

Financière de Tubize
Société Anonyme / Naamloze Vennootschap
Allée de la Recherche 60, 1070 Brussels
Company number: 0403.216.429
www.financiere-tubize.be

CONSOLIDATED FINANCIAL STATEMENTS

The 2014 consolidated financial statements of Financière de Tubize (the “Company”) have been established by a resolution of the board of directors of 26 February 2015 and will be communicated to the general shareholders meeting that will take place on 22 April 2015.

Consolidated financial statements

- Identification
- Consolidated statement of profit or loss and comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes

Brussels, 26 February 2015
The board of directors

CONSOLIDATED FINANCIAL STATEMENTS

NAME OF THE CONSOLIDATING ENTITY: Financière de Tubize
Legal form: Public Limited Company
Address: Allée de la Recherche 60, 1070 Anderlecht, Belgium
Register of legal persons – Commercial court of Brussels
Website: <http://www.financiere-tubize.be>

Company number

BE 0403 216 429

CONSOLIDATED FINANCIAL STATEMENTS to be communicated to
the general meeting of shareholders of

22/04/2015

Regarding the period from

01/01/2014

to

31/12/2014

Preceding period from

01/01/2013

to

31/12/2013

DIRECTORS

TESCH François, Chairman of the board of directors, Route de Bettembourg 45 boîte A, 1899 Luxembourg, Luxembourg

CHARLOFIN NV (BE 0480 726 753), Director, Boslaan 2C, 8300 Knokke-Heist, Belgium, represented by Karel Boone

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JANSSEN Charles-Antoine, Director, Claire Colline, Chaussée de Bruxelles 110, 1310 La Hulpe, Belgium

JANSSEN Nicolas, Director, Avenue Ernest Solvay 108, 1310 La Hulpe, Belgium

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FAVRE D'ECHALLENS Cynthia, Director, Route d'Ottignies 74A, 1380 Lasne, Belgium

INDEPENDENT AUDITOR

MAZARS REVISEURS D'ENTREPRISES SCRL (BE 0428 837 889), Statutory auditor (B00021), Avenue Marcel Thiry 77/4,
1200 Woluwe-Saint-Lambert, Belgium, représentée par GOSSART Philippe (A01311)

Consolidated statement of profit or loss and other comprehensive income

€ 000	Notes	2014	2013 ^a
Share of profit of UCB		71,556	58,473
Borrowing cost	3.2.6.	-9,980	-11,541
Interest income		37	42
General and administrative expenses	3.4.	-650	-817
Profit before tax		60,963	46,157
Income tax	3.3.1.	-118	-1,739
Profit		60,845	44,418
Items of other comprehensive income, after tax, that will not be reclassified to profit or loss			
Share of other comprehensive income of UCB	3.1.5.	-39,860	2,241
Items of other comprehensive income, after tax, that may be reclassified subsequently to profit or loss			
Cash flow hedges	3.2.7.	1,360	7,776
Share of other comprehensive income of UCB	3.1.5.	84,153	-25,052
		85,513	-17,276
Other comprehensive income		45,653	-15,035
Comprehensive income		106,498	29,383
Profit attributable to			
Owners of the parent		60,845	44,418
Non-controlling interests		-	-
Comprehensive income attributable to			
Owners of the parent		106,498	29,383
Non-controlling interest		-	-
Earnings per share (in €)			
Basic and diluted	4.1	1.36	1.00

^a Restated (see note 2.5.)

Consolidated statement of financial position

€ 000 31 December	Notes	2014	2013 ^a	1 January 2013 ^a
Participating interest in UCB	3.1.1.	1,835,036	1,749,576	1,745,318
UCB bond		-	-	607
Non current assets		1,835,036	1,749,576	1,745,925
Prepayments	3.2.4.	33	27	-
Cash and cash equivalents	3.2.5.	355	477	193
Current assets		388	504	193
Assets		1,835,424	1,750,080	1,746,118
Equity		1,621,876	1,496,850	1,452,586
Bank borrowings	3.2.6.	138,305	167,003	205,701
Hedging financial instruments	3.2.7.	4,911	7,643	12,808
Deferred taxes	3.3.4.	20,033	20,778	20,500
Non current liabilities		163,249	195,424	239,009
Bank borrowings	3.2.6.	46,053	55,192	50,437
Hedging financial instruments	3.2.7.	3,453	1,864	3,357
Suppliers and other creditors	3.2.8.	793	750	729
Current liabilities		50,299	57,806	54,523
Liabilities		213,548	253,230	293,532
Equity and liabilities		1,835,424	1,750,080	1,746,118

^a Restated (see note 2.5.)

Consolidated statement of cash flows

€ 000	Notes	2014	2013 ^a
Profit before tax		60,963	46,157
Interest income		-37	-42
Borrowing cost	3.2.6.	9,980	11,541
Share of the profit of UCB		-71,556	-58,473
Changes in operating payables and receivables		37	-6
<i>Cash flows from operating activities</i>		-613	-823
Dividends received		69,025	67,697
Interests received		37	42
Reimbursement UCB bond		-	600
<i>Cash flows from investment activities</i>		69,062	68,339
Dividends paid		-21,412	-21,412
Interests and fees paid		-8,159	-10,820
Reimbursement of bank borrowings		-39,000	-35,000
<i>Cash flows from finance activities</i>		-68,571	-67,232
Total cash flows		-122	284
Cash and cash equivalents beginning of period	3.2.5.	477	193
Cash and cash equivalents end of period	3.2.5.	355	477

^a Restated (see note 2.5.)

Consolidated statement of changes in equity

€ 000	Capital and share premium (note 3.5)	Subordinated perpetual	Retained earnings	Treasury shares	Other reserves	Translation adjustment	Assets held for sale	Cash flow hedges	Net investment hedge	Total equity
Balance at 01/01/2014	236,225	107,776	1,344,343	-61,237	22,418	-171,735	-2,217	1,129	20,148	1,496,850
Dividends			-21,412							-21,412
Comprehensive income										
- Profit			60,845							60,845
- Share of other comprehensive income of UCB					-39,860	94,904	6,375	-17,126		44,293
- Cash flow hedges								1,360		1,360
			60,845		-39,860	94,904	6,375	-15,766		106,498
Share of other changes in net assets of UCB										
- Share based payments			10,451							10,451
- Transfer between reserves			-3,812	3,812						0
- Treasury shares				-5,846						-5,846
- Dividends to holders of subordinated perpetual debt			-7,967							-7,967
- Equity component of convertible debt										
- Extinguishment of convertible debt (note 3.1.6.)			159,887							159,887
			158,559	-2,034	-14,163					142,362
Changes in the percentage of the participating interest in UCB, resulting from										
- Changes in the number of own shares held by UCB		-439	-8,617	250	-91	700	9	-34	-82	-8,304 ^a
- Dilution following the conversion of the convertible bonds (note 3.1.6.)		-6,330	98,619	3,597	-1,317	10,087	130	-483	-1,183	94,118 ^b
		-6,769	-107,236	3,847	-1,408	10,787	139	-517	-1,265	-102,422
Balance at 31/12/2014	236,225	101,007	1,435,099	-59,424	-33,013	-66,044	4,297	-15,154	18,883	1,621,876

^a Counterpart of the decrease of the carrying value of the participating interest in UCB (-8,080) and of the increase of the deferred tax liabilities (-224)

^b Counterpart of the decrease of the carrying value of the participating interest in UCB (-95,647) and of the deferred tax liabilities (+1,529)

Consolidated statement of changes in equity

€ 000	Capital and share premium (note 3.5)	Subordinated perpetual	Retained earnings	Treasury shares	Other reserves	Translation adjustments	Assets held for sale	Cash flow hedges	Net investment hedge	Total equity
Balance at 01/01/2013	236,225	106,689	1,344,064	-86,482	17,755	-137,513	-942	-9,733	19,945	1,490,008
Share of changes in net assets of UCB as a consequence of the initial application of IFRS 10 (note 2.5.)			-37,422							-37,422
Balance at 01/01/2013 (restated)	236,225	106,689	1,306,642	-86,482	17,755	-137,513	-942	-9,733	19,945	1,452,586
Dividends			-21,412							-21,412
Comprehensive income ^a										44,418
– Profit			44,418							44,418
– Share of other comprehensive income of UCB					2,241	-32,973	-1,264	9,185		-22,811
– Cash flow hedges					2,241	-32,973	-1,264	7,776		7,776
Share of other changes in net assets of UCB			44,418							29,383
– Share based payments			7,597							7,597
– Transfer between reserves			-3,130	9,219				-6,089		0
– Treasury shares				16,905						16,905
– Put/call option on non controlling interest					2,242					2,242
– Dividends to holders of subordinated perpetuals			-8,501							-8,501
			-4,034	26,124	2,242			-6,089		18,243
Changes of the percentage of the participating interest in UCB, resulting from										
Changes in the number of own shares held by UCB		1,087	18,729	-879	180	-1,249			203	18,050
Balance at 31/12/2013	236,225	107,776	1,344,343	-61,237	22,418	-171,735	-2,217	1,129	20,148	1,496,850

^a Restated (see note 2.5.)

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1. General information

Financière de Tubize (the Company) is a limited liability company incorporated and domiciled in Belgium. Its registered office is based in 1070 Brussels, Allée de la Recherche 60. Its shares are publicly traded on NYSE Euronext Brussels.

The principal activity of the Company is the holding and management of a 34.12% participating interest in UCB, a biopharmaceutical company incorporated in Brussels, Belgium and listed on NYSE Euronext Brussels.

2. Accounting policies

2.1. Basis of preparation of the consolidated financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC (International Financial Reporting Interpretation Committee) interpretations, as adopted by the European Union. They are prepared on a historical cost basis, except for derivative financial instruments that are measured at fair value. Assets and liabilities are presented in the statement of financial position based on the current / non-current classification.

Current / non-current classification

An asset is current when it is cash or cash equivalents, or when it is expected to be realised within twelve months after the reporting date. All other assets are classified as non-current.

A liability is current when it is due to be settled within twelve months after the reporting date. All other liabilities are classified as non-current.

Deferred taxes are always classified as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing parties at the measurement date.

The Company uses valuation techniques to measure fair values, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All inputs to measure fair value are categorised within the fair value hierarchy as follows:

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – directly or indirectly observable inputs, other than those of level 1

Level 3 – unobservable inputs.

For assets and liabilities that are measured at fair value on a recurring basis, the Company determines at each reporting date when transfers, if any, have occurred between levels in the hierarchy.

For the purpose of fair value disclosures (note 3.2.3.), the Company has determined classes of assets and liabilities on the basis of the items disclosed on the face of the statement of financial position.

2.2. Basis of consolidation

As the reference shareholder of UCB, the Company has decided to prepare and publish consolidated financial statements 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 statements are solely based on IFRS. Based on the definitions, criteria, and application guidance of IFRS 10 *Consolidated financial statements*, effective as from accounting year 2014 onwards, the board of directors is of the opinion that the Company does not control UCB based on the definitions and criteria of IFRS. The Company having significant influence over UCB, the latter is considered to be

an associated company as defined in IAS 28. Consequently, the investment in UCB is accounted for using the equity method.

The equity method is a method of accounting whereby the investment in UCB is initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of the net assets of UCB. Such a change occurs when there is a change in the percentage of the participating interest of the Company in UCB ("change of type 1"), or, without a change in the percentage of the participating interest of the Company in UCB, when there is a change in the net assets of UCB that is attributable to Financière de Tubize ("change of type 2"). The impact of a type 1 change is recorded in the consolidated statement of changes in equity. The impact of a type 2 change is recorded as follows: the Company's share of UCB's profits or losses is recognised in profit or loss in the consolidated statement of profit or loss and comprehensive income; its share of UCB's other comprehensive income is recognised in other comprehensive income in the consolidated statement of profit or loss and comprehensive income; and its share of other changes in the net assets of UCB is recognised in the statement of changes in equity. The cumulative post acquisition movements adjust the carrying amount of the participating interest. Distributions received from UCB reduce the carrying amount of the participating interest. Goodwill resulting from the acquisition of the participating interest is included in the carrying value of the participating interest and is not separately tested for impairment; rather the entire carrying value of the investment is tested for impairment as a single asset, whenever application of the requirements in IAS 39 indicates that the investment may be impaired, by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount.

2.3. Summary of other significant accounting policies

Reference is also made to UCB's summary of significant accounting policies; through the equity method of accounting they do impact the Company's financial position and results.

2.3.1. Bank borrowings

Bank borrowings are initially measured at the cash obtained, net of directly attributable transaction costs.

They are subsequently measured at amortised cost using the effective interest method with gains and losses recognised in profit or loss when the debt is derecognised as well as through the amortisation process.

Bank borrowings, or part of it, are derecognised when they are extinguished, that is, when the obligation specified in the borrowing contract is (partly) discharged by paying the bank.

Debt restructuring is accounted for as an extinguishment of the original debt and the recognition of a new debt, only if the terms of the debt have substantially changed, which is the case if the net present value of the cash flows under the new terms (including any fees and costs incurred) discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt. If the restructuring is accounted for as an extinguishment of the original debt, the difference between the carrying amount of the original debt and the fair value of the new debt assumed, as well as any fees and costs incurred, are recognised in profit or loss at the date of extinguishment. If the restructuring is not accounted for as an extinguishment, the carrying value of the original debt, net of fees and costs incurred, is treated as the new basis for amortised cost accounting, using the new effective interest rate; fees and costs incurred as part of the restructuring are thus amortised over the remaining term of the restructured debt according to the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.3.2. Cash flow hedges

The Company uses interest rate swaps to hedge most of its exposure to cash flow risks arising from variable rate bank borrowings. The Company documents, both at hedge inception and on an on-

going basis, that the interest rate swaps are highly effective in offsetting changes in cash flows of the bank borrowings.

The interest rate swaps are initially recorded at fair value and attributable transaction costs are recognised in profit or loss when incurred. The interest rate swaps are subsequently re-measured at fair value. The effective portion of changes in the fair value of the interest rate swaps is recognised in other comprehensive income. The gain or loss relating to the ineffective portion, if any, is recognised immediately in profit or loss.

A cash flow hedge relationship is discontinued prospectively if the hedge fails the effectiveness test, the hedging instrument is sold or terminated, or management revokes the hedge designation.

The clean price of the interest rate swaps is classified as a non current asset or liability when the remaining duration of the hedged bank borrowings is more than twelve months and as a current asset or liability when the remaining maturity of the hedged bank borrowings is less than twelve months. The interest accruals are classified as current.

Accrued interest payable and receivable on the same swap are offset in the statement of financial position. Such offsetting equally applies to interest income and interest expenses in the statement of profit or loss.

2.3.3. Income taxes

Income tax expenses or credits comprise current and deferred income taxes. They are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income, in which case the tax expenses or credits are recognised in other comprehensive income.

Current income taxes are calculated on the basis of the tax laws enacted or substantially enacted in Belgium at the balance sheet date.

Deferred income taxes are calculated on temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences and deferred income tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences, carried forward tax credits or carried forward tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income taxes are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax assets and liabilities are not discounted.

Deferred income tax assets and liabilities are only offset if the Company has a legally enforceable right to offset current tax liabilities and assets and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and liabilities are classified as non-current.

2.4. Judgements, estimates and assumptions

The preparation of the consolidated financial statements requires the board of directors to make judgments, estimates and assumptions that affect the reported assets and disclosures. Where applicable, such judgments, estimates and assumptions are explained in the relevant notes.

2.5. Initial application of new or amended standards and interpretations

Certain new or amended IFRSs apply for the first time in 2014. The impact on the Company's financial statements is described hereafter.

New IFRSs on consolidated financial statements (IFRS 10, IFRS 11 and IFRS 12), amended IASs 27 and 28, the transition guidance (amendments to IFRSs 10, 11 and 12), and the investment entity exception (amendments to IAS 27, IFRS 10 and IFRS 12)

New IFRS 10 introduces a new model of control. The application of IFRS 10 may change which entities are required to be consolidated by a parent. Based on the definitions, criteria, and application and transition guidance of IFRS 10, the board of directors is of the opinion that the Company does not control UCB from the perspective of IFRS (see note 2.2.).

As a result of the adoption of new IFRS 10, 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 consolidated financial statements of UCB. The Company has restated its comparative numbers for its share of the restatements processed by UCB.

€ 000	31/12/2013	01/01/2013
Participating interest in UCB	-54,654	-37,422
Total assets	-54,654	-37,422
Equity	-54,654	-37,422

€ 000	2013
Share of the profit of UCB	-17,288
Profit	-17,288
Share of other comprehensive income of UCB	+56
Comprehensive income	-17,232

IFRS 10 does not change how to prepare consolidated financial statements; in this respect, it simply carries forward the existing requirements of IAS 27 into IFRS 10. What remains in IAS 27 are the accounting and disclosure requirements for subsidiaries, joint ventures and associates in separate financial statements of the parent company. The Company is no longer impacted by IAS 27, as its annual (non consolidated) accounts are not prepared under IFRS.

Amended IAS 28 covers the accounting for investments in associates and joint ventures. The equity method applied by the Company to account for its participating interest in UCB has not changed.

New IFRS 11 replaces IAS 31 and covers all arrangements in which there is joint control. The Company is not involved in joint control arrangements.

New IFRS 12 contains all disclosure requirements related to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. The disclosure requirements of IFRS 12 have been considered when drafting the notes of the present accounts.

Entities that meet the definition of investment entity as set out in paragraph 27 of modified IFRS 10 are not required to consolidate their subsidiaries. These entities should measure their participating interest in subsidiaries at fair value through profit or loss. As the Company has no subsidiaries according to the IFRS criteria (see note 2.2.), it is not impacted by this requirement.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and of the criteria for non-simultaneous settlement mechanisms of clearing houses for offsetting. These amendments do not impact the Company's practice of offsetting accrued interest payable and receivable on the same swap.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative, designated as a hedging instrument, meets certain criteria. These amendments have no impact as the Company's derivatives have not been subject to novation during the past year.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. The Company has no impaired assets.

2.6. Impact of future application of issued new or amended standards

New or amended IFRS standards and IFRIC interpretations that are issued and approved by the European Union but are not yet mandatorily applicable in 2014 are discussed below. The Company intends to adopt these standards, if applicable, when they become mandatory. Reference is also made to UCB's note on the subject; through the equity method of accounting, the Company's financial position and results will be impacted for its ownership interest in UCB.

IFRIC 21 – Levies (applicable from accounting year 2015)

The objective of IFRIC 21 is to provide guidance on the appropriate accounting treatment of levies that are within the scope of IAS 37. This interpretation is not relevant to the Company as its business does not give rise to levies.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (applicable from accounting year 2016)

The amendments aim to simplify and clarify the accounting for employee or third party contributions linked to defined benefit plans. These amendments are not relevant to the Company as it has no personnel.

Annual Improvements

The IASB's regular improvement process aims at streamlining and clarifying the standards.

The 2010-2012 cycle (applicable from accounting year 2016) includes amendments to IFRS 2, 3 and 8, and to IAS 16, 24, 37, 38 and 39.

The 2011-2013 cycle (applicable from accounting year 2015) includes amendments to IFRS 3 and 13, and to IAS 40.

The improvements of both cycles are not expected to have a material impact on the Company.

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

3.1. Participating interest in UCB

3.1.1. Carrying value

€ 000	2014	2013
Value beginning of period		1,782,740
Share of UCB's restatement following the initial application of IFRS 10		-37,422
Restated value beginning of period	1,749,576	1,745,318
Distribution	-69,025	-67,697
Share of the profit of UCB	71,556	58,473
Share of other comprehensive income of UCB (note 3.1.5.)	44,293	-22,811
Share of other changes in the net assets of UCB ^a	142,362	18,243
Impact of changes in the percentage of the participating interest, resulting from		
- Changes in the number of own shares held by UCB	-8,080	18,050 ^b
- Dilution following the conversion of the convertible bonds (note 3.1.6.)	-95,647	-
Value end of period	1,835,036	1,749,576

^a See statement of changes in equity for further breakdown by equity component

^b Of which 16,885 relates to a catch-up adjustment for periods prior to 1 January 2013

3.1.2. Fair value

31 December	2014	2013
Number of shares UCB	66,370,000	66,370,000
Quoted share price UCB (€)	63.20	54.14
Fair value participating interest in UCB (€ 000)	4,194,584	3,593,272
Carrying value (€ 000)	1,835,036	1,749,576
Excess of fair value over carrying values (€ 000)	2,359,548	1,843,696

3.1.3. Summarised financial information of UCB

Summarised statement of financial position

€ 000 000	2014	2013^a
31 December		
Non-current assets	7,647	7,336
Current assets	2,501	2,424
Non-current liabilities	-2,970	-3,092
Current liabilities	-2,336	-2,345
Net assets	4,842	4,323
Non-controlling interests	-160	-131
Net assets attributable to UCB shareholders	5,002	4,454

Summarised statement of comprehensive income

€ 000 000	2014	2013^b
Revenue	3,344	3,133
Profit from continuing operations	105	67
Profit from discontinued operations	94	78
Other comprehensive income	110	-58
Total comprehensive income	309	87

Reconciliation of summarised financial information to carrying values

€ 000 000	2014	2013
31 December		
Net assets attributable to UCB shareholders	5,002	4,454
Interest of the Company ^c	34.2669%	36.5636%
Company's share of net assets of UCB	1,714	1,628
Goodwill on acquisition	121	121
Carrying value of participating interest in UCB	1,835	1,749

3.1.4. Concert

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

31 December	Number of voting rights		% of voting rights	
	2014	2013	2014	2013
Financière de Tubize	66,370,000	66,370,000	34.12	36.18
Schwarz Vermögensverwaltung	2,471,404	2,471,404	1.27	1.35
Total	68,841,404	68,841,404	35.39	37.53

^a Restated for initial application of IFRS 10

^b Restated for initial application of IFRS 10

^c Number of UCB shares held by the Company divided by the total number of UCB shares reduced by the number of own shares

3.1.5. Share of other comprehensive income of UCB

€ 000	2014			2013		
	Gross	Tax	Net	Gross	Tax	Net
Items that will not be reclassified to profit or loss						
- Remeasurement of defined benefit obligation	-43,900	4,040	-39,860	2,296	-55	2,241
Items that may be reclassified subsequently to profit or loss						
- Translation adjustment	94,904	-	94,904	-33,029	55	-32,974
- Net result from available for sale financial assets	6,375	-	6,375	-1,263	-	-1,263
- Effective portion of cash flow hedges	-17,125	-	-17,125	9,185	-	9,185
	84,155	-	84,155	-25,107	55	-25,052
Share of other comprehensive income of UCB^a	40,255	4,040	44,294	-22,811	-	-22,811

3.1.6. Conversion of convertible bonds

The capital of UCB SA/NV has been increased twice (on 27 February 2014 and 13 March 2014), which had a dilutive effect on the participating interest of Financière de Tubize in UCB. These capital increases follow the issue in 2009 by UCB of 10,000 convertible bonds for an aggregate amount of € 500 million, due 2015. The terms of the issue allowed UCB, under certain conditions, to early redeem (in cash) all outstanding convertible bonds. UCB was entitled to exercise this right as a result of the UCB share price having exceeded € 50.3698 on each of the 20 dealing days up to and including 20 January 2014. In such case, instead of being reimbursed in cash, the bondholders could exercise their conversion rights at the 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 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) has thus been diluted from 36.18% to 34.12%. The carrying value of the Company's participating interest in UCB and the Company's net assets have increased by € 64,240k.

	€ 000
Dilution of the participating interest of the Company	-95,647
Company's share of the extinguishment of the convertible debt	159,887
Total	64,240

These amounts are directly recorded in the statement of changes in equity

3.2. Financial instruments

3.2.1. Financial instruments by category

€ 000	Loans & Receivables		Liabilities at amortised cost		Hedging derivatives	
	2014	2013	2014	2013	2014	2013
Prepayments	32	27				
Cash and cash equivalents	355	477				
Bank borrowings			-184,358	-222,195		
Hedging financial instruments					-8,364	-9,507
Suppliers and other creditors			-793	-750		
Total	387	504	-185,151	-222,945	-8,364	-9,507

Financial instruments that have the most significant impact on the Company's financial statements are bank borrowings and the related hedging interest rate swaps.

3.2.2. Risks related to financial instruments

The Company is exposed to interest rate risk resulting from fixed rate bank borrowings. The fair values of these borrowings are disclosed in note 3.2.3.

^a See statement of changes in equity for further breakdown by equity component

The Company is exposed to cash flow risk resulting from floating rate bank borrowings. The Company uses interest rate swaps to cover most of this risk (see notes 3.2.6. and 3.2.7.).

The Company is exposed to liquidity risk, in particular the risk of facing difficulties in meeting its obligations under the bank borrowings. The contractual maturities of these borrowings are summarised in note 3.2.6.

The Company is exposed to credit risk to the extent a bank-counterparty to cash at bank or to 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 of 'upper medium grade'.

3.2.3. Fair value of financial instruments

Set out below is a comparison, by class, of the carrying amounts and the fair values of the Company's financial instruments:

€ 000 31 December	Level of the inputs in the FV hierarchy	Carrying values		Fair values	
		2014	2013	2014	2013
Prepayments	-	32	27	32	27
Cash and cash equivalents	-	355	477	355	477
Bank borrowings	2	-184,358	-222,195	-188,722	-229,416
Hedging financial instruments	2	-8,364	-9,507	-8,364	-9,507
Suppliers and other creditors	-	-793	-750	-793	-750

The fair value of prepayments, cash and cash equivalents, suppliers and other creditors approximates the carrying amount largely due to the short-term maturities of these instruments.

The fair value of floating rate bank borrowings approximates the carrying value because the floating rates reflect the short-term market rates.

The Company uses a present value technique to determine the fair value of its fixed rate bank borrowings. The technique calculates the fair value by discounting all future interest and principal repayments using a discount rate equal to the Company's borrowing rate at the measurement date. This rate is based on observable inputs of level 2 in the fair value hierarchy, such as market interest rates and inputs concerning the spreads.

The Company uses valuation techniques to determine the fair value of its hedging interest rate swaps. These techniques include present value models and incorporate observable inputs of level 2 in the fair value hierarchy, such as interest rate curves and inputs concerning the spreads.

No transfers between levels of the fair value hierarchy have occurred during the financial year 2014.

3.2.4. Prepayments

€ 000 31 December	2014	2012
Deferred insurance premium	23	23
Withholding taxes	10	4
Total	33	27

3.2.5. Cash and cash equivalents

€ 000 31 December	2014	2013
Cash at bank	154	476
Short-term deposits	200	-
Accrued interest	1	1
Total	355	477

Cash and cash equivalents comprise cash at banks and short-term deposits at banks with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Interest received from cash at banks and short-term deposits is recognised in profit or loss on a time proportion basis.

3.2.6. Bank borrowings

Summary

€ 000	Non-current		Current		Total	
	2014	2013	2014	2013	2014	2013
31 December						
Floating rate drawings	-	-	-17,000	-16,000	-17,000	-16,000
Floating rate borrowings	-80,000	-110,000	-30,000	-40,000	-110,000	-150,000
Fixed rate borrowings	-60,000	-60,000	-	-	-60,000	-60,000
Unamortised balance of debt restructuring costs	1,695	2,997	1,302	1,302	2,997	4,299
Accrued interest	-	-	-316	-487	-316	-487
Accrued commitment fee	-	-	-39	-7	-39	-7
Total	-138,305	-167,003	-46,053	-55,192	-184,358	-222,195

The floating rate drawings take the form of straight loans at maximum one year for which the rates are in the range of 0.6446% to 0.8990% at 31 December 2014. The cash flow risk related to these drawings is not hedged.

The total amount of floating rate borrowings is hedged by interest rate swaps, transforming them into fixed rate borrowings until their maturity.

The fixed rates on the fixed rate borrowings and on the hedged floating rate borrowings vary between 3.76% and 4.58% at 31 December 2014.

Costs associated with the 2009 debt restructuring (€ 9,252k) are amortised over the remaining lifetime of the debt as part of interest expense.

Available margin

On 6 November 2014, the Company cancelled an existing committed borrowing facility of € 2,479k and implemented new committed medium term floating rate borrowing facilities issued by two Belgian credit institutions for a total amount of € 150 million, to be reduced to € 100 million on 30 June 2019, to € 50 million on 30 June 2020 and to nil on 6 November 2021.

The new facilities can be used in the form of overdraft on current accounts (up to € 75 million) or in the form of short-term advances ranging from 1 to 12 months (up to € 150 million, of which maximum € 75 million beyond 6 months).

Combined with the existing € 210 million committed borrowing facilities, total committed borrowing facilities amount to € 360 million, of which € 187 million was drawn at 31 December 2014, leaving an available amount of € 173 million.

Contractual maturities

On 11 June 2014, the Company rescheduled its existing debt in order to (i) cover the finance needs beyond September 2017 by extending the final maturity through May 2019, (ii) improve alignment between the reimbursement dates and the collection dates of the UCB dividend, and (iii) benefit from the market conditions to improve the financing terms.

This rescheduling has not given rise to an extinguishment of the existing debt and the recognition of a new debt. Fees and costs incurred as part of the rescheduling are amortised over the remaining term of the rescheduled debt according to the effective interest method.

The contractual maturity schedule of the debt looks as follows as at 31 December 2014:

€ 000	Floating rate drawings	Floating rate borrowings	Fixed rate borrowings	Total
08/05/2015	-17,000			
15/05/2015		-15,000		
29/07/2015		-15,000		
15/05/2016		-40,000		
30/09/2017		+15,000	-60,000	
15/05/2018		-50,000		
15/05/2019		-5,000		
Total	-17,000	-110,000	-60,000	-187,000

Collateral

The borrowings are collateralised through a pledge on 4,748,726 UCB shares as at 31 December 2014. The carrying value of these pledged shares amounts to € 131,296k.

Covenants

The Company must comply with the following debt covenants:

- Collateral for the floating rate drawings and the fixed rate borrowings must consist of a number of UCB shares, the total market value of which must be at the minimum 166% of the outstanding debt (this ratio was 168% at 31 December 2014)
- Collateral for the floating rate borrowings must consist of a number of UCB shares, the total market value of which must be at the minimum 150% of the outstanding debt (this ratio was 155% at 31 December 2014)
- Borrowings may not exceed 30% of the fair value of the investment in UCB (at 31 December 2014, this ratio was 4.46%)
- The solvency ratio (equity versus balance sheet total on a non consolidated basis) must exceed 70% (at 31 December 2014, this ratio was 86.64%).

Borrowing cost

Borrowing cost reported in profit or loss can be broken down as follows:

€ 000	2014	2013
Commitment fees	93	30
Interest expenses	8,564	10,209
Amortisation of debt restructuring costs	1,302	1,302
Arrangement fees	21	-
Total	9,980	11,541

3.2.7. Hedging financial instruments

The Company has entered into interest rate swaps (receive variable, pay fixed) to hedge the cash flow risk of the floating rate borrowings. The contractual maturities of the notional amounts of those swaps match the contractual maturity schedule of the hedged borrowings.

€ 000 31 December	2014	2013
Full fair value	-8,364	-9,507
Non-current	-4,911	-7,643
Current	-3,453	-1,864
Accrued interest	-1,612	-953
Payable	-1,880	-1,110
Receivable	268	157
Clean price	-6,752	-8,554
Deferred tax (note 3.3.1.)	1,019	1,461
Clean price, net of tax	-5,733	-7,093
Prior year clean price, net of tax	7,093	14,869
Other comprehensive income, net of tax	1,360	7,776

3.2.8. Suppliers and other creditors

€ 000 31 December	2014	2013
Suppliers	-39	-11
Remuneration and social security	-	-39
Non collected dividends related to prior years	-754	-700
Total	-793	-750

3.3. Income taxes

3.3.1. Deferred tax assets and liabilities

€ 000 31 December	Total		Recognised		Unrecognised	
	2014	2013	2014	2013	2014	2013
Retained earnings UCB	-20,033	-20,778	-20,033	-20,778	-	-
Unamortised balance of debt restructuring costs	-1,019	-1,461	-1,019	-1,461	-	-
Deferred tax liabilities	-21,052	-22,239	-21,052	-22,239	-	-
Hedging interest rate swaps	2,295	2,908	1,019	1,461	1,276	1,447
Unused tax credits (tax exempt dividends)	43,644	41,659	-	-	43,644	41,659
Deferred tax assets	45,939	44,567	1,019	1,461	44,920	43,106
Net deferred tax liabilities			-20,033	-20,778		

IAS 12 requires a deferred tax liability to be recognised for all taxable temporary differences. This also applies to the retained earnings of UCB unless the Company is able to control the timing of the reversal of the temporary difference. Consistent with the conclusion that the Company does not control UCB according to the definitions and criteria of IFRS (see note 2.2.), it is concluded that the Company does not fully control UCB's distribution policy and therefore does not control the timing of the reversal of the temporary difference. Consequently, a deferred tax liability is recognised on 5% of UCB's retained earnings, which are subject to income tax in case of distribution.

IAS 12 restricts the recognition of deferred tax assets to the extent that it is probable that taxable profit will be available against which the underlying deductible temporary differences can be utilised. It is 'probable' that there will be sufficient taxable profit if a deferred tax asset can be offset against a deferred tax liability, which will reverse in the same period as the asset, or in a period into which a loss arising from the asset may be carried forward. The deferred tax liability related to the temporary difference in respect of the amortisation of the 2009 debt restructuring costs can be used as a basis for recognising a deferred tax asset on (part of) the temporary difference in respect of the valuation of hedging interest rate derivatives. The deferred tax liability related to the temporary difference in respect of UCB's retained earnings can not be used as a basis for recognising a deferred tax asset, because the Company does not control the timing of the reversal of this temporary difference. The deferred tax asset arising from unused tax credits from tax exempt dividends is not recognised, as there is no convincing evidence that sufficient taxable profit will be available against which the unused tax credits can be utilised by the Company. The tax credits do not have a fixed expiry date.

3.3.2. Roll-forward of net deferred tax liabilities

€ 000	2014	2013
Net deferred tax liabilities at 1 January	-20,778	-20,500
- Increase of UCB's retained earnings	-560	-278
- Amortisation of debt restructuring costs	442	-1,461 ^a
Total taxes in profit or loss	-118	-1,739
- Cash flow hedging	-442	1,461 ^b
Total taxes in other comprehensive income	-442	1,461
<i>Impact of changes in the percentage of the participating interest in UCB, resulting from</i>		
- Changes in the number of own shares held UCB	-224	-
- The conversion of the convertible bonds	1,529	-
Total taxes directly recorded in the statement of changes in equity	1,305	-
Net deferred tax liabilities at 31 December	-20,033	-20,778

^a Dont un ajustement de -1.904k relatif aux périodes antérieures au 1er janvier 2013

^b Dont un ajustement de 1.904k relatif aux périodes antérieures au 1er janvier 2013

3.3.3. Relationship between tax expense and accounting profit

€ 000	2014	2013 ^a
Profit before tax	60,963	46,157
Theoretical income tax rate	33.99%	33.99%
Theoretical income tax	-20,721	-15,689
Reported income tax	-118	-1,739
Difference between theoretical and reported income tax	-20,603	-13,950
Dividend income	-23,462	-23,010
Share of the profit of UCB	24,322	19,875
Tax exempt dividend income	19,861	18,824
Increase of taxable retained earnings UCB	-560	-278
Amortisation of debt restructuring costs	442	-1,461
Total effects of difference between theoretical and reported tax	20,603	13,950

3.4. General and administrative expenses

€ 000	2014	2013
Directors' remuneration	94	60
Directors' insurance	45	23
Employee benefits	-6	130
Management fees	204	178
Professional services fees	75	72
Paying agent commissions	18	48
Dematerialization exchange reserve	-	68
Contributions (FSMA, Euronext, Euroclear)	139	135
Financial publications	49	66
Donation	25	20
Bank charges	2	4
Other	5	13
Total	650	817

3.5. Capital

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves disclosed in the statement of changes in equity.

The issued share capital of the Company amounts to € 235,000,000 and is fully paid up. The share premium reserve amounts to 1,226k. The share capital at 31 December 2014 is represented by 44,608,831 shares without par value, unchanged compared to 31 December 2013. The number of registered shares was 23,921,459 at 31 December 2014; the remainder of the shares are dematerialised. The holders of the shares are entitled to receive dividends as declared. They have one vote per share at the shareholders meeting. Included in the total number of shares are 2,277 shares for which the holders have not yet made themselves known and 157,059 shares that represent a reserve for exchanging against attribution rights, both issued or in reserve for issue; these unidentified and reserve shares do not give right to dividend or voting.

The Company manages its capital structure in light of its participating interest in UCB and its indebtedness. The Company's capital management aims to ensure that it meets all financial covenants. Breaches in meeting the financial covenants would permit the bank to immediately call its borrowings. There have been no breaches in the financial covenants during the financial years ended 31 December 2014 and 2013. See also note 3.2.6. for more information on the nature and the calculation of the covenants.

4. Other disclosures

4.1. Earnings per share

As there are no 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).

^a Restated (see note 2.5.)

4.2. Dividends

The gross dividends paid in each of the years 2014 and 2013 (in respect of the accounting years 2013 respectively 2012) were € 0.48 per share, or a total amount of € 21,412k.

In respect of the accounting year 2014, a proposal to pay a gross dividend of 0.48 per share, or a total amount of € 21,412k, will be submitted for approval to the shareholders meeting of 22 April 2015. In accordance with IAS 10, the proposed dividend has not been recognised as a liability at year-end.

4.3. Related party transactions

4.3.1. Shareholders

Based on the transparency notifications received by the Company, the shareholders structure per 31 December 2014 can be summarised as follows:

	Voting Rights	%
Financière Eric Janssen sprl	8,525,014	19.11
Daniel Janssen	5,881,677	13.19
Altaï Invest sa	4,969,795	11.14
Barnfin sa	3,899,833	8.74
Jean van Rijckevorsel	7,744	0.02
Total voting rights held by the reference shareholders	23,284,063	52.20
Other shareholders	21,324,768	47.80
Total voting rights	44,608,831	100.00

Altaï Invest is controlled by Evelyn du Monceau. Barnfin is controlled by Bridget van Rijckevorsel.

The reference shareholders act in concert. The terms of the concert are laid down in a shareholders agreement. The key elements of this agreement can be summarised as follows:

- The objective of the concert is to ensure, through Financière de Tubize, the stability of the shareholder structure of UCB in view of the long-term industrial development of the latter. In this perspective, it aims at preserving the predominance of the family shareholder structure of Financière de Tubize.
- The parties to the concert consult with each other about the decisions to be taken at the general meeting of Financière de Tubize, and try, to the extent possible, to reach a consensus; They ensure that they are properly represented at the board of directors of Financière de Tubize. Within this board and through their representatives at the board of directors of UCB, they consult with each other about the significant strategic decisions concerning UCB, and try, to the extent possible, to reach a consensus.
- The parties inform each other prior to any project of significant acquisition or sale of shares of Financière de Tubize; pre-emption rights and tag along are also in place within the family.

The reference shareholders have no direct or indirect relationships with the Company other than those resulting from their capacity as shareholder or, when applicable, their representation in the board of directors.

4.3.2. Directors

The present composition of the board is as follows:

Name	Function	Start mandate	End mandate
François Tesch	Chairman and independent director	25/04/2012	27/04/2016
Evelyn du Monceau	Director	26/04/2011	22/04/2015
Cédric van Rijckevorsel	Director	24/04/2013	26/04/2017
Cyril Janssen	Director	26/04/2011	22/04/2015
Charles-Antoine Janssen	Director	26/04/2011	22/04/2015
Arnoud de Pret	Director	23/04/2014	25/04/2018
Nicolas Janssen	Director	23/04/2014	25/04/2018
Fiona de Hemptinne	Director	23/04/2014	25/04/2018
Cynthia Favre d'Echallens	Director	23/04/2014	25/04/2018
Charlofin NV, represented by Karel Boone	Independent director	23/04/2014	25/04/2018

The mandate of director is remunerated by a fixed annual amount of € 10,000. It does not include any variable remuneration linked to the results or to any other performance criteria. The directors do not benefit from stock options or from extra-legal pension benefits.

The chairman of the board of directors is remunerated by a fixed amount that is twice the amount of the other directors.

Evelyn du Monceau, Arnoud de Pret, Charles-Antoine Janssen and Cédric van Rijckevorsel are also members of the board of directors of UCB. The remuneration they receive for their function of UCB director is determined in accordance with the UCB remuneration policy, and can be summarised as follows for the financial year 2014:

€ 000	Evelyn du Monceau	Arnoud de Pret	Cédric van Rijckevorsel	Charles-Antoine Janssen
Fixed annual fees	105.0	70.0	70.0	70.0
Attendance fees (per meeting)	1.5	1.0	1.0	1.0
Chair of board committees	20.0	30.0	-	-

4.3.3. General manager

During the first half of 2014, the function of general manager, responsible for the day-to-day operations, was exercised by MVS Advisory Services bvba (“MVS-AS”), represented by its owner-manager, Marc Van Steenvoort. As from 1 July 2014 onwards, Marc Van Steenvoort has taken over the rights and obligations of MVS-AS and exercises the function of general manager in his own name.

Management fees charged by MVS-AS and Marc Van Steenvoort for accounting year 2014 amount respectively to € 97k and to € 72k.

4.3.4. UCB

See notes 2.2. and 3.1. for more information on the investments in UCB.