

# UCB (Investments) Limited

## STATUTORY FINANCIAL STATEMENTS

for the year ended

31 December 2004



A05 \*A20E3BF7\* 409  
COMPANIES HOUSE 22/12/2005

# UCB (Investments) Limited

## DIRECTORS AND OFFICERS

---

### DIRECTORS

M G Hardy  
L Missorten  
H S Bains  
J P Pradier  
S C Jones

### SECRETARY

M G Hardy

### REGISTERED OFFICE

208 Bath Road  
Slough  
Berkshire  
SL1 3WE

### AUDITORS

Baker Tilly  
2 Bloomsbury Street  
London  
WC1B 3ST

# UCB (Investments) Limited

## DIRECTORS' REPORT

---

The directors submit their report and the financial statements of UCB (Investments) Limited for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

On 30<sup>th</sup> June 2004 the company sold UCB Chem Limited to Surface Specialties S.A., a related UCB Group company. Viking Trading Company Limited also sold its interests in Surface Specialties Italy S.r.l. and UCB Chemicals Italia S.p.A on this date to the same company.

On 30th September 2004 UCB S.A. disposed of its Film's business leading to the sale of Surface Specialties PLC by this company. UCB Australia also disposed of its investments in Surface Specialties Pty.Limited and Securency Pty.Limited. on the same date.

On 31<sup>st</sup> December UCB Pharma Limited , a sales company for the pharmaceutical products of the UCB S.A. Group in the United Kingdom, sold its business to Celltech Pharmaceuticals Limited, an associated Group company. On the same day the name of UCB Pharma Limited was changed to UCB Watford Limited

UCB Services Limited continued to provide management services within the Group.

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 Pharma S.p.A. continued to carry on business as manufacturers and distributors of Group pharmaceutical products in Italy.

The Registered Office of the Company was changed to 208 Bath Road, Slough, Berkshire, SL1 3WE on 8 December 2004.

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.

### RESULTS AND DIVIDENDS

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 £13,474,000. After allowing for interest receivable and payable , profit on sale of subsidiaries referred to above of £50,770,000, and taxation, there was a profit on ordinary activities, of £64,776,000. On the 8<sup>th</sup> July, 2004 the company paid an interim dividend of £27,783,000. It is proposed that that no final dividend shall be paid , resulting in an increase in distributable reserves of £36,993,000.

On the 28<sup>th</sup> June 2005 the company paid an interim dividend in respect of 2005 of £50,000,000.

# UCB (Investments) Limited

## DIRECTORS' REPORT

---

### DIRECTORS

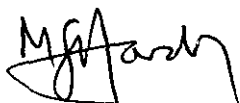
The following directors held office during the year and subsequently:

Baron G.Jacobs (Belgian)	( resigned 31 December 2004)
B Van Assche (Belgian)	(resigned 28 February 2005)
M Wiers (Belgium)	( resigned 31 December 2004)
S C Jones	(appointed 1 October 2004)
M G Hardy	(appointed 31 December 2004)
J-P Pradier (Belgium)	(appointed 1 January 2005)
L Missorten (Belgium)	(appointed 1 January 2005)
H S Bains	(appointed 1 January 2005)

### ULTIMATE PARENT UNDERTAKING

The ordinary shareholders of the company on the 31st December, 2004 were UCB S.A. holding 75 shares, UCB Investments 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



M G Hardy  
Secretary

26<sup>th</sup> October 2005

# UCB (Investments) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

Company law requires the directors 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCB (INVESTMENTS) LIMITED

We have audited the financial statements on pages 6 to 16.

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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


### **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 the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
BAKER TILLY  
Registered Auditor  
2 Bloomsbury Street  
London  
WC1B 3ST

*1 November 2005*

# UCB (Investments) Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2004

	<i>Notes</i>	2004 £'000	2003 £'000
Operating income		457	56
Administrative expenses		(49)	(56)
		<hr/>	<hr/>
OPERATING PROFIT	1	408	-
Interest receivable	2	1,450	1,008
Interest payable	3	(1,326)	(1,518)
Income from interest in subsidiaries		13,474	2,732
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES		14,006	2,222
Profit on sale of subsidiaries	7	50,770	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		64,776	2,222
Taxation	5	-	150
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		64,776	2,372
Dividends	6	(27,783)	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	13	36,993	2,372
		<hr/>	<hr/>

The operating profit for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.


# UCB (Investments) Limited


## CASH FLOW STATEMENT

for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>			
Investments	7	22,806	60,022
<b>CURRENT ASSETS</b>			
Debtors	8	88,813	30,784
Cash at bank and in hand		1,699	130
		90,512	30,914
<b>CREDITORS: Amounts falling due within one year</b>	9	(12,526)	(7,137)
<b>NET CURRENT ASSETS</b>		77,986	23,777
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		100,792	83,799
<b>CREDITORS: Amounts falling due after more than one year</b>	10	-	(20,000)
		100,792	63,799
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	44,928	44,928
Profit and loss account	12	55,864	18,871
<b>SHAREHOLDERS' FUNDS</b>	13	100,792	63,799
<b>ANALYSED AS</b>			
Equity		55,864	18,871
Non-equity		44,928	44,928
		100,792	63,799

The financial statements on pages 6 to 16 were approved by the Board of Directors on 26<sup>th</sup> October 2005

  
Director

  
Baker Tilly



# UCB (Investments) Limited

## ACCOUNTING POLICIES

---

### BASIS OF ACCOUNTING

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

No group accounts have been prepared because the company's accounts have been consolidated in the accounts of its ultimate parent company.

*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.*

### INVESTMENTS

Long term investments are classified as fixed assets and are stated at cost in the balance sheet.

Provision is made for any permanent impairment in the value of fixed asset investments.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lesser.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

### 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.

### PENSION CONTRIBUTIONS

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2004

1	OTHER OPERATING EXPENSES (NET)	2004 £'000	2003 £'000
	Operating profit is stated after charging/(crediting) Profits/(losses) on foreign exchange	409	(5)
2	INTEREST RECEIVABLE	2004 £'000	2003 £'000
	Interest receivable from group companies	1,438	1,008
	Bank interest receivable	12	-
		<u>1,450</u>	<u>1,008</u>
3	INTEREST PAYABLE	2004 £'000	2003 £'000
	Interest charged by group companies	1,326	1,389
	Bank interest payable	-	129
		<u>1,326</u>	<u>1,518</u>
4	EMPLOYEES	2004 No.	2003 No.
	The average monthly number of persons (including directors) employed by the company during the year was:	3	4
		<u>2004 £'000</u>	<u>2003 £'000</u>
	Staff costs for above persons:		
	Wages and salaries	25	36
	Social security costs	9	11
		<u>34</u>	<u>47</u>
	DIRECTORS' EMOLUMENTS	2004 £'000	2003 £'000
	Directors' emoluments	25	36

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2004

5	TAXATION CREDIT	2004 £'000	2003 £'000
	Corporation tax:		
	Group relief	-	150
		<hr/>	<hr/>
	Total current tax	-	150
		<hr/>	<hr/>

Factors affecting the tax charge for the period:

The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	64,776	2,222
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 30%)	19,433	667
Effects of:		
Dividend Income not taxable	(4,042)	(819)
Profit on disposal of subsidiaries not subject to tax	(15,231)	-
Losses utilised	(160)	-
Unrelieved loss	-	2
	<hr/>	<hr/>
Current tax charge for the period	-	(150)
	<hr/>	<hr/>

6	DIVIDENDS	2004 £'000	2003 £'000
	Preference dividends	27,783	-
	Ordinary dividends - interim dividend of 62p per share	-	-
		<hr/>	<hr/>
		27,783	-
		<hr/>	<hr/>

# UCB (Investments) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

7	SUBSIDIARY UNDERTAKINGS	£'000
	Shares at cost - as at 31 December 2003	60,022
	Disposals	(37,216)
		<hr/>
	Shares at cost - as at 31 December 2004	22,806
		<hr/>

At 31 December 2004 the company had the following subsidiary undertakings, all of which were wholly owned, incorporated and operated in England, unless otherwise stated:

Viking Trading Co. Limited	(holding company)
Vedim Limited	(holding company) 40% (by virtue of the rights attaching to the "A" shares, the company is treated as a subsidiary undertaking)
UCB T & R Graham Limited	(dormant) - registered in Scotland
UCB Services Limited	(management services company)
UCB Watford Limited (formerly 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 (S.A.) Pty. Limited	(sales company for group products in South Africa) - incorporated in the Republic of South Africa
UCB Pharma S.p.A	(manufacturers and distributors of pharmaceutical products) incorporated in Italy - 99.9 %
*Uni-Mediflex Private Limited	(dormant) - incorporated in the state of Maharashtra, India
*Subsidiary of Vedim Limited	

### PROFIT ON SALE OF SUBSIDIARIES

During the year the company sold Surface Specialities PLC and UCB Chem Limited. The sales generated a profit on disposal of £50.8 million.

8	DEBTORS	2004 £'000	2003 £'000
	Amounts owed by group undertakings	85,832	28,992
	Other debtors	-	1
	Prepayments and accrued income	2,981	1,791
		<hr/>	<hr/>
		88,813	30,784
		<hr/>	<hr/>

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2004

9	CREDITORS: Amounts falling due within one year	2004 £'000	2003 £'000
	Amounts owed to group undertakings	5,361	-
	Taxation and social security costs	-	7,051
	Other creditors	23	25
	Accruals and deferred income	7,142	61
		<u>12,526</u>	<u>7,137</u>
10	CREDITORS: Amounts falling due in more than one year	2004 £'000	2003 £'000
	Amounts owed to group undertakings	-	20,000
		<u>20,000</u>	<u>20,000</u>
11	SHARE CAPITAL	2004 £'000	2003 £'000
	Authorised:		
	44,928,426 redeemable cumulative preference shares of £1 each	44,928	44,928
	100 ordinary shares of £1 each	-	-
		<u>44,928</u>	<u>44,928</u>
	Allotted, issued and fully paid:		
	44,928,426 redeemable cumulative preference shares of £1 each	44,928	44,928
	100 ordinary shares of £1 each	-	-
		<u>44,928</u>	<u>44,928</u>

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	RESERVES	2004 £'000
	Profit and loss account	
	Balance at 31 December 2003	18,871
	Retained profit	36,993
		<u>55,864</u>
	Balance at 31 December 2004	

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2004

13	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2004 £'000	2003 £'000
	Retained profit	36,993	2,372
	Opening shareholders' funds	63,799	61,427
		<hr/>	<hr/>
	Closing shareholders' funds	100,792	63,799
		<hr/>	<hr/>

14 ULTIMATE PARENT UNDERTAKING

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

15 PENSION

NATURE OF SCHEMES

UCB (Investments) Ltd is the sponsoring employer for three pension schemes which are constituted through separate independent trusts. The schemes are contributory, funded, defined benefit schemes, the benefits of which are based on final pensionable pay. The company had no active members in the schemes during 2004, the scheme members being employees of the company's subsidiaries.

The last full actuarial valuations of the three schemes were carried out on 1 January 2004 and were updated in accordance with Financial Reporting Standard 17(FRS17) to 31 December 2004 by a qualified independent actuary. The information below relates to the three schemes combined.

The major assumptions used by the actuary were:

	At 31/12/2004 %	At 31/12/2003 %
Rate of increase in salaries	4.15	3.90
Rate of increase of pensions in payment	2.75	2.50
Discount rate	5.25	5.25
Inflation assumption	2.75	2.50

The above assumptions related to all three schemes.

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2004

15 PENSION (continued)

The assets in the schemes and the expected rate of return were:

	Long-Term Rate of Return Expected at 31/12/2004 %	Value at 31/12/2004 £'000	Long-Term Rate of Return Expected at 31/12/2003 %	Value at 31/12/2003 £'000
Equities	7.75	129,513	7.75	127,431
Bonds	5.00	28,411	5.25	23,136
Property	6.75	1,024	-	-
Cash	3.00	11,386	3.00	3,428
Total market value of assets		170,334		153,995
Present value of scheme liabilities		(166,487)		(168,693)
Surplus/(Deficit) in the schemes		3,847		(14,698)

Movements in surplus/deficit during the year

	At 31/12/2004 £000	At 31/12/2003 £000
(Deficit) in schemes at beginning of the year	(14,698)	(19,439)
Movement in year:		
Current service cost	(4,288)	(4,286)
Contributions	3,324	3,488
Past service costs	1,231	(26)
Other finance income	2,477	1,084
Curtailment gains	14,874	-
Actuarial gain/(loss)	927	4,481
Surplus/(deficit) in schemes at the end of the year	3,847	(14,698)

The curtailment gain arises from the sale of a subsidiary company, the employees of which became deferred members of the scheme in the year. Subsequent to the year end, transfers in respect of the former members have resulted in a settlement loss of approximately £4 million.

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2004

15 PENSION (*continued*)

Had the company prepared consolidated accounts, under FRS 17 the following amounts would be recognised in the consolidated profit and loss account and the statement of total recognised gains and losses:

	2004 £'000	2003 £'000
Current service cost	4,288	4,286
Past service (credit)/cost	(1,231)	26
Curtailment (gain)/loss	(14,874)	-
	<hr/>	<hr/>
Total (credit)/charge to operating profit	(11,817)	4,312
	<hr/>	<hr/>
	2004 £'000	2003 £'000
Expected return on pension scheme assets	11,141	9,577
Interest cost	(8,664)	(8,493)
	<hr/>	<hr/>
Total charge to interest payable and similar charges	2,477	4,481
	<hr/>	<hr/>
Analysis of amounts which would be recognised in the statement of total recognised gains and losses ("STRGL").		
	2004 £'000	2003 £'000
Actual return less expected return on pension scheme assets	5,710	13,511
Experience gains and losses arising on the scheme liabilities	2,449	118
Changes in financial assumptions underlying the scheme liabilities	(7,232)	( 9,148)
	<hr/>	<hr/>
Actuarial gain/(loss) to be recognised in STRGL	927	4,481
	<hr/>	<hr/>



**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2004

15 PENSION (*continued*)

History of experience gains and losses

	2004	2003	2002
Difference between the expected and actual return on scheme assets:			
Amount (£000)	5,710	13,511	(35,559)
Percentage of scheme assets	3%	9%	27%
Experience gains and losses on scheme liabilities:			
Amount (£000)	2,449	118	(2,780)
Percentage of the present value of the scheme liabilities	2%	0%	2%
Total amount recognised in the statement of recognised gains and losses			
Amount (£000)	927	4,481	(32,758)
Percentage of the present value of the scheme liabilities	1%	3%	19%