CP&LAS - The last full actuarial valuation of this scheme was carried out on 30th September 2005 and has been updated in accordance with Financial Reporting Standard (FRS) 17 to 31 December 2005 by a qualified independent actuary.

The market value of assets were £59.9m (2004 £49.1m) and the present value of scheme liabilities were £86.9m (2004 £71.3m) less unrecognised net actuarial gains of £11.1m (2004 £4.3m) leading to a shortfall in this scheme of £15.9m (2004 £17.9m).

24 CONTINGENT LIABILITIES

The company has a deposit of €8 million (2004 €8 million) with Fortis Bank in respect of a guarantee required to secure certain manufacturing arrangements.

25 ULTIMATE HOLDING COMPANY

The immediate and ultimate UK parent company is Celltech Group Limited. The ultimate parent company at 31 December 2005 and smallest group in which the company's results are consolidated was UCB S.A., a company incorporated in Belgium.

Copies of the respective financial statements of each of these companies can be obtained from Celltech Group Limited, 208 Bath Road, Slough, Berkshire, SL1 3WE.