

**Consolidated financial information
restated under IFRS December 31 2004
(unaudited)**



I. Transition to IFRS

The UCB Group (“The Group”) is due to apply the regulation adopted in July 2002 by the European Parliament and European Council, which made application of IFRS (International Financial Reporting Standards) compulsory for consolidated financial statements published by listed European companies. This new obligation comes into force for financial years beginning on or after January 1, 2005. The Group is currently making the relevant preparations and will publish consolidated financial statements under IFRS starting with the interim consolidated financial statements for the first half-year of 2005.

To ensure comparability of financial information published by the Group, the figures for 2004 will be restated at that time in accordance with the same accounting policies.

The Group will consider January 1, 2004 as the date of transition to the new standards, including IAS 32 & 39 on financial instruments. There are currently no plans for early adoption of draft standards that have not yet been officially approved.

The financial information presented below does not constitute full IFRS financial statements but has been prepared in accordance with IFRS.

This financial information has not been subject to audit and the Group could have to review some accounting treatments used for the purpose of this publication if the IASB was to publish new positions on existing standards until the Group’s first IFRS publication (2005 interim reporting).

Basis of preparation

For the purpose of the transition to IFRS, the Group elected an early application for part of the standards issued as at end of March 2004 as detailed:

- IFRS 2, Share Based Payments: the Group applies this standard starting January 1, 2004 to instruments granted after November 7, 2002 and not vested as at January 1, 2005;
- IFRS 3, Business Combinations, revised IAS 36, Impairment of assets and revised IAS 38, Intangible assets : the Group applies these standards starting January 1, 2003.

Exemptions from other IFRSs

IFRS 1, first-time adoption of International Financial Reporting Standards allows first time adopters to elect to use exemptions from other IFRSs (mainly to avoid retrospective application of some standards).

The Group examined the treatments available and elected to use the following exemptions:

- Business Combinations
The Group decided to restate retrospectively all business combinations effected after January 1, 2003 for compliance with IFRS 3.
- Employee Benefits
The Group used the exemption granted by IFRS 1 to include all actuarial differences not recognised as of December 31, 2003 in equity as of January 1, 2004.

The Group did not elect to use other exemptions available. Among others, the Group has elected to not adopt the option which consists of:

- Measuring at fair value some tangible or intangible assets in the opening balance sheet
- Not applying IAS 32 & 39, Financial instruments, to comparative figures as at December 31, 2004
- Resetting to zero previous cumulative translation differences arising from translation into Euro of foreign subsidiaries’ financial statements denominated in foreign currency.

II. Financial figures

1. Consolidated income statement for the year ended December 31, 2004 (unaudited)

€ MILLION	BELGIAN GAAP	IFRS	EFFECTS OF TRANSITION TO IFRS
Revenue		3,268	
Net turnover	3,068	3,056	(12)
Royalties and fees		212	
Cost of sales		(1,509)	
Gross margin		1,759	
Marketing and selling expenses		(625)	
General and administrative expenses		(266)	
Research and development expenses		(395)	
Other revenues / (expenses)		(9)	
Recurring earnings before interest and taxes (*)	484	464	(20)
Non recurring result	18	(2)	(20)
Earnings before interest and taxes (EBIT)	502	462	(40)
Net financing cost	(10)	(28)	(18)
Income before tax	492	434	(58)
Income tax expense	(129)	(105)	24
Profit of the period (**)	363	329	(34)
Minority interests	(2)	(2)	-
Net profit of the period	361	327	(34)
Basic earnings per share	2.47	2.27	
Diluted earnings per share	-	2.27	
Earnings per share before minority interest	2.49	2.29	
(*) EBITA (EBIT adjusted for Celltech amortisation)			
Recurring earnings before interest and taxes	484	464	(20)
Add back Celltech amortisation	23	12	(11)
	507	476	(31)
(**) Adjusted net profit of the period	379	356	(23)
- after tax impact of Celltech goodwill amortisation			
- after tax impact of Celltech intangible amortisation and inventory fair value adjustment			

II. Financial figures

Reconciliation of the income statement from Belgian GAAP to IFRS for the period ended at December 31, 2004 is as follows (unaudited)

€ MILLION	BELGIAN GAAP	IFRS ADJUSTMENTS	IFRS
EBIT	502		
- Impact of revenue translation at spot rate		(8)	
- Reversal of R&D expenses capitalised under Belgian GAAP during 2004 and expensed under IFRS as these were not meeting the criteria set by IAS 38		(51)	
- Reversal of goodwill amortisation recorded in Belgian GAAP		29	
- Increase of cost of sales resulting from the fact that Celltech inventories were accounted for in IFRS at fair value at acquisition date while accounted for at cost under Belgian GAAP		(26)	
- Decrease of pension costs mainly as a result of the curtailment realised in connection with the disposal of the Films activities		19	
- Additional amortisation expense on intangibles (mainly resulting from the recognition of Celltech intangibles at fair value at acquisition date in accordance with IFRS 3)		(15)	
- Decrease of depreciation expense on tangible assets as a result of the change of useful lives adopted in IFRS compared to those used under Belgian GAAP		11	
- Additional capital gain on the disposal of the Films division		4	
- Provisions reversed during 2004 under Belgian GAAP while already reversed in the opening balance sheet under IFRS		(3)	
- Net reversal of impairment losses recorded in Belgian GAAP in 2004 while already reflected in the IFRS opening balance sheet		3	
- Other (net)		(3)	
Total	502	(40)	462
Net financing cost	(10)		
- Net financial loss resulting from the application of IAS 39 relating to financial instruments (mainly swap and forward contracts)		(8)	
- Impact of the change of translation method of group companies (monetary/non monetary method not compliant under IFRS)		(7)	
- Other (net)		(3)	
Total	(10)	(18)	(28)
Income tax expense	(129)		
- Tax impact on the above adjustment		24	
- (The decrease of the effective tax rate from 26.3% under Belgian GAAP to 24.1% under IFRS is mainly explained by the fact that the reversal of goodwill depreciation is tax exempted)			
Total	(129)	24	(105)
Profit of the period	363	(34)	329

2. Consolidated balance sheet as at December 31, 2004 (unaudited)

€ MILLION	NOTES	BELGIAN GAAP	IFRS	EFFECTS OF TRANSITION TO IFRS
Non-current assets		3,591	3,533	(58)
Intangible assets	1	595	828	233
Goodwill	2	2,155	1,691	(464)
Property, plant and equipment	3	700	802	102
Deferred tax assets	4	92	151	59
Investments and other non-current assets	5	49	61	12
Current assets		1,783	1,726	(57)
Inventories		439	441	2
Trade and other receivables	6	718	717	(1)
Income tax receivable	6	-	21	21
Investments	7	-	13	13
Cash and cash equivalents	8	626	534	(92)
Total assets		5,374	5,259	(115)
Equity	9	1,965	1,668	(297)
Share capital & share premium		438	438	-
Reserves		1,522	1,225	(297)
Minority interests		5	5	-
Non-current liabilities		617	853	236
Employee benefits	10	55	152	97
Provisions	11	178	132	(46)
Interest bearing loans	12	247	278	31
Deferred tax liabilities	4	132	289	157
Other payables		5	2	(3)
Current liabilities		2,792	2,738	(54)
Interest bearing loans	12	2,023	2,024	1
Provisions	11	-	50	50
Trade and other payables	13	769	602	(167)
Income tax payables	13	-	62	62
Total equity and liabilities		5,374	5,259	(115)

II. Financial figures

NOTES

Note 1: Intangible Assets

RECONCILIATION FROM BELGIAN GAAP TO IFRS IS AS FOLLOWS: (in € MILLION)

Intangible assets according to Belgian GAAP	595
- Intangible assets resulting from the Celltech acquisition are accounted at fair value.	682
- Impact of translation Celltech intangibles at closing rate	(47)
- Customer contracts obtained through the acquisition from Solutia in 2003 have been accounted at fair value in accordance with IFRS 3	19
- The reversal of Research and Development expenses capitalised under Belgian GAAP but expensed under IFRS as not meeting all of the criteria set by IAS 38	(302)
- The reclassification of goodwill presented under intangible assets in Belgian GAAP while separately presented under IFRS	(112)
- The additional amortisation on intangible assets recognised on Celltech	(11)
- Others	4
Intangible assets according to IFRS	828

Note 2: Goodwill

RECONCILIATION FROM BELGIAN GAAP TO IFRS IS AS FOLLOWS: (in € MILLION)

Goodwill according to Belgian GAAP	2,155
- Application of the purchase accounting upon Celltech's acquisition, mainly fair value accounting of the intangibles	(465)
- Impact of translation of Goodwill at closing exchange rate	(100)
- Reclassification of goodwill presented as intangible assets under Belgian GAAP	112
- Presentation of Solutia's customer contracts as intangibles while presented as goodwill under Belgian GAAP	(17)
- Impairment recorded on various acquisition goodwill as of December 31, 2003	(25)
- Reversal of the amortisation of the year	29
- Others	2
Goodwill according to IFRS	1,691

Note 3: Property, Plant and Equipment

The increase of the net book value of tangible assets of EUR +69 million results mainly from the harmonisation of the useful lives of equipment. The single depreciation period of 7 years under Belgian GAAP has been broken down in multiple periods based on a more detailed analysis of useful lives. These periods range from 7 to 15 years under IFRS.

Additionally, several lease contracts qualify as financial leases under IFRS while presented as operating lease under Belgian GAAP. As of December 31, 2004, the net book value of those contracts amounts to EUR +31 million.

Note 4: Deferred taxes

The difference between the net deferred tax liability position under IFRS (EUR +138 million) and the net deferred tax liability position under Belgian GAAP (EUR +40 million) mainly results from the deferred tax impact of the IFRS adjustments (EUR -95 million), from the deferred tax impact of the difference in Celltech's purchase accounting between Belgian GAAP and IFRS (EUR +202 million) and the reclassification of a provision for tax litigation for EUR -9 million accounted for under provisions under IFRS.

Note 5: Investments and other non-current assets

RECONCILIATION FROM BELGIAN GAAP TO IFRS IS AS FOLLOWS: (in € MILLION)

Investments according to Belgian GAAP	49
- Long term financial instruments recognised at fair value	3
- Pension fund asset not recognised under Belgian GAAP	6
- Long term investments reclassified from Cash and cash equivalents	3
Investments according to IFRS	61

Note 6: Trade and other receivables / income tax receivable

The major difference is explained by the fair value adjustment relating to financial instruments amounting to EUR +13 million.

Note 7: Investments (current)

Bonds designated as available-for-sale have been reclassified from "Cash & cash equivalents" to "Investments" for EUR +13 million.

Note 8: Cash and cash equivalents

Treasury shares held by the Group (EUR -77 million) are deducted from equity. The bonds have been reclassified to current investments (EUR -13 million) and the long term securities held by the Group have been reclassified to non-current investments (EUR -3 million).

Note 9: Equity

The decrease in equity is explained in the table shown below in section "5. Shareholders' equity reconciliation between Belgian GAAP and IFRS as per December 31, 2004."

Note 10: Employee Benefits

Variance between Belgian GAAP and IFRS is due to the recognition of additional provisions in connection with defined benefit plans.

Note 11: Provisions (non-current and current)

Additional environmental provisions (EUR +16 million) have been partially offset by the reversal of provisions which do not fulfil the criteria of IAS 37 (EUR -13 million). Remaining difference is explained by reclassifications for a provision for tax litigation from deferred tax liabilities (EUR +9 million) and an accrual for EUR -10 million to trade and other payables.

Note 12: Interest bearing loans (non-current and current)

Lease obligations meeting the definition of financial lease under IAS 17 have been capitalised. The additional leasing debt amounts to EUR +32 million.

Note 13: Income tax payables / Trade and other payables

Dividends are only shown as a payable when approved by the Shareholders' meeting. In IFRS, the proposed dividend payable of EUR 126 million is still included in reserves.

II. Financial figures

3. Condensed consolidated cash flow statement for the year ended December 31, 2004 (unaudited)

€ MILLION	IFRS
Cash flow from operating activities (a)	470
Cash flow from investing activities (b)	(2,046)
Cash flow from financing activities (c)	1,696
Net increase in cash and cash equivalents (d) = (a) + (b) + (c)	120
Net effect of currency translation on cash and cash equivalents (e)	(1)
Cash and cash equivalents at the beginning of the period (f)	415
Cash and cash equivalents at the end of the period (g) = (d) + (e) + (f)	534
Net increase in cash and cash equivalents	119

4. Total equity reconciliation between Belgian GAAP and IFRS as per December 31, 2003 (unaudited)

€ MILLION	
Net equity per Belgian GAAP	1,784
Research & Development expenses	(253)
Deferred taxes	63
Treasury shares	(34)
Employee benefits	(76)
Property, plant and equipment	108
Intangible assets	23
Goodwill	(17)
Measurement of Financial instruments at fair value	17
Impairment of assets	(43)
Dividends	119
Net equity per IFRS	1,691

5. Total equity reconciliation between Belgian GAAP and IFRS as per December 31, 2004 (unaudited)

€ MILLION		
Net equity per Belgian GAAP	1,965	Notes
Research & Development expenses	(302)	1
Deferred taxes	95	4
Treasury shares	(77)	8
Employee benefits	(74)	10
Property, plant and equipment	69	3
Intangible assets	9	1
Goodwill	12	2
Measurement of Financial instruments at fair value	11	6
Provisions	(3)	11
Impairment of assets	(27)	2
Dividends	126	13
CTA (*)	(131)	
Other (net)	(5)	
Net equity per IFRS	1,668	

(*) This impact mainly relates to the translation at closing rate of Celltech goodwill and additional intangible assets. In Belgian GAAP, their gross book values remain unchanged at historical exchange rate

6. Movements in equity as restated under IFRS for the year ended December 31, 2004 (unaudited)

€ MILLION	SHARE CAPITAL AND SHARE PREMIUM	RESERVES	TREASURY SHARES	CURRENCY TRANSLATION DIFFERENCES	HEDGING RESERVES	MINORITY INTERESTS	TOTAL STOCK- HOLDERS' EQUITY
Balance as of December 31, 2003	438	1,290	(35)	(21)	8	11	1,691
Net Profit/(loss) for the year	-	327	-	-	-	2	329
Dividends paid	-	(119)	-	-	-	-	(119)
Recognised directly in equity	-	-	(43)	(180)	(3)	-	(226)
Stock options	-	1	-	-	-	-	1
Impact of disposal of subsidiaries	-	-	-	-	-	(8)	(8)
Balance as of December 31, 2004	438	1,499	(78)	(201)	5	5	1,668

III. Significant accounting policies

1. Basis of consolidation

Subsidiaries

The consolidated financial statements include all the subsidiaries that are controlled by UCB SA. Control exists when UCB has the power to govern the financial and operating policies and obtains the benefits from the entities' activities. Control is presumed to exist when UCB SA owns, directly or indirectly, more than 50 % of an entity's voting rights.

The financial statements of subsidiaries are included in the Group financial statements from the effective date of acquisition and up to the effective date of disposal. All significant inter-company transactions are fully eliminated.

The minority interests are presented separately in equity and net profit.

Associates

Associates are those companies in which the Group has, directly or indirectly, a significant influence but not the control to govern the financial and operating policies. This is presumed when the Group holds 20% or more of the voting rights. An investment in an associate is accounted for under the equity method.

Joint ventures

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity which is subject to joint control. A joint venture is consolidated under the proportionate method.

2. Intangible Assets

Intangible assets other than goodwill such as licences, patents, trademarks, similar rights and software are measured initially at cost. They are amortised on a straight-line basis over their estimated useful life. After

initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. At the end of each annual reporting period the amortisation method and period are reviewed.

Research costs are expensed in the period in which they are incurred. Development expenditure are capitalised only if the various requirements listed under IAS 38 are fulfilled. The capitalised development costs are amortised on a straight-line basis over their useful lives.

In-process research and development acquired in a business combination is recognised as an intangible asset, separately from goodwill, if the project meets the definition of an intangible asset and its fair value can be measured reliably. Subsequent research expenditures related to the project are expensed and development expenditures are capitalised if they meet the criteria set out in IAS 38.

3. Goodwill

Goodwill arises when the cost of a business combination at the date of acquisition is in excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The cash-generating unit(s) to which the goodwill is allocated to is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount.

In case the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately into profit and loss.

4. Property, plant and equipment

Property, plant and equipment are initially valued at cost and are depreciated on a straight-line basis, except for land and constructions in progress which are not depreciated. Cost includes all directly attributable costs of bringing the asset to working condition for its intended use.

The depreciation is calculated based on the estimated useful lives and is computed from the date the asset is ready to be used.

The following useful lives are applicable to the main property, plant and equipment categories:

Buildings	20 - 33 years
Machinery	7 - 15 years
Laboratory equipment	7 years
Prototype equipment	3 years
Furniture and fixtures	7 years
Vehicles	5 - 7 years
Computer equipment	3 years
Asset held under finance lease	Depreciated over the shorter of asset's useful life and the leasing term

Subsequent expenditure is capitalised when an increase in the future economic benefits will be obtained, all other subsequent expenditures are expensed when incurred.

Borrowing costs directly attributable to the acquisition, construction or production of an asset requiring a long preparation are not included in the cost of this asset.

5. Impairment of assets

At each balance sheet date, the carrying amounts of the intangible assets, property, plant and equipment are reviewed to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the individual asset or if not possible, the cash generating unit, is estimated. The cash generating unit is the smallest identifiable group of assets that generates cash inflows from other assets or group of assets in an active market. If the recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount.

At each balance sheet date, the impairment losses recorded in prior periods, other than goodwill, are reviewed to determine whether there is an indication for reversal. If such an indication exists, the reversal is recognised immediately in profit. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for these assets.

6. Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease

Assets held under finance leases are recognised as assets of the Group at the lower of their fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet.

Lease payments are apportioned between the interest expense and the reduction of the outstanding liability.

III. Significant accounting policies

Operating lease

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

7. Inventories

Raw materials, consumables and goods purchased for resale are valued at the lower of their cost or their net realisable value. Cost is determined using the weighted average cost method. The cost of work in process and finished goods comprise all the costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The conversion costs include the cost of production and the related fixed and variable production overhead costs (inclusive of depreciation).

Spare parts are recorded at cost in inventory.

8. Trade accounts receivable

Trade accounts receivable are initially recognised at their fair value, which in most cases corresponds to their nominal value. Adequate adjustments are made for doubtful receivables.

9. Investments

Investments, not held for trading, represent available-for-sale investments and are measured at fair value. Unrealised gains and losses are recognised in equity, until the marketable security is sold, collected or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are included in profit and loss.

10. Cash and cash equivalents

Cash, cash equivalents and short-term deposits (i.e. a maturity of three months or less from the date of acquisition) are carried in the balance sheet at fair value.

11. Government grants

Government grants are recognised when there is a reasonable assurance that the:

- Group will comply with the conditions attached to them;
- grants will be received.

Government grants related to assets are deducted from the carrying amount of the asset.

Grants related to income are taken in the year when received and presented as other operating income.

12. Treasury shares

Treasury shares are accounted for as a deduction of equity for the amount paid, including directly attributable direct costs. The proceeds from sales of shares are directly included in net equity with no impact on net income.

13. Interest bearing loans

Interest-bearing loans are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans on an effective interest rate basis.

14. Provisions

Provisions are recognised in the balance sheet when:

- (a) there is a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure to settle the present obligation at the balance sheet date.

Restructuring provisions are accounted for when a detailed formal plan is announced or implementation effectively begun.

15. Trade and other payables

Trade and other payables are stated at their fair value, which in most cases corresponds to their nominal value.

16. Revenue recognition

Revenue is recognised when it is probable that future economic benefits associated with the transaction will flow to the entity and that these benefits can be measured reliably.

Revenue from sales of goods is reported net of sales taxes and rebates and is recognised when delivery has taken place and when the significant risks and rewards attached to the ownership have been transferred.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Revenue from rendering services is recognised by reference to the stage of completion.

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset.

Dividends are recognised when the shareholder's right to receive the payment is established.

17. Income taxes

The income tax expense is based on the results for the year and includes current and deferred taxation. These are recorded in the income statement except when they relate to items directly recorded in equity, in which case they are directly recorded in equity.

Current income tax is the amount of tax to pay based on the taxable profit of the period, as well as any adjustments relating to previous years. It is calculated using local tax rates adopted (or substantially adopted) at the closing date.

Deferred taxes are accounted for using the balance sheet liability method in respect of the temporary differences arising from differences between the tax base of an asset or liability and its carrying amount in the balance sheet.

Deferred tax assets and liability are measured at the local tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

III. Significant accounting policies

18. Foreign currency translation

Foreign currency transactions

Foreign currency transactions are recognized initially at exchange rates prevailing at the date of the transactions. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

In consolidation, the assets and liabilities of the Group companies, using a different functional currency than the Euro, are accounted at closing exchange rates. Profit and loss items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity as “currency translation differences”. Such translation differences are recognised as income or as expenses in the period in which the entity is sold, disposed or liquidated.

19. Employee benefits

Post-employment benefits include pensions, other retirement benefits, post-employment life insurance and medical care.

The benefits are classified as either defined contribution or defined benefit plans.

Defined contribution plans

The contributions are recognised as an expense in the income statement as incurred.

Defined benefit plans

The amount recognised at balance sheet date is determined as the present value of the defined benefit obligation, using the projected unit credit method. It is adjusted for the unrecognised actuarial gains and losses, less the past service costs not yet recognised and less the fair value of plan assets, not exceeding the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group’s defined benefit obligation and the fair value of plan assets are recognised in profit and loss over the expected average remaining working lives of the participating employees.

20. Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group policy does not engage in speculative transactions nor does it issue or hold financial instruments for trading purposes.

Derivatives are measured to fair value.

Changes in fair value of derivative financial instruments that are designated as cash flow hedges (according to IAS 39) are recognised immediately in equity. The ineffective portion is recognised in profit and loss.

The fluctuations in fair value of derivative financial instruments other than cash flow hedges (according to IAS 39) are immediately recognised in profit and loss.

UCB Contacts

Headquarters

UCB S.A.
Allée de la Recherche 60
1070 Brussels (Belgium)
Tel: +32 2 559 9999
Fax: +32 2 559 9900
www.ucb-group.com

Investor Relations:

<http://ir.ucb-group.com>
E-mail: investor-relations@ucb-group.com
Tel: +32 2 559 9333
Fax: +32 2 559 9571

Media:

<http://media.ucb-group.com>
Tel: +32 2 559 9588
Fax: +32 2 559 9571

21. Employee stock option plans

The group issued several equity-settled share-based compensation plans. In accordance with the transition provisions, IFRS 2 has been applied to all grants after 7 November 2002 that were not vested as of 1 January 2005.

For share-based payments where IFRS 2 applies, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

