

UCB (INVESTMENTS) LIMITED

FINANCIAL STATEMENTS

31st December 2000

Registered Number: 1106309



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UCB (INVESTMENTS) LIMITED

DIRECTORS' REPORT

31st December 2000

The Directors present their annual report and the audited financial statements for the year ended 31st December, 2000. 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.

During the year UCB Films PLC continued to manufacture cellulose film and bioriented polypropylene film. 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.

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. UCB Chemicals Italia S.p.A. continued to carry on business as a sales company for Group chemical products in Italy.

On the 1st December, 2000, the registered office was moved to The Coach House, West Street, Wigton, Cumbria, CA7 9PD.

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 £13,024,000. 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 £13,446,000. On the 17th January, 2000, the company paid an interim dividend of £10,716,000, resulting in an increase in distributable reserves of £2,730,000 to £17,808,000. It is proposed that no final 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 2000

(continued)

On the 30th November, 2000, R. Stewart-Smith resigned as Director and Company Secretary, with D.Horton appointed Company Secretary in his place.

The Directors of the company on the 31st December, 2000, were Baron G. Jacobs (Belgian), Chairman, Baron D. Janssen (Belgian), Deputy Chairman, E. Croufer (Belgian), B. Van Assche (Belgian) and M. Wiers (Belgian).

The ordinary shareholders of the company on the 31st December, 2000 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



D. Horton
Secretary

8th March 2001

The Coach House
West Street
Wigton
Cumbria
CA7 9PD

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



D. Horton

Secretary

8th March 2001

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, 2000, 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

31.12.2001

UCB (INVESTMENTS) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2000

	Note	2000 £'000	1999 £'000
Operating income		221	274
Administrative expenses		(221)	(274)
		<hr/>	<hr/>
Operating profit	2	-	-
Interest receivable	4	742	500
Interest payable	5	(1,778)	(1,667)
Income from interests in subsidiaries		13,024	11,177
		<hr/>	<hr/>
Profit on ordinary activities before taxation		11,988	10,010
Taxation credit on ordinary activities	6	1,458	1,987
		<hr/>	<hr/>
Profit on ordinary activities after taxation		13,446	11,997
Equity dividends paid		(10,716)	-
		<hr/>	<hr/>
Retained profit for the year	13	2,730	11,997
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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. All of the company's activities are continuing.

UCB (INVESTMENTS) LIMITED

BALANCE SHEET

		31st December 2000		1999	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Investments	7		60,022		60,022
Current assets					
Debtors	8	24,498		19,248	
Bank and cash balances		96		992	
		24,594		20,240	
Creditors: amounts falling due within one year	9	(2,220)		(596)	
Net current assets			22,374		19,644
Total assets less current liabilities			82,396		79,666
Creditors: amounts falling due after more than one year	10		(19,660)		(19,660)
Net assets			62,736		60,006
Capital and reserves					
Called up share capital	11		44,928		44,928
Profit and loss account	13		17,808		15,078
Total shareholders' funds	12		62,736		60,006
Attributable to:					
Equity shareholders			17,808		15,078
Non-equity shareholders			44,928		44,928
			62,736		60,006

The financial statements on pages 5 to 16 were approved by the Board of Directors on 8th March 2001 and signed on their behalf by:



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 Directors

UCB (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 2000

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 accounts 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.

(e) Operating leases

Rentals applicable to operating leases are charged to income as incurred.

UCB (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 2000

(continued)

	2000 £'000	1999 £'000
2. Operating profit		
Operating profit is stated after charging/(crediting)		
Audit fees	-	-
Losses on foreign exchange	1	-
Operating lease rentals	5	4
3. Staff costs (including directors' emoluments)		
a) Wages and salaries	183	212
Social Security costs	32	35
Other pension costs	6	10
	<u>221</u>	<u>257</u>
b) Average numbers employed, including directors	<u>6</u>	<u>6</u>
c) Directors' emoluments	<u>198</u>	<u>230</u>
4. Interest receivable		
Interest receivable from group companies	727	436
Bank interest receivable	15	64
	<u>742</u>	<u>500</u>
5. Interest payable		
Interest charged by group companies	1,104	1,131
Bank interest payable	674	536
	<u>1,778</u>	<u>1,667</u>
6. Taxation credit		
Advance corporation tax	1,245	1,651
Group relief	213	336
	<u>1,458</u>	<u>1,987</u>

UCB (INVESTMENTS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31st December 2000
(continued)

7. Subsidiary undertakings

£'000

Shares at cost - as at 31st December 1999 and 31st December 2000	60,022
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At 31st December, 2000, 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 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 2000

(continued)

7. Subsidiary undertakings (continued)

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|---|--|
| ** 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 | |

UCB (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 2000

(continued)

8. **Debtors:** amounts falling due within one year

	2000 £'000	1999 £'000
Amounts owed by group undertakings	21,609	19,088
Other debtors	471	-
Prepayments and accrued income	2,418	160
	<hr/>	<hr/>
	24,498	19,248
	<hr/>	<hr/>

9. **Creditors:** amounts falling due within one year

Amounts owed to group undertakings	2,031	341
Taxation and social security costs	2	83
Other creditors	53	31
Accruals and deferred income	134	141
	<hr/>	<hr/>
	2,220	596
	<hr/>	<hr/>

10. **Creditors:** amounts falling due after more than one year

Bank loans	5,000	5,000
Amounts owed to group undertakings	14,660	14,660
	<hr/>	<hr/>
	19,660	19,660
	<hr/>	<hr/>

All creditors are repayable within five years.

UCB (INVESTMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December 2000

(continued)

11. Share capital

	Authorised		Allotted, called up and fully paid	
	Number of shares	£'000	Number of shares	£'000
At 31st December 2000 and 31st December 1999				
£1 redeemable cumulative preference shares	44,928,426	44,928	44,928,426	44,928
£1 ordinary shares	100	-	100	-
		<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. Reconciliation of shareholders' funds

	2000 £'000	1999 £'000
Retained profit	2,730	11,997
Opening shareholders' funds	60,006	48,009
Closing shareholders' funds	<u>62,736</u>	<u>60,006</u>

UCB (INVESTMENTS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31st December 2000
(continued)

13. Reserves

Profit and loss account:

	£'000
Balance at 31st December 1999	15,078
Retained profit	2,730
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Balance at 31st December 2000	17,808
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14. Deferred tax

There was no actual or potential deferred tax at 31 December 2000 or 31 December 1999.

15. Commitment under Operating Leases

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

	Plant and machinery	
	2000	1999
	£'000	£'000
Expiring within 5 years	nil	6
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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 2000
(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, 2000. Contributions from the company of £6,000 (1999: £10,000) were paid to the scheme in the year. No contributions were payable to the scheme at the year end.

(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 £116,269,000, the actuarial value of those assets represented 111% 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.

UCB (INVESTMENTS) LIMITED

CASH FLOW STATEMENT

for the year ended 31st December 2000

	Note	2000		1999	
		£'000	£'000	£'000	£'000
Net cash outflow from operating activities	1		(2,533)		(10,474)
Returns on investment and servicing of finance					
Interest received		742		500	
Interest paid		(1,778)		(1,667)	
Dividends received		13,024		11,177	
Dividends paid		(10,716)		-	
		<hr/>		<hr/>	
Net cash outflow from returns on investments and servicing of finance			1,272		10,010
Taxation					
UK Corporation tax received		365		1,444	
		<hr/>		<hr/>	
			365		1,444
Net cash (outflow) from investing activities			<hr/>		<hr/>
			-		-
Net cash (outflow)/inflow from financing			<hr/>		<hr/>
			(896)		980
Financing			<hr/>		<hr/>
			-		-
(Decrease)/increase in cash and cash equivalents			<hr/>		<hr/>
	2		(896)		980
			<hr/>		<hr/>

Notes to the cashflow statement are on page 16

UCB (INVESTMENTS) LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

31st December 2000

	2000	1999
	£'000	£'000
1. Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	-	-
Increase in debtors	(4,157)	(7,722)
Increase/(decrease) in creditors	1,624	(2,752)
	<hr/>	<hr/>
Net cash outflow from continuing operating activities	(2,533)	(10,474)
	<hr/>	<hr/>

2. Analysis of balances of cash and cash equivalents as shown in the balance sheet

	1st January	Cashflow	31st December
	2000		2000
	£000	£000	£000
Bank and cash balances	992	896	96
	<hr/>	<hr/>	<hr/>