

**UCB (INVESTMENTS) LIMITED**

**FINANCIAL STATEMENTS**

**31st December 1999**

**Registered Number: 1106309**

**HLB** Kidsons

Chartered Accountants



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COMPANIES HOUSE

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# UCB (INVESTMENTS) LIMITED

## DIRECTORS' REPORT

31st December 1999

The Directors present their annual report and the audited financial statements for the year ended 31st December, 1999. As the accounts of the ultimate parent company, UCB S.A., are available for filing with the Registrar of Companies, it has been decided not to consolidate the company and its subsidiaries. The financial statements are, therefore, for the company only.

In order to simplify the structure of the company, it was agreed that, with effect from the 1st January, 1999, all the business, assets and liabilities of UCB Sidac Limited, manufacturers of cellulose film, and UCB Sidex Limited, manufacturers of bioriented polypropylene film, should be transferred to UCB Films PLC.

During the year UCB Cellophane Limited continued to manufacture cellulose films. UCB Films PLC continued the marketing activities for these films. UCB (Chem) Limited continued to carry on business as a sales company for the chemical products of the UCB S.A. Group in the United Kingdom. UCB Pharma Limited continued to carry on business as a sales company for the pharmaceutical products of the UCB S.A. Group in the United Kingdom. UCB Services Limited continued to provide management services within the Group. UCB T&R Graham Limited continued to convert flexible packaging materials at Wigton, Cumbria.

In view of the actual and prospective losses of the bioriented polypropylene film manufacturing site at Dumfries, it was decided by UCB Dumfries Limited, on the 17th February, 1999, to cease manufacture on that site from the 28th February, 1999. It ceased to trade on 30th November, 1999. On the 14th December, 1999, a resolution voluntarily winding up UCB Dumfries Limited was passed by the members of that company.

UCB Films (Asia-Pacific) Pty. Limited continued to carry on business as manufacturers of bioriented polypropylene film and as a sales company for the film products of the UCB S.A. Group in Australia. UCB (S.A.) (Pty.) Limited continued to carry on business as a sales company for the products of the UCB S.A. Group in South Africa. UCB Films Italia S.r.l. continued to carry on business as a sales company for the film products of the UCB S.A. Group in Italy. UCB Pharma S.p.A. continued to carry on business as manufacturers and distributors of Group pharmaceutical products in Italy. It also took over the activities of its subsidiary, Vedim S.r.l., which was wound up on the 9th December, 1999. UCB Chemicals Italia S.p.A. continued to carry on business as a sales company for Group chemical products in Italy.

On the 3rd March, 1999, it was decided that the registered office of the company be moved to 3 George Street, Watford, Herts., WD1 8UH, with effect from the 31st March, 1999.

The company acted as a holding company and provided management and financial services to its subsidiaries. During the year the company received dividends amounting to £11,177,000. After allowing for interest receivable and payable and a tax credit on the ordinary activities of the company, there was a profit on ordinary activities, of £11,997,000. It is proposed that no ordinary dividend shall be paid.

There were no charitable donations or political contributions.

Elective resolutions exempting the Directors from the need to lay accounts and reports before the company in General Meetings, exempting the company from holding Annual General Meetings and exempting the company from annually re-appointing its auditors remain in force.

UCB (INVESTMENTS) LIMITED

DIRECTORS' REPORT

31st December 1999

(continued)

The Directors of the company on the 31st December, 1999, were Baron G. Jacobs (Belgian), Chairman, Baron D. Janssen (Belgian), Deputy Chairman, E. Croufer (Belgian), R. Stewart-Smith, B Van Assche (Belgian) and M Wiers (Belgian). All the Directors were Directors throughout the year.

The ordinary shareholders of the company on the 31st December, 1999 were UCB S.A. holding 75 shares, UCB Investissements S.A. holding 24 shares and UCB Fipar S.A., holding one share, of £1 each. The ultimate parent company is UCB S.A., incorporated in Belgium.

By Order of the Board



R Stewart-Smith  
Secretary

21<sup>st</sup> March, 2000

UCB House  
3 George Street  
Watford, Herts  
WD1 8UH

UCB (INVESTMENTS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial statements for each financial year which 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 we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the Board



R. Stewart-Smith

Secretary

*21st March* 2000

# UCB (INVESTMENTS) LIMITED

## AUDITORS' REPORT

### Auditors' report to the shareholders of UCB (Investments) Limited

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 7.

#### Respective responsibilities of directors and auditors

As described on page 3 the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of affairs of the company at 31st December, 1999, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*HLB Kidsons*

HLB Kidsons  
Registered Auditors  
Chartered Accountants

London

21 March 2000

# UCB (INVESTMENTS) LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1999

		1999	1998
	Note	£'000	£'000
Operating income		274	142
Administrative expenses		(274)	(142)
<b>Operating profit</b>	2	<u>-</u>	<u>-</u>
Interest receivable	4	500	343
Interest payable	5	(1,667)	(1,780)
Income from interests in subsidiaries		11,177	7,066
<b>Profit on ordinary activities before taxation</b>		<u>10,010</u>	<u>5,629</u>
Taxation credit/(charge) on ordinary activities	6	1,987	(391)
<b>Profit on ordinary activities after taxation</b>		<u>11,997</u>	<u>5,238</u>
Equity dividends paid		-	(5,543)
<b>Retained profit/(loss) for the year</b>	13	<u>11,997</u>	<u>(305)</u>

The company has no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains or losses or historical statement has been prepared.

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# UCB (INVESTMENTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1999

### 1. Accounting policies

#### (a) Basis of accounting

The financial statements are prepared on the historical cost basis, and in accordance with the applicable accounting standards. No group amounts have been prepared because the company's accounts have been consolidated in the accounts of its ultimate parent company. These accounts present information relating to the individual company only and not for the group.

Advantage has been taken of the exemption, granted by paragraph 3(c) of FRS8, from reporting transactions with fellow group undertakings on the basis that the consolidated financial statements on which the company is included are publicly available.

#### (b) Deferred taxation

Deferred taxation is provided, where applicable, on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

#### (c) Foreign currencies

Transactions expressed in foreign currencies have been translated into sterling at the rates of exchange approximating to those ruling at the time of the transaction and differences have been included in operating profit. Monetary assets and liabilities have been translated at rates ruling at the Balance Sheet date.

#### (d) Pension costs

Contributions to the group's pension scheme are charged to the profit and loss account, so as to spread the cost of pensions over the employees' working lives with the group.



**UCB (INVESTMENTS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31st December 1999**  
(continued)

	1999 £'000	1998 £'000
<b>2. Operating profit</b>		
Operating profit is stated after charging/(crediting)		
Audit fees	-	-
Gains on foreign exchange	-	(6)
Operating lease rentals	4	6
<b>3. Staff costs (including directors' emoluments)</b>		
a) Wages and salaries	212	147
Social Security costs	35	24
Other pension costs	10	10
	<hr/>	<hr/>
	257	181
	<hr/>	<hr/>
b) Average numbers employed, including directors	6	6
	<hr/>	<hr/>
c) Directors' emoluments	230	165
	<hr/>	<hr/>
<b>4. Interest receivable</b>		
Interest receivable from group companies	436	343
Bank interest receivable	64	-
	<hr/>	<hr/>
	500	343
	<hr/>	<hr/>
<b>5. Interest payable</b>		
Interest charged by group companies	1,131	1,182
Bank interest payable	536	598
	<hr/>	<hr/>
	1,667	1,780
	<hr/>	<hr/>
<b>6. Taxation</b>		
Advance corporation tax	(1,651)	1,000
Group relief	(336)	(609)
	<hr/>	<hr/>
	(1,987)	391
	<hr/>	<hr/>

# UCB (INVESTMENTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1999  
(continued)

### 7. Subsidiary undertakings

£'000

Shares at cost - as at 31st December 1998  
and 31st December 1999

60,022

At 31st December, 1999, the company had the following subsidiary undertakings, all of which were wholly owned, incorporated and operated in England, unless otherwise stated:

United Kingdom Holding Companies  
UCB Films PLC  
Viking Trading Co. Limited  
Vedim Limited

40% (by virtue of the rights attaching to the "A" shares, the company is treated as a subsidiary undertaking)

#### United Kingdom companies

UCB Films PLC	(manufactures and markets transparent cellulose and polypropylene films)
* UCB Sidac Limited	(dormant)
* UCB Dumfries Limited	(in liquidation)
* UCB Sidex Limited	(dormant)
* UCB Cellophane Limited	(manufacturers of transparent cellulose films)
UCB T & R Graham Limited	(converters of flexible packaging materials) - registered in Scotland
UCB Services Limited	(management services company)
UCB (Chem) Limited	(sales company for group chemical products)
UCB Pharma Limited	(sales company for group pharmaceutical products)

#### Overseas companies (subsidiaries of Viking Trading Co. Limited)

UCB Australia Pty. Limited	(holding company) - incorporated in Australia
** UCB Films (Asia - Pacific) Pty. Limited	(manufacturers of polypropylene films. Sales company for transparent cellulose films) incorporated in Australia

**UCB (INVESTMENTS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31st December 1999**  
(continued)

**7. Subsidiary undertakings (continued)**

- |     |  |  |
|-----|--|--|
| **  | Securrency Pty. Limited                  | (joint venture with the Reserve Bank of Australia. Sales company for plastic substrates for security printing) - incorporated in Australia - 50% + 1 share |
|     | UCB (S.A.) Pty. Limited                  | (sales company for group products in South Africa) - incorporated in the Republic of South Africa  |
|     | UCB Films Italia S.r.l                   | (sales company for group film products in Italy) - incorporated in Italy   |
|     | UCB Chemicals Italia S.p.A               | (sales company for group chemical products in Italy) - incorporated in Italy - 99.9 %  |
|     | UCB Pharma S.p.A                         | (manufacturers and distributors of pharmaceutical products) incorporated in Italy - 99.9 %   |
| *** | Uni-Mediflex Private Limited             | (holding company for certain group interests in India) - incorporated in the state of Maharashtra, India   |
| *   | Subsidiaries of UCB Films PLC            |  |
| **  | Subsidiary of UCB Australia Pty. Limited |  |
| *** | Subsidiary of Vedim Limited              |  |

ACN 006 697 892, Australian Cellophane Pty, Limited and Vedim Pharma S.r.l. were liquidated during the year.

**UCB (INVESTMENTS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31st December 1999**  
(continued)

8.	<b>Debtors:</b> amounts falling due within one year	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
	Amounts owed by group undertakings	19,088	10,402
	Prepayments and accrued income	160	581
		19,248	10,983
9.	<b>Creditors:</b> amounts falling due within one year		
	Amounts owed to group undertakings	341	3,182
	Taxation and social security costs	83	-
	Other creditors	31	25
	Accruals and deferred income	141	141
		596	3,348
10.	<b>Creditors:</b> amounts falling due after more than one year		
	Bank loans	5,000	5,000
	Amounts owed to group undertakings	14,660	14,660
		19,660	19,660

All creditors are repayable within five years.

**UCB (INVESTMENTS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31st December 1999**  
(continued)

**11. Share capital**

	<b>Authorised</b>		<b>Allotted, called up and fully paid</b>	
	<b>Number of shares</b>	<b>£'000</b>	<b>Number of shares</b>	<b>£'000</b>
<b>At 31st December 1999 and 31st December 1998</b>				
£1 redeemable cumulative preference shares	44,928,426	44,928	44,928,426	44,928
£1 ordinary shares	100	-	100	-
		<hr/>		<hr/>
		44,928		44,928
		<hr/>		<hr/>

The redeemable cumulative preference shares carry the right to receive the same dividend as the ordinary shares and shareholders are not entitled to vote at a general meeting unless dividends are in arrears or the business of the meeting affects the rights attaching to the shares or the borrowing powers of the directors. These shares are repayable, including arrears of dividend, at the option of the company on giving thirty days notice. On a winding up the shareholders are entitled to be repaid in full, including arrears of dividend, in priority to ordinary shareholders.

**12. Reconciliation of shareholders' funds**

	<b>1999 £'000</b>	<b>1998 £'000</b>
Share capital issued	-	14,216
Retained profit/(loss)	11,997	(305)
Opening shareholders' funds	48,009	34,098
	<hr/>	<hr/>
Closing shareholders' funds	60,006	48,009
	<hr/>	<hr/>

**UCB (INVESTMENTS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31st December 1999**  
**(continued)**

**13. Reserves**

**Profit and loss account:**

	£'000
Balance at 31st December 1998	3,081
Retained profit	11,997
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Balance at 31st December 1999	15,078
	<hr/>

**14. Deferred tax**

There was no actual or potential deferred tax at 31 December 1999 or 31 December 1998.

**15. Commitment under Operating Leases**

Financial commitments under non-cancellable operating lease will result in the following payments falling due in the following year:

	<b>Plant and machinery</b>	
	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Expiring within 5 years	6	6
	<hr/>	<hr/>

**16. Ultimate holding undertaking**

The ultimate holding undertaking of UCB (Investments) Limited is UCB S.A., which is incorporated in Belgium.

**17. Borrowings by fellow subsidiary undertakings**

The company has guaranteed certain borrowings of its UK subsidiary undertakings.

# UCB (INVESTMENTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1999  
(continued)

### 18. Pension scheme

#### (a) Nature of scheme

The company participates in the UCB British Pension Scheme which is constituted through a separate independent trust. The scheme is a contributory, funded, defined benefit scheme, the benefits of which are based on final pensionable pay.

#### (b) Pension costs

Contributions to the UCB British Pension Scheme are assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest assessment of the scheme was made as at the 1st January, 1997. Contributions from the company of £10,000 (1998: £10,000) were paid to the scheme in the year. Contributions totalling £1,000 (1998: £1,000) were payable to the scheme at the year end and are included in creditors.

#### (c) Actuarial valuation

At the date of the latest actuarial valuation of the UCB British Pension Scheme the market value of the scheme assets was £106,946,000, the actuarial value of those assets represented 101.9% of the benefits that have accrued to members after allowing for expected increases in earnings. Members of the scheme contribute 6% of contributory pay and the respective employing companies contribute 12½% of members' contributory pay. In the opinion of the actuary, there is no immediate requirement for the company to increase its rate of contribution.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investment and the rates of increases in salaries, wages and pensions. It was assumed that the investment return would be 9% per annum, that pay increases would average 7% per annum plus historically based incremental scales for salaries/wages and that the rate of increase in present and future pensions would be 5% per annum.

### 19. Subsequent events

Details of subsequent events are given in the attached directors' report.

**UCB (INVESTMENTS) LIMITED**

**CASH FLOW STATEMENT**

**for the year ended 31st December 1999**

	Note	1999		1998	
		£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>	<b>1</b>		<b>(10,474)</b>		<b>(2,905)</b>
<b>Returns on investment and servicing of finance</b>					
Interest received		500		343	
Interest paid		(1,667)		(1,780)	
Dividends received		11,177		7,066	
Dividends paid		-		(5,543)	
		<hr/>		<hr/>	
Net cash outflow from returns on investments and servicing of finance			10,010		86
<b>Taxation</b>					
UK Corporation tax received		1,444		478	
		<hr/>		<hr/>	
			1,444		478
<b>Investing activities</b>					
Payments to acquire shares in subsidiary companies		-		(11,976)	
		<hr/>		<hr/>	
<b>Net cash (outflow) from investing activities</b>			<b>-</b>		<b>(11,976)</b>
			<hr/>		<hr/>
<b>Net cash inflow/(outflow) from financing</b>			<b>980</b>		<b>(14,317)</b>
<b>Financing</b>					
Issue of ordinary share capital			-		14,216
			<hr/>		<hr/>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>2</b>		<b>980</b>		<b>(101)</b>
			<hr/>		<hr/>

Notes to the cashflow statement are on page 16



**UCB (INVESTMENTS) LIMITED**  
**NOTES TO THE GROUP CASH FLOW STATEMENT**

**31st December 1999**

	1999 £'000	1998 £'000
<b>1. Reconciliation of operating profit to net cash flow from operating activities</b>		
Operating profit	-	-
Increase in debtors	(7,722)	(2,972)
(Decrease)/increase in creditors	(2,752)	67
	<hr/>	<hr/>
<b>Net cash outflow from continuing operating activities</b>	<b>(10,474)</b>	<b>(2,905)</b>
	<hr/>	<hr/>
<b>2. Analysis of balances of cash and cash equivalents as shown in the balance sheet</b>		

	1st January 1999 £000	Cashflow £000	31st December 1999 £000
Bank and cash balances	12	980	992
	<hr/>	<hr/>	<hr/>