

Financière de Tubize

Half-year financial report

30 June 2014

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Financière de Tubize

Governance

30 juin 2014

Board of directors

François Tesch	Chairman and independent director
Charlofin nv, represented by Karel Boone	Independent director
Cyril Janssen	Director
Arnoud de Pret	Director
Charles-Antoine Janssen	Director
Nicolas Janssen	Director
Evelyn du Monceau	Director
Fiona de Hemptinne	Director
Cédric van Rijckevorsel	Director
Cynthia Favre d'Echallens	Director

Honorary chairman

Daniel Janssen

Independent auditor

Mazars Réviseurs d'Entreprises scrl
represented by Philippe Gossart

Day-to-day management

MVS Advisory Services bvba
represented by Marc Van Steenvoort

Financière de Tubize Statement of the directors 30 June 2014

We attest that, to the best of our knowledge:

- The condensed interim financial information – prepared in accordance with the legal and regulatory requirements applicable in Belgium and, concerning the information on a consolidated basis, in accordance with international accounting standard 34 – gives a true and fair view of the financial position of Financière de Tubize at 30 June 2014 and of its financial performance and its cash flows for the six months then ended
- The interim board report gives a true and fair view of the important events and the main related party transactions that occurred during the first half-year, and of their impact on the condensed interim financial information, as well as a description of the main risks and uncertainties for the remainder of the financial year.

Brussels, 29 July 2014

The board of directors

Financière de Tubize

Interim report of the board of directors

30 June 2014

Ladies and Gentlemen,

In accordance with the legal and regulatory requirements, we are honoured to report to you on the first half of the financial year 2014 of Financière de Tubize (the « Company »).

This report includes the following sections:

1. Significant events
2. Evolution of the results and the financial position
 - 2.1. Results (non-consolidated)
 - 2.2. Financial position (non-consolidated)
 - 2.3. Evolution on a consolidated basis
3. Main risks and uncertainties
4. Main related party transactions

1. Significant events

The following significant events occurred during the first half of the financial year 2014:

- Collection of the dividend from UCB (€ 69,025k).
- Payment of the dividend by the Company (€ 21,412k).
- Reimbursement of € 16 million drawings under a medium term floating rate credit facility, reducing debt from € 226 million at 31 December 2013 to € 210 million at 30 June 2014.
- Rescheduling of debt in order to cover the finance needs beyond September 2017, to improve alignment between the reimbursement dates and the collection dates of the UCB dividend and to benefit from market conditions to improve the financing rate. The outlook for the evolution of bank debt following this rescheduling is presented in note 2.2.5. of the condensed consolidated interim financial information.
- Dilution of the number of UCB shares held by the Company as a result of bondholders exercising their conversion rights attached to 10,000 convertible bonds issued by UCB in 2009 at 4.5% for an aggregate amount of € 500 million due 2015. UCB has exercised its option to redeem all outstanding convertible bonds. UCB was entitled to exercise its option as a result of the trigger price of € 50.3698 having been exceeded on each of the 20 dealing days up to and including 20 January 2014. As an alternative to the redemption of the convertible bonds, bondholders could exercise their conversion rights at the conversion price of € 38.746 per ordinary share. Conversion rights have been exercised with respect to an aggregate number of 9,985 convertible bonds, resulting in the issuance of 11,078,506

new UCB shares and the delivery of 1,806,638 existing UCB shares to UCB's wholly owned subsidiary UCB Lux, that had acquired, in 2012, 1.400 convertible bonds for an aggregate nominal value of € 70 million. The remaining 15 convertible bonds were redeemed at par, augmented with accrued interest. Following this conversion transaction, the total number of UCB shares has increased from 183,427,152 to 194,505,658. The participating interest of the Company (unchanged at 66,370,000 shares) has thus diluted from 36.18% to 34.12%. The financial impact of this transaction is disclosed in note 6 of the condensed consolidated interim financial information.

- The net decrease of own shares held by UCB with 1,434,614 units, which results, in the condensed interim financial information, in a € 10,951k net decrease of the equity value of the Company's participating interest in UCB (cfr. the notes 1.5. and 2.1.1. to the condensed consolidated interim financial information).

2. Evolution of the results and the financial position

2.1. Results (non-consolidated)

The non-consolidated profit moves from € 61,797k in 2013H1 to € 64,081k in 2014H1, an increase of € 2,284k or 3.70%.

The condensed income statement for the first half of the financial year 2014 looks as follows:

€ 000	2014H1	2013H1
Dividend UCB	69,025	67,697
Borrowing cost	-4,611	-5,389
Other income and expenses	-333	-511
Profit before taxes for the period	64,081	61,797
Income taxes	-	-
Profit for the period	64,081	61,797

The dividend received from UCB in 2014H1 with respect to the financial year 2013 amounts to € 69,025k (gross dividend of € 1.04 per share) against € 67,697k (€ 1.02 per share) for the previous financial year.

The borrowing cost decreases from € 5,389k in 2013H1 to € 4,611k in 2014H1 following the reimbursement of principal amounts.

The other net expenses move from € 511k in 2013H1 to € 333k in 2014H1.

No income taxes are due following the application of the system of tax credits for dividends received. This system has been introduced in the Belgian fiscal law to avoid double taxation of dividends received from companies; the profits distributed by the company that pays the dividend (UCB) are included in the taxable basis, whereas 95% of the amount of dividends received by the beneficiary company (Financière de Tubize) is deductible from the taxable basis.

2.2. Financial position (non-consolidated)

The condensed non-consolidated balance sheet per 30 June 2014 looks as follows:

€ 000	30/06/2014	31/12/2013
Participating interest UCB	1,580,240	1,580,240
Cash & cash equivalents	30,205	476
Other assets	48	28
Total assets	1,610,493	1,580,744
Equity	1,395,216	1,331,135
Financial debt	210,000	226,000
Other liabilities	5,277	23,609
Total liabilities	1,610,493	1,580,744

The participating interest in UCB is recorded at its acquisition value of € 1,580,240k, unchanged compared to 31 December 2013, which represents a book value per share of € 23.81. The UCB share price amounted to 61.83 at 30 June 2014 (€ 54.14 at 31 December 2013).

The dividend received from UCB (€ 69,025k) on 5 May 2014 has on the one hand been utilised to pay the dividend of Financière de Tubize (€ 21,412), and on the other hand to reimburse drawings made under a floating rate mid-term credit facility. The remainder has been invested on short term until its mobilisation on 29 July 2014 for reimbursement of a € 40 million tranche of bank debt.

Equity moves from € 1,331,135k at 31 December 2013 to € 1,395,216k at 30 June 2014. This increase results from the profit of the period. The market capitalisation of Financière de Tubize amounted to € 2,353,116k at 30 June 2014 (44,608,831 shares at € 52.75).

The exposure of bank debt amounted to € 210 million at 30 June 2014 against € 226 million at 31 December 2013.

The evolution of other debt since 31 December 2013 is primarily explained by the payment of coupons Financière de Tubize (- € 21,358k) and the increase of accrued interests payable (+ € 2,974k).

2.3. Evolution on a consolidated basis

Consolidated equity has increased € 60.292k compared to 31 December 2013. The components of this increase can be summarised as follows:

For the first half year of 2014	€ 000
Non-consolidated profit	64,081
Elimination of received dividend from UCB	-69,025
Share in the profit of UCB	47,017
Amortisation of 2009 debt restructuring costs (non-consolidated these costs were entirely charged to the 2009 profit or loss)	-651
Deferred taxes	27
Consolidated profit	41,449
Cash-flow hedges	364
Share in other comprehensive income of UCB	-12,272
Consolidated comprehensive income	29,541
Paid dividend	-21,412
Bondholders exercising conversion rights attached to convertible bonds issued by UCB	64,220
Impact of changes in own shares held by UCB	-9,599
Share in the other changes of equity of UCB	-2,458
Changes in consolidated equity	60,292

More detailed information about the financial position and performance on a consolidated basis is included in the condensed consolidated interim financial information prepared in accordance with IAS 34.

3. Main risks and uncertainties

The Company's sole asset being a participating interest in UCB, its main risk factors and uncertainties are similar to those of UCB. The financial position and the results of Financière de Tubize are impacted by the results of UCB, on a non-consolidated level through the received dividends and on a consolidated level through the application of the equity method. In addition, the Company is exposed to the market risk related to the evolution of the UCB stock price, and to the liquidity risk, in particular the risk that the Company might have difficulties in satisfying its obligations under the bank debt agreements. The board has confidence in the development perspectives of the UCB group. The dividend received on 5 May 2014, supplemented with drawings on a floating rate medium term credit facility, will allow the capital reimbursements and interest payments scheduled for the second half of 2014.

The Company uses interest rate swaps to hedge most of its exposure to cash flow risk resulting from variable rate bank loans.

Credit risk occurs when a bank-counterparty to investments, cash at bank amounts or interest rate swaps would not meet its obligations and the Company, as a result thereof, would incur a financial loss. The bank-counterparties are Belgian banks with a rating 'upper medium grade'.

4. Main related party transactions

Except for the collection of the UCB dividend, no related party transactions have significantly impacted the financial position and results of the Company.

Related party transactions, such as described in note 4.3. of the 2013 consolidated financial statements have not significantly changed, with the exception of the appointment by the ordinary general shareholders meeting of 23 April 2014 of the following five new directors for a period of four years that will end at the ordinary general shareholders meeting to be held in 2018: nv Charlofin, represented by Karel Boone (independent director), Arnoud de Pret, Nicolas Janssen, Fiona de Hemptinne en Cynthia Favre d'Echallens.

Financière de Tubize

Condensed consolidated interim financial information

30 June 2014

The condensed consolidated interim financial information consists of:

- A condensed consolidated interim statement of profit or loss and other comprehensive income
- A condensed consolidated interim statement of financial position
- A condensed consolidated interim statement of cash flows
- A condensed consolidated interim statement of changes in equity
- Selected explanatory notes

The information is accompanied with a report of the independent auditor on his review of the condensed consolidated interim financial information.

The present information has been approved by a resolution of the board of directors of 29 July 2014.

All amounts are expressed in thousands of euro (€ 000), unless indicated otherwise.

Condensed consolidated statement of profit or loss and other comprehensive income

€ 000	Note	2014H1	2013H1*
Profit or loss			
Share of the profit of UCB (equity method)		47,017	21,383
Borrowing cost	2.2.5.	-5,262	-6,040
Other income and expenses	2.4.	-333	-511
Profit before taxes		41,422	14,832
Income taxes	2.3.1.	27	-30
Profit**		41,449	14,802
<i>Earnings per share (€)***</i>		<i>0.93</i>	<i>0.33</i>
Other comprehensive income, after tax			
<i>Items that will not be reclassified to profit or loss</i>		-15,645	-7,567
Share of other comprehensive income of UCB (equity method)	2.1.3.	-15,645	-7,567
<i>Items that may be reclassified subsequently to profit or loss</i>		3,737	-63
Cash flow hedges	2.2.6.	364	1,198
Share of other comprehensive income of UCB (equity method)	2.1.3.	3,373	-1,261
Other comprehensive income**		-11,908	-7,630
Comprehensive income**		29,541	7,172

* Restated (note 1.4.)

** Entirely attributable to the owners of the parent

*** As there are no outstanding instruments with potential dilutive effect, basic and dilutive earnings per share are the same; they are calculated by dividing the profit by the weighted average number of shares in issue during the year (44,608,831).

Condensed consolidated interim statement of financial position

€ 000	Note	30/06/2014	31/12/2013*
Participating interest in UCB (equity method)	2.1.	1,766,107	1,749,576
Total non current assets		1,766,107	1,749,506
Prepayments	2.2.3.	35	27
Cash & cash equivalents	2.2.4.	30,217	477
Total current assets		30,252	504
Total assets		1,796,359	1,750,080
Equity		1,557,142	1,551,504
Bank borrowings	2.2.5.	152,654	167,003
Hedging financial instruments	2.2.6.	5,047	7,643
Deferred taxes	2.3.4.	19,619	20,778
Total non current liabilities		177,320	195,424
Bank borrowings	2.2.5.	56,417	55,192
Hedging financial instruments	2.2.6.	4,639	1,864
Suppliers and other creditors	2.2.7.	841	750
Total current liabilities		61,897	57,806
Total liabilities		239,217	253,230
Total equity and liabilities		1,796,359	1,804,734

* Restated (note 1.4.)

Condensed consolidated interim statement of cash flows

€ 000	2014H1	2013H1*
Profit before taxes	41,422	14,832
Net finance cost	5,246	6,013
Share in the profit of UCB	-47,017	-21,383
Non-monetary items and changes in working capital	3,722	6,160
Cash flows from operating activities	3,373	5,622
Dividends received	69,025	67,697
Interests received	16	27
Reimbursement UCB stock loan	-	600
Cash flows from investing activities	69,041	68,324
Dividends paid	-21,412	-21,412
Interests and fees paid	-5,262	-6,040
Reimbursement of debt	-16,000	-16,000
Cash flows from finance activities	-42,674	-43,452
Total cash flows	29,740	30,494
Cash & cash equivalents beginning of period	477	193
Cash & cash equivalents end of period	30,217	30,687

* Restated (note 1.4.)

Condensed consolidated interim statement of changes in equity

€ 000	Capital & share premium	Subordinated perpetual	Retained earnings	Treasury shares	Other reserves	Translation adjustments	Assets held for sale	Cash flow hedges	Net investment hedge	Total equity
Balance at 01/01/2014	236,225	107,776	1,401,295	-61,237	20,176	-171,791	-2,217	1,129	20,148	1,551,504
Share of changes in equity of UCB (equity method) following the adoption of the new IFRS 10 (note 1.4.)			-54,710			56				-54,654
Restated balance at 01/01/2014	236,225	107,776	1,346,585	-61,237	20,176	-171,735	-2,217	1,129	20,148	1,496,850
Dividends			-21,412							-21,412
Own shares (note 1.5.)		-620	-10,040	352	-129	988	13	-47	-116	-9,599
Capital increases (note 1.6.)		-6,330	59,719	3,597	-1,317	10,087	130	-483	-1,183	64,220
Comprehensive income			41,449		-15,645	10,216	-453	-6,026		29,541
Share of other changes in equity of UCB (equity method)			-4,474	16,154	-14,138					-2,458
- Share based payments			4,370							4,370
- Transfer between reserves			4,900	4,900						0
- Own shares				11,254						11,254
- Equity component of convertible bonds					-14,138					-14,138
- Dividends to holders of subordinated perpetual			-3,944							-3,944
Solde au 30/06/2014	236,225	100,826	1,411,827	-41,134	-11,053	-150,444	-2,527	-5,427	18,849	1,557,142

Balance at 01/01/2013	236,225	106,689	1,344,064	-86,482	17,755	-137,513	-942	-9,733	19,945	1,490,008
Dividends			-21,412							-21,412
Comprehensive income			26,752		-7,567	-5,421	-560	5,918		19,122
Share of other changes in equity of UCB (equity method)			-7,854	15,196						9,502
- Share based payments			2,369							2,369
- Transfer between reserves			-6,051	6,051						0
- Own shares				9,145						9,145
- Dividend to holders of subordinated perpetual			-4,172							-4,172
- Other		-36	2,131	29	-3	47			-7	2,161
Balance at 30/06/2013	236,225	106,653	1,343,681	-71,257	10,185	-142,888	-1,502	-3,815	19,938	1,497,221
Share of changes in equity of UCB (equity method) following adoption of new IFRS 10 (note 1.4.)			-48,983			374				-48,609
Restated balance at 30/06/2013	236,225	106,653	1,294,698	-71,257	10,185	-142,514	-1,502	-3,815	19,938	1,448,612

Selection of explanatory notes

The objective of this condensed consolidated interim financial information is to update the 31 December 2013 consolidated financial statements. The present notes do not necessarily repeat information that was already included in the 31 December 2013 consolidated financial statements. They primarily focus on events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since 31 December 2013. The present document must therefore be read in conjunction with the 31 December consolidated financial statements.

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1. Accounting policies

1.1. Compliance with IFRS

This condensed consolidated interim financial information has been prepared in accordance with international accounting standard 34 *Interim Financial Reporting*, as adopted by the European Union.

1.2. Continuity of accounting policies

The basis of preparation of the condensed consolidated interim financial information as well as the accounting policies, the computation methods, the judgments and accounting estimations are the same as those used for the preparation of the 31 December 2013 accounts.

1.3. Basis of consolidation

Because the Company is the reference shareholder of UCB, the board of directors has decided to prepare and publish consolidated financial information on a voluntary basis, in continuity with previous years and with the objective to provide useful and complete information to the market.

The scope of the consolidation and the preparation of the consolidated financial information are solely based on IFRS. Based on the definitions, criteria and application guidance of IFRS 10 *Consolidated financial statements*, the board of directors is of the opinion that the Company does not control UCB from the perspective of IFRS. The Company having significant influence over UCB, the latter is considered to be an associated company as defined in IAS 28. The participating interest in UCB is therefore accounted for using the equity method.

1.4. Adoption by UCB of new IFRS 10

As a result of the adoption of new IFRS 10 *Consolidated Financial Statements* (effective as from 1 January 2014), UCB consolidates in 2014 for the first time two entities that manage clinical trials for the group. Retrospective application of this new situation has resulted in the restatement of certain comparative numbers in the half-year consolidated financial information of UCB. The Company has restated its comparative numbers for its share of the restatements processed by UCB.

€ 000		Published	Restated	Variance
2013S1				
Share of the profit of UCB (equity method)		33,333	21,383	-11,950
Profit before taxes		26,782	14,832	-11,950
Profit		26,752	14,802	-11,950
Earnings per share (€)		0.60	0.33	-0.27
Comprehensive income		19,122	7,172	-11,950

€ 000		Published	Restated	Variance
31 December 2013				
Participating interest in UCB (equity method)		1,804,230	1,749,576	-54,654
Equity		1,551,504	1,496,850	-54,654

€ 000		Published	Restated	Variance
30 June 2013				
Participating interest in UCB (equity method)		1,749,043	1,700,433	-48,609
Equity		1,497,219	1,448,610	-48,609

1.5. Own shares UCB

Purchases and sales of own shares by UCB increase respectively decrease the financial interest percentage of the Company. The number of own shares held by UCB has moved from 1,907,708 at 1 January 2014 to 473,094 at 30 June 2014. This net decrease of own shares held by UCB has decreased the Company's equity by € 9,599k, which can be further broken down as follows:

Component	€ 000
Decrease of the carrying value of the participating interest in UCB	-11,971
Decrease of deferred income tax liabilities on undistributed reserves of UCB SA	1,352
Positive variance between the dividend received by the Company and its share of the total distribution of UCB	1,020
Total	-9,599

All these amounts are directly recorded in equity.

1.6. Capital increase UCB

UCB has exercised its option to redeem all outstanding convertible bonds. UCB was entitled to exercise this option as a result of the trigger price of € 50.3698 having been exceeded on each of the 20 dealing days up to and including 20 January 2014. As an alternative to the redemption of

the convertible bonds, bondholders could exercise their conversion rights at the conversion price of € 38.746 per ordinary share. Conversion rights have been exercised with respect to an aggregate number of 9,985 convertible bonds, resulting in the issuance of 11,078,506 new UCB shares and the delivery of 1,806,638 existing UCB shares to UCB's wholly owned subsidiary UCB Lux, that had acquired, in 2012, 1.400 convertible bonds for an aggregate nominal value of € 70 million. The remaining 15 convertible bonds were redeemed at par, augmented with accrued interest. Following this conversion transaction, the total number of UCB shares has increased from 183,427,152 to 194,505,658. The participating interest of the Company (unchanged at 66,370,000 shares) has thus diluted from 36.18% to 34.12%.

This transaction has resulted in a net increase of the Company's equity by € 64,220k, which can be further broken down as follows:

Component	€ 000
Dilution of the financial interest of the Company	-95,647
Extinguishment of the Company's share in the convertible debt	149,426
Company's share in other entries related to the unwinding of the convertible debt	10,441
Total	64,220

All these amounts are directly recorded in equity.

2. Supporting information for items presented on the face of the primary statements

2.1. Participating interest in UCB

2.1.1. Carrying value

€ 000	2014
Carrying value at 1 January (restated)	1,749,576
Distribution	-69,025
Own shares UCB (note 1.5.)	-10,951
Capital increase UCB (note 1.6)	64,220
Share of the result	47,017
Share of other comprehensive income (note 2.1.3.)	-12,272
Share of other changes in equity	-2,458
Carrying value at 30 June	1,766,107

2.1.2. Fair value

The recoverable amount of the participating interest in UCB based on the 30 June 2014 share price (€ 61.83) amounts to € 4,103,657k, which exceeds the carrying value by € 2.337.550k.

2.1.3. Share of other comprehensive income

€ 000	2014\$1		
	Gross	Tax	Net
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement of defined benefit obligations	-16,517	872	-15,645
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation adjustments	3,373	-	3,373
Assets held for sale	10,216	-	10,216
Cash flow hedges	-453	-	-453
	-6,390	-	-6,390
Share of other comprehensive income	-13,144	872	-12,272

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2.1.4. Concert

The Company is the main shareholder of UCB. The Company acts in concert with Schwarz Vermögensverwaltung. Their holdings can be summarised as follows:

	Number of shares UCB	
	30/06/2014	31/12/2013
Financière de Tubize	66,370,000	66,370,000
Schwarz Vermögensverwaltung	2,471,404	2,471,404
Concert	68,841,404	68,841,404
Total	194,505,658	183,427,153
% Concert	35.39%	37.53%

2.1.5. Key figures of the consolidated financial information of UCB

€ 000 000	30/06/2014	31/12/2013*
Total assets	9,256	9,724
Total liabilities	-4,599	-5,361
Total equity	4,657	4,363
€ 000 000	2014S1	2013S1*
Revenues	1,757	1,657
Profit	113	68

* Restated (note 1.4.)

2.2. Financial instruments

2.2.1. Financial instruments by category

€ 000	Loans & Receivables		Liabilities at amortised cost		Derivatives used for hedging	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Prepayments	35	27				
Cash & cash equivalents	30,217	477				
Bank borrowings			-209,071	-222,195		
Hedging financial instruments					-9,686	-9,507
Suppliers and other creditors			-841	-750		
Total	30,252	504	209,912	-222,945	-9,686	-9,507

2.2.2. Fair values of financial instruments

Financial instruments measured at fair value

Interest rate swaps are measured at fair value. This measurement is categorised as level 2 in the fair value hierarchy.

Financial instruments not measured at fair value

€ 000	Level of fair value hierarchy	Carrying values		Fair values	
		30/06/14	31/12/13	30/06/14	31/12/13
Prepayments	-	35	27	35	27
Cash & cash equivalents	-	30,217	477	30,217	477
Bank borrowings	2	-209,071	-222,195	213,261	-229,416
Suppliers and other creditors	-	-841	-750	-841	-750

2.2.3. Prepayments

€ 000	30/06/14	31/12/13
Insurance premium	-	23
Contributions	27	-
Withholding taxes	8	4
Total	35	27

2.2.4. Cash & cash equivalents

€ 000	30/06/14	31/12/13
Cash at bank	2,197	476
Accrued interest	3	1
Total cash	2,200	477
Money Market Fund	10,000	-
Term deposits (< 1 month)	18,008	-
Accrued interest	9	-
Total cash equivalents	28,017	-
Total cash & cash equivalents	30,217	477

2.2.5. Bank borrowings

Summary

€ 000	Non-current		Current		Total	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Floating rate drawings	-	-	-	-16,000	-	-16,000
Floating rate borrowings	-95,000	-110,000	-55,000	-40,000	-150,000	-150,000
Fixed rate borrowings	-60,000	-60,000	-	-	-60,000	-60,000
Unamortised balance of debt restructuring cost	2,346	2,997	1,302	1,302	3,648	4,299
Accrued interest	-	-	-2,697	-487	-2,697	-487
Accrued commitment fee	-	-	-22	-7	-22	-7
Total	-152,654	-167,003	-56,417	-55,192	-209,071	-222,195

Rescheduling

The floating rate borrowings are hedged by interest rate swaps, transforming them into fixed rate borrowings. These borrowings have been rescheduled in order to cover the finance needs beyond September 2017, to improve alignment between the reimbursement dates and the collection dates of the UCB dividend and to benefit from market conditions to improve the financing rate. This rescheduling, which became effective 30 June 2014, has not been accounted for as an extinguishment of the existing borrowings and the recognition of a new loan. Indeed, the net present value of the cash flows under the new terms, including any fees, discounted at the original effective interest rate is less than 10% different from the discounted present value of the remaining cash flows of the original borrowings. Costs associated with the rescheduling are included in the new rates and are thus amortised over the remaining lifetime of the modified borrowings.

Maturities

Following the rescheduling, the evolution of the indebtedness can be estimated as follows:

Dates	Contractual reimbursements € 000	Contractual increases € 000	Estimated short term drawings € 000	Balance € 000
30/06/2014				210,000
29/07/2014	-40,000		+13,000	183,000
08/12/2014			+4,000	187,000
15/05/2015	-15,000		-17,000	155,000
31/07/2015	-15,000		+3,000	143,000
07/12/2015			+2,000	145,000
15/05/2016	-40,000		-5,000	100,000
07/12/2016			+2,000	102,000
15/05/2017		+15,000	-2,000	115,000
30/09/2017	-60,000			55,000
15/05/2018	-50,000			5,000
15/05/2019	-5,000			-
	-225,000	+15,000	-	

Finance cost

Finance cost reported in profit or loss can be detailed as follows:

€ 000	2014S1	2013S1
Commitment fees	-14	-14
Interest expenses	-4,597	-5,375
Amortisation of debt restructuring cost	-651	-651
Total	-5,262	-6,040

Following the rescheduling discussed above, fixed rates on the fixed rate borrowings and on the hedged floating rate borrowings range between 3.76% and 4.58% as from 1 July 2014 onwards.

Available margin

The available margin on approved credit lines amounts to € 42,479k at 30 June 2014 and can be utilised either as straight loans up to € 40 million, or as mixed credit (straight loans and/or cash credit) up to € 2,479k.

Collateral

The borrowings are collateralised through a pledge on 7,691,200 UCB shares as at 30 June 2014. The carrying value of these pledged shares amounts to € 204,663k.

Covenants

The Company must comply with the following debt covenants:

- Borrowings may not exceed 30% of the fair value of the investment in UCB (at 30 June 2014, the ratio amounts to 5.12%)
- The solvency ratio (equity versus balance sheet total on a non consolidated basis) must exceed 50% (at 30 June 2014, the ratio amounts to 86.63%)
- With respect to the hedged floating rate borrowings, the market value of the pledged UCB shares must exceed 150% of the outstanding (at 30 June 2014, the ratio amounts to 207%); with respect to the other borrowings, this ratio must exceed 166% (at 30 June 2014, the ratio amounts to 276%).

2.2.6. Hedging financial instruments

The Company has entered into amortising interest rate swaps (receive variable, pay fixed) to hedge the cash flow risk of the floating rate borrowings. The contractual amortisation schedule of the nominal amounts perfectly matches the contractual maturities of the hedged borrowings.

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€ 000	30/06/14	31/12/13	Variance
Full fair value	-9,686	-9,507	-179
Non-current	-5,047	-7,643	
Current	-4,639	-1,864	
Accrued interest	-1,717	-953	-764
Payable	-1,991	-1,110	-881
Receivable	274	157	117
Clean price	-7,969	-8,554	585
Deferred taxes (note 2.3.4.)	1,240	1,461	-221
Other comprehensive income, net of taxes			364

2.2.7. Suppliers and other creditors

€ 000	30/06/14	31/12/13
Suppliers	-88	-11
Remuneration and social security	-	-39
Non collected dividends	-753	-700
Total	-841	-750

2.3. Income taxes

2.3.1. Amounts recognised in profit or loss

€ 000	2014S1
Tax related to share of profit of UCB	-16,445
Deferred tax relating to origination and reversal of temporary differences	27
- Increase of UCB's retained earnings	-194
- Amortisation of debt restructuring costs	221
Total income taxes in profit or loss	-16,418

2.3.2. Amounts recognised in other comprehensive income

€ 000	2014S1
Tax relating to share of other comprehensive income of UCB (note 2.1.3.)	872
Deferred tax relating to origination and reversal of temporary differences	364
- Cash flow hedges	364
Total income taxes in other comprehensive income	1,236

2.3.3. Relationship between tax expense and accounting profit

€ 000	2014S1
Profit before tax	41,422
Theoretical income tax rate	33.99%
Theoretical income tax	-14,079
Reported income tax	27
Difference between theoretical and reported income tax	14,106
Dividend income	-23,462
Share of the profit of UCB (equity method)	15,981
Tax exempt dividend income	21,560
Increase of taxable retained earnings UCB	-194
Amortisation of debt restructuring costs	221
Total effects of difference between theoretical and reported income tax	14,106

2.3.4. Deferred tax assets and liabilities

€ 000	Total		Recognised		Unrecognised	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Retained earnings UCB	-19,619	-20,778	-19,619	-20,778	-	-
Unamortised balance of debt restructuring costs	-1,240	-1,461	-1,240	-1,461	-	-
Deferred tax liabilities	-20,859	-22,239	-20,859	-22,239	-	-
Hedging interest rate swaps	2,709	2,643	1,240	1,461	1,469	1,182
Unused tax credits (tax exempt dividends)	43,627	41,659	-	-	43,627	41,659
Deferred tax assets	46,336	44,302	1,240	1,461	45,096	42,841
Net deferred tax liabilities			-19,619	-20,778		

2.4. Other income and expenses

€ 000	2014H1	2013H1
Interest income	16	25
Directors' remuneration	-39	-30
Directors' insurance	-23	-23
Employee benefits	6	-130
Management fees	-118	-68
Professional services fees	-43	-40
Paying agent commission	-19	-113
Contributions (FSMA, Euronext, Euroclear)	-68	-69
Financial publications	-41	-50
Bank charges	-2	-3
Other	-2	-10
Total	-333	-511

Statutory auditor's report on the review of the condensed consolidated interim financial information

30 June 2014

Introduction

We have reviewed the *condensed consolidated interim financial information* of FINANCIERE DE TUBIZE SA as at 30 June 2014, and for the period of six months ended on that date, including the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity, and a selection of explanatory notes.

The board of directors is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with IAS 34 - *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 - *Interim Financial Reporting* as adopted by the European Union.

Brussels, 29 July 2014

Mazars Réviseurs d'Entreprises SCRL
Statutory auditor, represented by Philippe GOSSART