

UCB (Investments) Limited

STATUTORY FINANCIAL STATEMENTS

for the year ended

31 December 2008



UCB (Investments) Limited

DIRECTORS AND OFFICERS

DIRECTORS

M G Hardy
S C Jones

SECRETARY

M G Hardy

REGISTERED OFFICE

208 Bath Road
Slough
Berkshire
SL1 3WE

AUDITOR

Baker Tilly UK Audit LLP
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 2008.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company acted as a holding company during the period, providing management and financial services to its subsidiaries. There was no change in this activity in the period.

On 29 July 2008 the company acquired the B shares in Vedim Limited, already a subsidiary company.

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

UCB Australia Pty. Limited continued to carry on business as a sales company for the products of the UCB S.A. Group in Australia.

RISKS AND KEY PERFORMANCE INDICATORS

The company is part of UCB S.A. Group and financial risk and performance are managed at a Group level and the company achieves the Group objectives by depositing surplus funds with a fellow subsidiary. The main risks to which the company is exposed are foreign exchange rate risks on its balances with group companies, interest rate and actuarial risks on its pension scheme liabilities, and the volatility of returns on pension scheme assets.

The directors of UCB S.A. Group manage the group's performance at group level, rather than at an individual company level. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of UCB (Investments) Limited. The key performance indicators of UCB S.A. which include those of the company, are discussed in the directors' report of the group's annual financial statements for the year to 31 December 2008.

FUTURE ACTIVITIES

The company will continue to act as a holding company.

RESULTS AND DIVIDENDS

During the year the company made a profit after taxation of £1,719,000. After allowing for actuarial losses on defined benefit pension schemes less deferred tax of £2,492,000, total recognised gains and losses for the year were (£773,000). It is proposed that that no final dividend shall be paid.

DIRECTORS

The following directors held office during the year and subsequently:

S C Jones
M G Hardy
J-P Pradier (Belgium) (resigned 24 April 2008)

None of the directors had interests in the share capital of the company.

UCB (Investments) Limited

DIRECTORS' REPORT

ULTIMATE PARENT UNDERTAKING

The ordinary shareholders of the company on the 31st December 2008 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.

ANNUAL GENERAL MEETING

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.

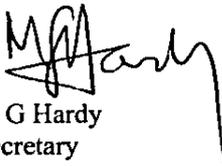
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

By order of the board



M G Hardy
Secretary

27 March 2009

UCB (Investments) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 18.

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 (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP
BAKER TILLY UK AUDIT LLP
Registered Auditor
2 Bloomsbury Street
London
WC1B 3ST

20 March 2009

UCB (Investments) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2008

| | <i>Notes</i> | 2008 £'000 | 2007 £'000 |
|-----------------------------------------------|--------------|---------------|---------------|
| Administrative expenses | | (802) | (844) |
| OPERATING LOSS | 1 | (802) | (844) |
| Interest receivable | 2 | 2,834 | 2,853 |
| Income from interests in subsidiaries | | - | 2,173 |
| | | <u>2,032</u> | <u>4,182</u> |
| Exceptional items | | - | 590 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 2,032 | 4,772 |
| Taxation | 4 | (313) | (1,125) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | <u>1,719</u> | <u>3,647</u> |

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

UCB (Investments) Limited
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2008

| | <i>Notes</i> | 2008 £'000 | 2007 £'000 |
|---------------------------------------------------------------|--------------|---------------------|---------------------|
| Retained profit for the year | | <u>1,719</u> | <u>3,647</u> |
| Actuarial gains and losses on defined benefit pension schemes | 14 | (3,461) | (1,300) |
| Deferred tax | 4 / 8 | <u>969</u> | <u>363</u> |
| | | <u>(2,492)</u> | <u>(937)</u> |
| Total recognised gains and losses for the year | | <u><u>(773)</u></u> | <u><u>2,710</u></u> |

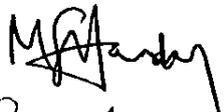
UCB (Investments) Limited

BALANCE SHEET

as at 31 December 2008

| | <i>Notes</i> | 2008 £'000 | 2007 £'000 |
|-------------------------------------------------------------------|--------------|---------------|---------------|
| FIXED ASSETS | | | |
| Investments | 5 | 23,397 | 23,396 |
| CURRENT ASSETS | | | |
| Debtors | 6 | 34,423 | 34,956 |
| Cash at bank and in hand | | 2,392 | 1,044 |
| | | 36,815 | 36,000 |
| CREDITORS: Amounts falling due within one year | 7 | (8,864) | (8,959) |
| NET CURRENT ASSETS | | 27,951 | 27,041 |
| NET ASSETS EXCLUDING PENSION SCHEME ASSETS AND LIABILITIES | | | |
| | | 51,348 | 50,437 |
| Defined benefit pension scheme net assets | 14 | 3,388 | 5,181 |
| Defined pension schemes net deficit | 14 | - | (109) |
| | | 3,388 | 5,072 |
| NET ASSETS | | 54,736 | 55,509 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | 44,928 | 44,928 |
| Profit and loss account | 10 | 9,808 | 10,581 |
| SHAREHOLDERS' FUNDS | 11 | 54,736 | 55,509 |

The financial statements on pages 6 to 18 were approved and authorised for issue by the Board of Directors on 27 March 2009





} Director

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. Accordingly, these financial statements present information relating to the company as an individual undertaking.

Advantage has been taken of the exemptions granted by paragraph 3(c) of FRS8 and by FRS1 from reporting transactions with fellow group undertakings and presenting a cashflow statement 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 Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

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.

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.

RETIREMENT BENEFITS

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

UCB (Investments) Limited

ACCOUNTING POLICIES

RETIREMENT BENEFITS (CONTINUED)

A pension scheme asset is recognised only to the extent of the expected net present value of future current service costs or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

UCB (Investments) Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 December 2008

| | | | |
|---|--------------------------------------------------------------------|---------------|---------------|
| 1 | OTHER OPERATING EXPENSES (NET) | 2008 £'000 | 2007 £'000 |
| | Operating loss is stated after (crediting)/charging | | |
| | Auditors' remuneration - audit fees | 9 | 8 |
| | (Profits)/losses on foreign exchange | (2) | 7 |
| | Defined benefit pension scheme charges/(credits) to operating loss | | |
| | Current service cost | 1,120 | 1,119 |
| | Costs recharged to fellow group companies | (422) | (368) |
| | | 698 | 751 |

The variance in the losses / profits on foreign exchange reflect relative movements in the Euro / Sterling exchange rate over the two reporting periods.

All costs / credits arose from the company's activity as a holding company.

| | | | |
|---|------------------------------------------|---------------|---------------|
| 2 | INTEREST RECEIVABLE | 2008 £'000 | 2007 £'000 |
| | Interest receivable from group companies | 1,751 | 1,815 |
| | Bank interest receivable | 61 | 8 |
| | | 1,812 | 1,823 |
| | Expected return on pension scheme assets | 8,188 | 8,725 |
| | Interest on pension scheme liabilities | (6,180) | (5,969) |
| | Unrecognised surplus | (986) | (1,726) |
| | | 1,022 | 1,030 |
| | | 2,834 | 2,853 |

UCB (Investments) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

| | | | |
|---|----------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| 3 | EMPLOYEES | 2008 No. | 2007 No. |
| | The average monthly number of persons (including directors) employed by the company during the year was: | 2 | 3 |
| | | <u>2008</u> £'000 | <u>2007</u> £'000 |
| | Staff costs: | | |
| | Wages and salaries | - | - |
| | Social security costs | - | - |
| | Pension costs / credit | 698 | 751 |
| | | <u>698</u> | <u>751</u> |

The company acts as sponsoring employer for three defined benefit pension schemes and the pension costs reflect the pension costs not borne by other group companies. The pension cost in respect of the company's own employees was nil (2007: nil).

One (2007: one) of the directors is a member of the company's pension schemes.

| | | | |
|---|--------------------------------------------------------|---------------|---------------|
| 4 | TAXATION | 2008 £'000 | 2007 £'000 |
| | AMOUNTS CHARGED TO THE PROFIT AND LOSS ACCOUNT: | | |
| | UK corporation tax: | | |
| | Group relief (credit)/ charge | - | (21) |
| | Prior year adjustment | - | 690 |
| | Total direct taxation | <u>-</u> | <u>669</u> |
| | Deferred taxation: | 313 | - |
| | Origination and reversal of timing differences | - | 456 |
| | Total taxation charge | <u>313</u> | <u>1,125</u> |

UCB (Investments) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

4 TAXATION (continued)

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 of 28.5%(2007:30%). The differences are explained below: | 2008 £'000 | 2007 £'000 |
| Profit on ordinary activities before tax | 2,032 | 4,772 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%) | 579 | 1,432 |
| Effects of: | | |
| Dividend income not taxable | - | (652) |
| Net movement in pension scheme liability not subject to tax | (319) | (624) |
| Movement on provision not subject to tax | - | (177) |
| Losses utilised | (260) | - |
| Current tax (credit)/charge for the period | - | (21) |

Due to changes in UK fiscal legislation the company will be subject to a tax charge of 28% with effect from 6 April 2008 – this rate has been used to calculate the final deferred tax balances.

**AMOUNTS (CREDITED)/CHARGED TO THE STATEMENT
OF TOTAL RECOGNISED GAINS AND LOSSES**

| | | |
|------------------------------------------------|-------|-------|
| Deferred taxation: | | |
| Origination and reversal of timing differences | (969) | (363) |

5 SUBSIDIARY UNDERTAKINGS

| | |
|-----------------------------------------|--------|
| | £'000 |
| Shares at cost - as at 31 December 2007 | 23,396 |
| Additions | 1 |
| Shares at cost 31 December 2008 | 23,397 |

At 31 December 2008 the company had the following subsidiary undertakings, all of which were wholly owned, incorporated and operated in England, unless otherwise stated:

| | |
|--------------------------------------------------------------|--------------------------------------------|
| Subsidiary undertaking | Class of holding |
| Viking Trading Co Limited (holding company) | Redeemable preference Ordinary |
| Vedim Limited (holding company) | Ordinary "A" shares Ordinary "B" shares |
| UCB T&R Graham Limited (dormant – registered in Scotland) | Ordinary |
| UCB Watford (dormant) | Ordinary Redeemable preference |

UCB (Investments) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

5 **SUBSIDIARY UNDERTAKINGS (continued)**

Subsidiaries of Viking Trading Co. Limited

UCB Australia Pty. Limited (sales company for the group products in - Australia) incorporated in Australia

UCB Pharma S.p.A (manufacturers and distributors of pharmaceutical products) incorporated in Italy - 99.9 %

Subsidiary of Vedim Limited

Uni-Mediflex Private Limited (dormant) - incorporated in the state of Maharashtra, India

| 6 | DEBTORS | 2008 £'000 | 2007 £'000 |
|---|------------------------------------|---------------|---------------|
| | Due within one year: | | |
| | Amounts owed by group undertakings | 32,321 | 32,782 |
| | Other debtors | 8 | 33 |
| | Corporation tax | 1,839 | 1,836 |
| | Prepayments and accrued income | 255 | 305 |
| | | <u>34,423</u> | <u>34,956</u> |

Included within debtors is £1.8 million of advanced corporation tax on past dividends paid by the company to its European parent. The company is currently in dispute with HM Revenue & Customs in respect of the recoverability of either this tax or equivalent compensation arising from the European Court of Justice under Article 43.

| 7 | CREDITORS: Amounts falling due within one year | 2008 £'000 | 2007 £'000 |
|---|------------------------------------------------|---------------|---------------|
| | Amounts owed to group undertakings | 8,653 | 8,653 |
| | Accruals and deferred income | 211 | 306 |
| | | <u>8,864</u> | <u>8,959</u> |

| 8 | DEFERRED TAXATION | 2008 £'000 | 2007 £'000 |
|---|-----------------------------------------------------------------------|----------------|----------------|
| | Balance as at 1 January 2007 | (1,973) | (1,880) |
| | Profit and loss account charge | (313) | (456) |
| | Charge/(credit) to the statement of total recognised gains and losses | 969 | 363 |
| | (Asset) as at 31 December 2008 (note 16) | <u>(1,317)</u> | <u>(1,973)</u> |

The deferred taxation relates to the pension scheme assets / liabilities. Following changes in UK fiscal legislation a rate of 28% (2007 28%) has been used to calculate the final balances.

UCB (Investments) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

| | | | |
|---|---------------------------------------------------------------|-------------------|-------------------|
| 9 | SHARE CAPITAL | 2008 £ | 2007 £ |
| | Authorised: | | |
| | 44,928,426 redeemable cumulative preference shares of £1 each | 44,928,426 | 44,928,426 |
| | 100 ordinary shares of £1 each | 100 | 100 |
| | | <u>44,928,526</u> | <u>44,928,526</u> |
| | Allotted, issued and fully paid: | | |
| | 44,928,426 redeemable cumulative preference shares of £1 each | 44,928,426 | 44,928,426 |
| | 100 ordinary shares of £1 each | 100 | 100 |
| | | <u>44,928,526</u> | <u>44,928,526</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.

| | | | |
|----|---------------------------------------------------|---------------|---------------|
| 10 | PROFIT AND LOSS ACCOUNT | 2008 £'000 | 2007 £'000 |
| | Balance at 1 January 2008 | 10,581 | 7,871 |
| | Total recognised gains and losses | (773) | 2,710 |
| | Balance at 31 December 2008 | <u>9,808</u> | <u>10,581</u> |
| | Distributable | 6,420 | 5,400 |
| | Non-distributable | 3,388 | 5,181 |
| | Balance at 31 December 2007 | <u>9,808</u> | <u>10,581</u> |
| 11 | RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS | 2008 £'000 | 2007 £'000 |
| | Opening shareholders' funds | 55,509 | 52,799 |
| | Total recognised gains and losses | (773) | 2,710 |
| | Closing shareholders' funds | <u>54,736</u> | <u>55,509</u> |

UCB (Investments) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

12 ULTIMATE PARENT UNDERTAKING

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

Both the smallest and largest group of undertakings for which consolidated financial statements are prepared is UCB S.A.; Copies of the accounts can be obtained from:

Company Secretary
208 Bath Road
Slough
Berkshire
SL1 3WE

13 CONTINGENT LIABILITIES

ENVIRONMENTAL MATTERS

Following the disinvestment of the Surface Specialties businesses in July 2004, UCB (Investments) Limited together with its parent UCB SA retained certain commitments in respect of Environmental Matters. There is an overall time limit for the making of claims of seven years together with other financial limitations. As yet no claims have been received.

PENSION FUND

On 26 June 2007 an account charge was registered between the company and the UCB British Pension Trust Limited, being the present corporate trustee of the UCB British Pension Scheme, on a newly created deposit escrow account. The company has agreed to pay its pension contributions into this account which can be used to fund any future deficit in the UCB British Pension Scheme. As at 31 December 2008 the balance on this escrow account was £2,311,745 (2007: £945,000).

14 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 2008 (2007: none), the scheme members being employees of other UCB Group's companies in the United Kingdom.

The last full actuarial valuations of the three schemes were carried out on 1 January 2007 and were updated in accordance with Financial Reporting Standard 17 (FRS17) to 31 December 2008 by a qualified independent actuary. The information below relates to the three schemes combined.

The major assumptions used by the actuary were:

| | At 31/12/2008 | At 31/12/2007 | At 31/12/2006 |
|-----------------------------------------|---------------|---------------|---------------|
| | % | % | % |
| Rate of increase in salaries | 3.75 | 4.25 | 4.10 |
| Rate of increase of pensions in payment | 2.75 | 3.25 | 3.10 |
| Discount rate | 6.25 | 5.75 | 5.10 |
| Inflation assumption | 2.75 | 3.25 | 3.10 |

The above assumptions related to all three schemes.

UCB (Investments) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

14 PENSION (continued)

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

| | Long-term rate of return expected at 31/12/2008 % | Value at 31/12/2008 £'000 | Long-term rate of return expected at 31/12/2007 % | Value at 31/12/2007 £'000 | Long-term rate of return expected at 31/12/2006 % | Value at 31/12/2006 £'000 |
|-------------------------------------|------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------|---------------------------------|
| Equities | 8.00 | 30,325 | 7.75 | 40,873 | 7.50 | 88,901 |
| Bonds | 4.75 | 92,308 | 5.25 | 96,053 | 4.50 | 41,894 |
| Property | 6.00 | 1,179 | 6.50 | 1,578 | 6.50 | 1,576 |
| Cash | 4.75 | 3,190 | 5.00 | 2,456 | 5.00 | 4,337 |
| | | <hr/> | | <hr/> | | <hr/> |
| Total market value of assets | | 127,002 | | 140,960 | | 136,708 |
| Present value of scheme liabilities | | (100,017) | | (110,038) | | (119,776) |
| | | <hr/> | | <hr/> | | <hr/> |
| Net surplus/deficit in the schemes | | 26,985 | | 30,922 | | 16,932 |
| Assets not recognised | | (22,280) | | (23,877) | | (10,664) |
| | | <hr/> | | <hr/> | | <hr/> |
| Deferred tax (note 10) | | 4,705 (1,317) | | 7,045 (1,973) | | 6,268 (1,880) |
| | | <hr/> | | <hr/> | | <hr/> |
| | | 3,388 | | 5,072 | | 4,388 |
| | | <hr/> | | <hr/> | | <hr/> |
| Analysed as: | | | | | | |
| Scheme with surplus assets | | 3,388 | | 5,181 | | 6,686 |
| Schemes with a deficiency of assets | | - | | (109) | | (2,298) |
| | | <hr/> | | <hr/> | | <hr/> |
| | | 3,388 | | 5,072 | | 4,388 |
| | | <hr/> | | <hr/> | | <hr/> |

The total assets in the UCB British Pension Scheme, the UCB Bridgwater Pension Schemes and the UCB Dumfries Pension Scheme are not recognised as a result of the surpluses being restricted in accordance with paragraph 41 of FRS17.

UCB (Investments) Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 December 2008

14 PENSION (continued)

| Movements in surplus/deficit during the year | At 31/12/2008 £000 | At 31/12/2007 £000 | | |
|-------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-------|---------|
| Surplus in schemes at beginning of the year | 7,045 | 6,268 | | |
| Movement in year: | | | | |
| Current service cost | (1,120) | (1,119) | | |
| Contributions | 1,201 | 2,166 | | |
| Past service credit | - | - | | |
| Other finance income | 1,040 | 1,030 | | |
| Curtailment gains | - | - | | |
| Settlement loss | - | - | | |
| Actuarial (loss)/gain | (3,461) | (1,300) | | |
| Recognisable surplus in schemes at the end of the year | <u>4,705</u> | <u>7,045</u> | | |
| Analysis of amounts recognised in the statement of total recognised gains and losses ("STRGL"). | 2008 £'000 | 2007 £'000 | | |
| Actual return less expected return on pension scheme assets | (16,918) | (40) | | |
| Experience gains and losses arising on the scheme liabilities | (1,974) | 1,090 | | |
| Changes in financial assumptions underlying the scheme liabilities | 12,866 | 9,137 | | |
| Unrecognised surplus | <u>2,565</u> | <u>(11,467)</u> | | |
| Actuarial (loss)/gain recognised in STRGL | <u>(3,461)</u> | <u>(1,300)</u> | | |
| History of experience gains and losses | | | | |
| | 2008 | 2007 | 2006 | 2005 |
| Difference between the expected and actual return on scheme assets: | | | | |
| Amount (£000) | (16,918) | (40) | 2,230 | 18,277 |
| Percentage of scheme assets | (13%) | (0%) | 2% | 14% |
| Experience gains and losses on scheme liabilities: | | | | |
| Amount (£000) | (1,974) | 1,090 | 2,734 | (1,348) |
| Percentage of the present value of the scheme liabilities | (2%) | 1% | 2% | (1%) |
| Total amount recognised in the statement of recognised gains and losses | | | | |
| Amount (£000) | (3,461) | (1,300) | 2,094 | (2,994) |
| Percentage of the present value of the scheme liabilities | (3%) | (1%) | 2% | (2%) |