Financière de Tubize SA
Allée de la Recherche 60
1070 Brussels
BE 0403.216.429

EU-IFRS FINANCIAL STATEMENTS

The EU-IFRS financial statements of Financière de Tubize for the financial year ended 31 December 2017 have been established by a resolution of the board of directors of 21 February 2018 and will be communicated to the general shareholders meeting of 25 April 2018.

1. General information

1.1. Identification

NAME: 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
EU-IFRS FINANCIAL STATEMENTS to be communicated to the general meeting of			25/04/2018
Period from	01/01/2017	au	31/12/2017
Prior period from	01/01/2016	au	31/12/2016

1.2. Board of Directors

François Tesch, chairman of the board of directors, Route de Bettembourg 45 boîte A, L-1899 Luxembourg
Vauban NV (BE 0338.114.246), member of the board of directors, Rue Ducale 47-49, B-1000 Bruxelles, represented by Gaëtan Hannecart
Arnoud de Pret, member of the board of directors, Château de Durnal, Rue de Mianoye 36, B-5530 Yvoir
Cyril Janssen, member of the board of directors, Rue des Mélèzes 29, B-1050 Ixelles
Charles-Antoine Janssen, member of the board of directors, Claire Colline, Chaussée de Bruxelles 110, B-1310 La Hulpe
Nicolas Janssen, member of the board of directors, Avenue Ernest Solvay 108, B-1310 La Hulpe
Evelyn du Monceau, member of the board of directors, Avenue des Fleurs 14, B-1150 Woluwé-Saint-Pierre
Fiona de Hemptinne, member of the board of directors, Fairlawn Grove 20, W4 5EH London, UK
Cédric van Rijckevorsel, member of the board of directors, Chipstead Street 37, SW6 3S3 London, UK
Cynthia Favre d'Echallens, member of the board of directors, Route d'Ottignies 74A, B-1380 Lasne

1.3. Independent Auditor

Mazars Réviseurs d'Entreprises SCRL (BE 0428 837 889), statutory auditor (IRE register n° B00021), Avenue Marcel Thiry 77/4, B-1200 Woluwé-Saint-Lambert, represented by Xavier DOYEN (IRE register n° A01202)

1.4. Activities and mission

Financière de Tubize (the "Company") is a mono-holding company, listed on NYSE Euronext Brussels under the ISIN code TUB BE0003823409, that holds and manages a participating interest of 68,076,981 UCB shares, representing 35.00% of the total shares issued by UCB, a biopharmaceutical company domiciled in Belgium whose shares are also listed on NYSE Euronext Brussels. Financière de Tubize is the reference shareholder of UCB.

The mission of Financière de Tubize is to create long term value for its shareholders by supporting, as a stable reference shareholder, the maximisation of UCB's potential and a sustainable growth of its industrial project.

For information about UCB : www.ucb.com

Cyril Janssen
Member of the board of directors

Evelyn du Monceau
Member of the board of directors

2. Financial statements

2.1. Statement of financial position

€ 000 31 December	Notes	2017	2016
Participating interest in UCB	4.1.1.	2,309,844	2,222,130
Non-current assets		***2,309,844***	***2,222,130***
Prepayments	4.2.4.	33	27
Cash and cash equivalents	4.2.5.	1,452	662
Current assets		***1,485***	***689***
Assets		**2,311,329**	**2,222,819**
Equity		**2,115,676**	**1,957,555**
Bank borrowings	4.2.6.	140,000	141,000
Derivatives	4.2.7.	741	1,765
Deferred taxes	4.3.1.	-	19,464
Non-current liabilities		***140,741***	***162,229***
Bank borrowings	4.2.6.	52,144	99,997
Derivatives	4.2.7.	2,252	2,562
Other creditors	4.2.8.	516	476
Current liabilities		***54,912***	***103,035***
Liabilities		**195,652**	**265,264**
Equity and liabilities		**2,311,329**	**2,222,819**

2. Financial statements

2.2. Statement of profit or loss and other comprehensive income

€ 000	Notes	2017	2016
PROFIT OR LOSS			
Share of profit of UCB		272,233	187,423
Borrowing cost	4.2.6.	-5,118	-6,747
Non-recurring financial income	4.2.8.	-	302
General and administrative expenses	4.4.	-941	-677
Profit before tax		***266,174***	***180,301***
Income tax	4.3.2.	19,760	885
Profit		**285,934**	**181,186**
OTHER COMPREHENSIVE INCOME			
Share, after tax, of other comprehensive income of UCB		***-88,661***	***-51,990***
Those that will not be reclassified to profit or loss	4.1.3.	3,288	-32,173
Those that will be reclassified subsequently to profit or loss when certain conditions are met	4.1.3.	-91,949	-19,817
Other items, after tax, of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when certain conditions are met		***1,583***	***237***
Cash flow hedges	4.2.7.	1,583	237
Other comprehensive income		**-87,078**	**-51,753**
COMPREHENSIVE INCOME		**198,856**	**129,433**
Profit attributable to			
Non-controlling interests		-	-
Owners of the parent		285,934	181,186
Comprehensive income attributable to			
Non-controlling interests		-	-
Owners of the parent		198,856	129,433
Earnings per share (in €)			
Basic and diluted	4.5.	6.42	4.07

2. Financial statements

2.3. Statement of changes in equity

	Capital and share premium	Subordinated perpetual	Retained earnings	Treasury shares	Other reserves	Translation adjustments	Assets held for sale	Cash flow hedges	Net investmen t hedge	Total equity
Balance at 01/01/2016	**236,225**	**103,920**	**1,666,835**	**-104,268**	**-23,629**	**44,912**	**15,058**	**-11,166**	**19,427**	**1,947,314**
Allocation of the impact of the increase of the participating interest end 2015		2,673	-1,286	-2,682	-608	1,655	388	-140		0
Dividends			-22,274							-22,274
Comprehensive income										
– *Profit*			*181,186*							*181,186*
– *Share of other comprehensive income of UCB*					*-32,173*	*-18,120*	*-312*	*-1,385*		*-51,990*
– *Cash flow hedges*			*-839*							*-839*
– *Reclassification adjustment*			*1,076*							*1,076*
			181,423		-32,173	-18,120	-312	-1,385		129,433
Share of other changes of net assets of UCB										
– *Share based payments*			*18,601*							*18,601*
– *Transfer between reserves*		*1,791*	*-4,316*	*5,765*	*-3,240*	*19,427*			*-19,427*	*0*
– *Treasury shares*				*-1,310*						*-1,310*
– *Dividends to holders of subordinated perpetual*			*-1,764*							*-1,764*
		106,354	12,521	4,455	-3,240	19,427			-19,427	-92,618
Changes in the number of own shares held by UCB		-239	-4,183	239	54	-148	-35	12		-4,300
Balance at 31/12/2016	**236,225**	**0**	**1,833,036**	**-102,256**	**-59,596**	**-47,726**	**15,099**	**-12,679**	**0**	**1,957,555**

	Capital and 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 01/01/2017	**236,225**	**0**	**1,833,036**	**-102,256**	**-59,596**	**-47,726**	**15,099**	**-12,679**	**0**	**1,957,555**
Dividends			-23,165							-23 ?165
Comprehensive income										
– *Profit*			*285,934*							*285,934*
– *Share of other comprehensive income of UCB*					*3,288*	*-127,308*	*-4,509*	*39,868*		*-88,661*
– *Cash flow hedges*			*1,030*							*1,030*
– *Reclassification adjustments*			*553*							*553*
			287,517	-	3,288	-127,308	-4,509	39,868		198,856
Share of other changes in net assets of UCB										
– *Share based payments*			*23,155*							*23,155*
– *Transfer between reserves*			*-17,383*	*17,383*						*-*
– *Treasury shares*				*-45,715*						*-45,715*
			5,772	-28,332	-	-				***-22,561***
Changes in the percentage of the participating interest in UCB										
– *Changes in the number of own shares held by UCB*			*5,258*	*-257*	*-150*	*120*	*38*	*-17*		*4,991*
Balance at 31/12/2017	**236,225**	**-**	**2,108,415**	**-130,844**	**-56,459**	**-79,463**	**10,629**	**27,173**	**-**	**2,115,676**

2. Financial statements

2.4. Statement of cash flows

€ 000	Notes	2017	2016
Directors remuneration & attendance fees		-377	-110
Remuneration general manager		-161	-152
Statutory auditor's fee		-6	-8
Professional services fees		-53	-88
Contributions		-113	-139
Payment of services		-91	-111
Payment of expenses		-9	-12
Gift		-25	-20
Advances		-	-5
Indirect taxes		-70	-63
Cash flows from operating activities		***-905***	***-698***
Dividends received		78,289	74,884
Interests received		-	-
Withholding tax		-	5
Cash flows from investing activities		***78,289***	***74,889***
Dividends paid		-23,165	-22,272
Interests and commissions paid		-4,422	-6,487
Reimbursement of bank borrowings		-152,000	-49,000
Drawings from the confirmed lines		103,000	3,672
Payment dividends prior years		-6	-7
Repurchase of own shares		-	-
Cash flows from finance activities		***-76,593***	***-74,094***
Total cash flows		**791**	**97**
Cash and cash equivalents beginning of period	4.2.5.	662	565
Cash and cash equivalents end of period	4.2.5.	1,452	662

See also Note 4.2.6. with respect to disclosures required by Amendments to IAS 7: Disclosure initiative.

3. Accounting policies

3.1. Basis of preparation of the financial statements

To provide a useful and complete set of information to the market, the Company prepares, in addition to the annual accounts established in accordance with the Company Code and Belgian accounting law (BE GAAP), financial statements in accordance with international financial reporting standards as adopted by the European Union (EU-IFRS), with equity accounting of UCB.

The EU-IFRS financial statements are prepared on a historical cost basis, except for derivative financial instruments that are measured at fair value.

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 one of the following levels:
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 4.2.3.), 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.

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 expected to be settled within twelve months after the reporting date, or when it is due to be settled within twelve months after the reporting date and the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. All other liabilities are classified as non-current.

Deferred taxes are always classified as non-current.

3.2. Summary of significant accounting policies

3.2.1. Equity accounting of UCB

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.

Cost comprises either the acquisition price (the purchase price and any expenditures that are directly attributable to the acquisition), or the contribution value. Any excess of the cost of the investment over the Company's share of the net fair value of UCB's identifiable assets and liabilities (goodwill) is included in the carrying amount of the investment. When the Company acquires an additional interest in UCB whereby UCB continues to be an associate, the cost of acquiring the additional interest is added to the existing carrying amount of the participating interest. The increase in the participating interest is split between goodwill and the additional interest in the fair value of the net assets of UCB at the date of the increase of the participating interest. The existing goodwill is not re-measured.

A change in the Company's share of the net assets of UCB 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 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 statement of profit or loss and other comprehensive income; its share of UCB's other comprehensive income is recognised in other comprehensive income in the statement of profit or loss and other 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.

After application of the equity method, whenever there is any objective indication that the participating interest may be impaired, the Company performs an impairment test by comparing the carrying amount of the participating interest (including goodwill which is not tested for impairment separately) with its recoverable amount (the higher of value in use and fair value less costs to sell). If the recoverable amount is lower than the carrying amount, an impairment loss equal to the difference between both amounts is recorded as a loss in the statement of profit or loss.

3.2.2. 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.

3.2.3. Cash flow hedges

The Company uses interest rate swaps (including deferred start swaps) to hedge (part 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 hedged bank borrowings.

The interest rate swaps that have passed the effectiveness test and have been designated as hedging instrument, 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. As from the date of discontinuation of the hedge relationship, changes in fair value of the swap are recorded in profit or loss, and the accumulated balance of the clean price at that date, is accounted for as follows: (i) the portions of the hedging that correspond to cash flows that are no longer expected to occur (over-hedging) are reclassified from equity to profit or loss of the period during which the discontinuation has occurred, and (ii) the remaining balance is reclassified from equity to profit or loss over the remaining lifetime of the swap based on the time weighted notional amounts.

The allocation of the clean price of the interest rate swaps between current and non-current is based on the time weighted notional amounts. 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.

3.2.4. 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.

3.2.5. Significant accounting policies UCB

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.

3.3. Judgements, accounting estimates and assumptions

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

3.4. Initial application of amended standards

During the accounting period 2017, the Company has applied all new or revised standards or interpretations as issued by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, to the extent that they are relevant to its activities and applicable for the accounting period starting January 1, 2017. The Company has not applied anticipatively neither new Standards nor Interpretations for which the mandatory applicable date is subsequent to January 1, 2017.

The following Standards, Interpretations and Amendments, as issued by the IASB or IFRIC, are in force since this accounting period:

- Annual improvements to IFRS Standards 2014-2016 cycle (issued by the IASB in December 2016). The adoption of such improvements did not lead to any significant change in the accounting principles applied by the Company;
- Amendments to IAS 7: Disclosure Initiative (issued by the IASB in January 2016);
- Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses (issued by the IASB in January 2016).

3.5. Impact of future application of issued new standards

New IFRS standards or interpretations that have been issued by the IASB or IFRIC but are not yet mandatorily applicable in 2017 are discussed hereafter. If relevant, the Company will adopt these texts 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. It relates to the following texts:

Texts endorsed by EFRAG:

- Annual improvements to IFRS Standards 2014-2016 cycle (applicable as from 1/1/2018). The Company does not expect any impact from these annual improvements;
- Amendments to IAS 12 Income taxes: Recognition of deferred tax assets for unrealised losses (applicable as from 1/1/2018). The Company having no unrealised losses, these amendments are not applicable to the Company;
- Amendments to IFRS 4 Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable as from 1/1/2018). The standard dealing with insurance contracts is not applicable to the Company;
- IFRS 16 Leases (applicable as from 1/1/2019). The Company is not a party to any lease agreement and accordingly the application of this standard will not impact the Company;
- IFRS 15 Revenue from Contracts with Customers and Clarifications to IFRS 15 Revenue from Contracts with Customers (applicable as from 1/1/2018). The Company does not derive any revenue from contracts with customers and accordingly the Company will not be impacted by this standard;
- IFRS 9 Financial Instruments (applicable as from 1/1/2018). The Company has financial instruments in place (borrowings and derivatives). However, considering the current accounting practices of the Company, the application of IFRS 9 will not have any impact.

Texts not yet endorsed by EFRAG:

- IFRS 17 Insurance Contracts (applicable as from 1/1/2021). This standard is not applicable to the Company;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable as from 1/1/2018). This interpretation will not impact the Company considering that there is no transactions in foreign currencies;
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable as from 1/1/2019). The Company does not anticipate any impact from the application of this interpretation;
- Amendments to IFRS 2 Classification and measurement of share-based payment transactions (applicable as from 1/1/2018). This amendment should not impact the Company considering the absence of share-based payment transaction;
- Amendments to IAS 40 Transfers of Investment Property (applicable as from 1/1/2018). These amendments do not apply to the Company as the Company has no investment property;
- Amendments to IFRS 9 Prepayment features with negative compensation (applicable as from 1/1/2019). These amendments will not impact the Company as it does not enter into transactions scoped by these amendments;
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (applicable as from 1/1/2019). These amendments address the impairment of interests in associates or joint ventures. The application of these amendments should not impact the Company as there is no impairment indicator of the interest of the Company in UCB;
- During the course of February 2018, the IASB also published amendments to IAS 19 standard, dealing with employee benefits. As the Company has no employee, the application of these amendments will not impact the Company;
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (applicable as from 1/1/2019. No impact is expected from these annual improvements.

4. Notes

4.1. Participating interest in UCB

4.1.1. Carrying value

	Share of the net assets of UCB		Goodwill		Total	
€ 000	2017	2016	2017	2016	2017	2016
At 1 January	**2,014,691**	**2,051,104**	**207,439**	**207,439**	**2,222,130**	**2,258,543**
Distribution	-78,289	-74,885	-	-	-78,289	-74,885
Increase of the participating interest (note 4.1.2.)	-	-	-	-		-
Share of the profit of UCB	272,233	187,423	-	-	272,233	187,423
Share of other comprehensive income of UCB (note 4.1.3.)	-88,661	-51,990	-	-	-88,661	-51,990
Share of other changes in net assets of UCB[1]	-22,561	-92,618	-	-	-22,561	-92,618
Changes in the percentage of participating interest as a result of changes in the number of own shares held by UCB	4,991	-4.343	-	-	4.991	-4,343
At 31 December	**2,102,405**	**2,014,691**	**207,439**	**207,439**	**2,309,844**	**2,222,130**

4.1.2. Increase of the participating interest

As a reminder, in 2015 the Company had acquired 1,706,981 UCB shares for a total amount of € 137,752k. Goodwill has been calculated based on the consolidated net assets of UCB at 31 December 2015 (the closest date to the acquisitions at which consolidated financial information of UCB was publicly available), that are a good approximation of the sum of the fair values of its different components.

4.1.3. Share of other comprehensive income of UCB

	2017			2016		
€ 000	Gross	Tax	Net	Gross	Tax	Net
Items that will not be reclassified to profit or loss						
- Re-measurement of defined benefit obligations	***9,758***	***-6,470***	***3,288***	***38,590***	***6,417***	***-32,173***
	9,758	-6,470	**3,288**	-38,590	6,417	-32,173
Elements that may be reclassified subsequently to profit or loss	***-91,949***	***-***	***-91,949***	***19,817***	***-***	***-19,817***
- Translation adjustment	-127,308	-	-127,308	-18,120	-	-18,120
- Net result from available-for-sale financial assets	-4,509		-4,509	-312		-312
- Effective portion of cash flow hedges	39,868	-	39,868	-1,385	-	-1,385
		-			-	
Share of other comprehensive income of UCB	**-82,191**	**-6,470**	**-88,661**	**-58,407**	**6,417**	**-51,990**

4.1.4. Fair value

31 December	2017	2016
Number of UCB shares	68,076,981	68,076,981
Share price UCB (€)	66.18	60.91
Fair value of the participating interest in UCB (€ 000)	**4,505,335**	**4,146,569**
Carrying value (€ 000)	2,309,844	2,222,130
Excess of fair value over carrying value	**2,195,491**	**1,924,439**

[1] See the statement of changes in equity for a breakdown by item of net assets

4.1.5. Concert

The Company acts in concert with Schwarz Vermögensverwaltung. Their holdings within the concert can be summarised as follows as at December 31, 2017:

31 December	Number of voting rights		% of voting rights	
	2017	2016	2017	2016
Financière de Tubize	68,076,981	68,076,981	35.00	35.00
Schwarz Vermögensverwaltung	2,021,404	2,021,404	1.04	1.04
Total	**70,098,385**	**70,098,385**	**36.04**	**36.04**

On January 19, 2018, the Company received from Schwarz Vermögensverwaltung the confirmation of the termination of the concert participation agreement. In accordance with Article 14 of the Law of May 2, 2007, the Company made a transparency declaration to UCB on January 25, 2018.

4.1.6. Summarised financial information about UCB

Summarised statement of financial position

€ 000 000 31 December	2017	2016
Non-current assets	7,222	7,881
Current assets	2,677	2,330
Non-current liabilities	-2,213	-2,317
Current liabilities	-1,950	-2,418
Net assets	**5,736**	**5,477**
Non-controlling interests	-77	-107
Net assets attributable to UCB shareholders	**5,812**	**5,584**

Summarised statement of comprehensive income

€ 000 000	2017	2016
Revenue	4,530	4,146
Profit from continuing operations	770	564
Profit from discontinued operations	1	-22
Other comprehensive income	-233	-147
Comprehensive income	538	395

Reconciliation of summarised financial information to carrying value

€ 000 000 31 December	2017	2016
Net assets attributable to UCB shareholders	5,813	5,584
Interest of the Company[2]	36.1706%	36.0812%
Company's share of net assets of UCB	2,103	2,015
Goodwill on acquisition	207	207
Carrying value of participating interest in UCB	**2,310**	**2,222**

4.2. Financial instruments

4.2.1. Financial instruments by category

€ 000	Loans & Receivables		Liabilities at amortised cost		Derivatives	
31 December	2017	2016	2017	2016	2017	2016
Prepayments	33	27	-	-	-	-
Cash & cash equivalents	1,452	662	-	-	-	-
Bank borrowings	-	-	-192,144	-240,997	-	-
Derivatives	-	-	-	-	-2,993	-4,327
Other creditors	-	-	-516	-476	-	-
Total	**1,485**	**689**	**-192,660**	**-241,473**	**-2,993**	**-4,327**

[2] When calculating the percentage, the 6,294,677 own shares held by UCB as at 31/12/2017 are excluded from the denominator

4.2.2. Risks related to financial instruments

The Company is exposed to interest rate risk resulting from fixed rate bank borrowings. The risk is monitored through periodic calculations of the fair value of these borrowings. The fair values at 31 December 2017 of these borrowings are disclosed in note 4.2.3.

The Company is exposed to cash flow risk resulting from floating rate bank borrowings. The Company can make use of interest rate swaps (including deferred start swaps) to protect itself against the risk of an increase of interest rates. The Company permanently follows the developments on the interest rate markets and takes hedging initiatives in function of its assessment of the risks. The situation of the bank borrowings and their hedging as at 31 December 2017 is reflected in the notes 4.2.6. and 4.2.7.

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 4.2.6. The Company considers that the dividend flow from UCB and, to the extent necessary, new credit recourse will ensure that today's contractually scheduled reimbursements be met.

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'.

4.2.3. 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	Level of the inputs in the fair value hierarchy	Carrying values		Fair values	
31 December		**2017**	**2016**	**2017**	**2016**
Prepayments	-	33	27	33	27
Cash and cash equivalents	-	1,452	662	1.452	662
Bank borrowings	2	-192,144	-240,997	-192,144	-242,399
Derivatives	2	-2,993	-4,327	-2,993	-4,327
Other creditors	-	-516	-476	-516	-476

The fair value of prepayments, cash and cash equivalents, suppliers and other creditors approximates the carrying amount because of 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.

As at December 31, 2017, all borrowings in place are floating rate borrowings.

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 2017.

4.2.4. Prepayments

€ 000 31 December	2017	2016
Deferred charges		
– Insurance premium	17	17
– Insurance brokerage	2	1
– Portal of the board of directors	15	9
Total	**33**	**27**

4.2.5. Cash and cash equivalents

€ 000 31 December	2017	2016
Cash at bank	1,452	661
Short-term deposits	-	1
Total	**1,452**	**662**

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.

4.2.6. Bank borrowings

Carrying values

€ 000 31 December	Non-current		Current		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Floating rate borrowings	-140,000	-141,000	-52,000	-40,000	-192,000	-181,000
Fixed rate borrowings	-	-	-	-60,000	-	-60,000
Unamortised balance of debt restructuring costs	-	-	-	393	-	393
Accrued interest	-	-	-144	-356	-144	-356
Accrued commitment fees	-	-	-	-34	-	-34
Total	**-140,000**	**-141,000**	**-52,144**	**-99,997**	**-192,144**	**-240,997**

At 31 December 2017, the confirmed credit lines of € 193 million were utilised up to € 192 million. The available margin on confirmed credit lines amounted to € 1 million at 31 December 2017.

The floating rate borrowings take the form of straight loans for a period of minimum 1 and maximum 12 months.

Costs associated with the 2009 debt restructuring (€ 9,252k) are amortised over the remaining lifetime of the debt as part of interest expense. In 2017, an amount of € 259k (net of deferred tax) was accounted for. As at December 31, 2017; there remains no amount to be amortised.

Change of outstanding debt throughout 2017

€ 000		Confirmed lines	Utilised			Available
			Floating	**Fix**	**Total**	
01/01/2017	**Opening**	**293,000**	**-181,000**	**-60,000**	**241,000**	**16,000**
May	Reimbursement advances		52,000		-52,000	52,000
	Utilisation new line		-36,000		36,000	
September	New advances		-67,000		67,000	-67,000
	Reimbursement borrowings	-100,000	40,000	60,000	-100,000	-
31/12/2017	**Closing**	**193,000**	**-192,000**	**-**	**192,000**	**1,000**

The UCB dividend cashed-in by the Company in May 2017, has been used to reimburse € 52 million of advances. In May, the Company made use of a credit line of € 36 million as confirmed in September 2016 and callable during the period covering September 30, 2017 until May 15, 2018. In September, new advances were granted to the Company, which allowed it to reimburse € 100 million of borrowings.

Contractual maturities

€ 000	Floating	Total
15/08/2018	-36,000	-36,000
30/06/2019	-52,500	-52,500
30/06/2020	-52,500	-52,500
06/11/2021	-52,000	-52,000
	-193,000	**-193,000**

The one-off reimbursement of € 36 million as at August 15, 2018 will be financed by dividend income expected from UCB with respect to the 2017 result appropriation. To this contractual reimbursement of € 36 million, it is foreseen that the Company will reimburse an additional € 16 million on a voluntarily basis in the course of 2018.

Collateral

The borrowings are collateralised through a pledge on 5,250,000 UCB shares as at 31 December 2017. The carrying value of these pledged shares amounts to € 178,101k.

Covenants

The Company must comply with the following debt covenants:

- Collateral for the bank borrowings must consist of a number of UCB shares, the total market value of which must be at the minimum 157% of the outstanding debt, this ratio equals 181% at 31 December 2017
- Borrowings may not exceed 30% of the fair value of the investment in UCB; as at 31 December 2017, this ratio equals 4.26%
- The solvency ratio (equity versus balance sheet total on a BE GAAP basis) must exceed 70%; as at 31 December 2017, this ratio equals 87.32%.

Cash flow risk management

Most of the bank borrowings (€ 192 million as at 31 December 2017) are structured as roll-over credits with short term floating rate straight drawings. The cash flow risk associated with these borrowings, was, at 31 December 2017, partly covered by an interest rate swap with a notional value of € 55 million, which effectively converts the portion of the borrowings that corresponds to this notional value, into a fixed rate loan until maturity. Accounting-wise, hedge accounting for this swap and the underlying borrowings has been ceased as per 1 January 2015.

To protect itself against the risk of a future increase in interest rates, the Company has further decided to hedge, as from October 2017 onwards, its entire floating rate debt. The Company has therefore signed, in March 2016, two deferred start swaps that became effective as from 2 October 2017 onwards for notional amounts of respectively € 82 million and € 57 million, which will be entirely amortised by mid-May 2021. Both swaps have been designated as hedging instruments for the cash flow risks resulting from floating rate bank borrowings. The effectiveness of the hedge has been documented and hedge accounting is applied.

See note 4.2.7. for more information about the accounting for the swaps.

Borrowing cost

€ 000	2017	2016
Interest expenses	-4,591	-5,405
Commitment fee	-120	-40
Amortisation of debt restructuring costs	-393	-1,302
Change of the clean price of an IRS not designated as hedging instrument (note 4.2.7.)	850	1,638
Non-effective portion of the hedging IRS (note 4.2.7.)	-27	-8
Reclassification adjustments (note 4.2.7.)	-837	-1,630
Total	**-5,118**	**-6,747**

Interest expenses on bank borrowings have moved from € 5,405k in 2016 to € 4,591k in 2017, reflecting the decrease of the average outstanding debt from € 256 million in 2016 to € 206 million in 2017. Thanks to continued favourable market conditions and an active debt management, the average borrowing cost remained stable in 2017 and approximates 2.23% (2.11% in 2016). Interest rates on floating rate borrowings as at December 31, 2017 range between 0.471% and 0.80%.

Commitment fees on the non-utilised part of confirmed credit lines amounted to € 120k in 2017 (€ 40k in 2016). The fee amounts to 0.28% per 31 December 2017.

4.2.7. Derivatives

€ 000	IRS designated as hedging instrument		IRS not designated as hedging instrument		Total IRS	
31 December	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Notional amounts	139,000	139,000	55,000	40,000	194,000	179,000
Full fair value	**-870**	**-881**	**-2,123**	**-3,446**	**-2,993**	**-4,327**
Non-current	-532	-881	-209	-884	-741	-1,765
Current	-338	-	-1,914	-2,562	-2,252	-2,562
Accrued interest	**-75**	**-**	**-1,219**	**-858**	**-1,294**	**-858**
Payable	-75	-	-1,219	-855	-1,294	-855
Receivable	-	-		-3		-3
Clean price	**-795**	**-881**	**-904**	**-2,588**	**-1,699**	**-3,469**
Deferred taxes (note 4.3.1.)	-	34	-	100	-	134
Clean price, after tax	**-795**	**-847**	**-904**	**-2,488**	**-1,699**	**-3,335**
Clean price, after tax, at prior year end	-847		-2,488		-3,335	
Gain/loss(-) during the period, after tax	**52**		**1,584**		**1,636**	
Reported in profit or loss	**27**		**-90**		**-63**	
Gain/loss(-) during the period	27		747		774	
Reclassification adjustment	-		-837		-837	
Reported in other comprehensive income	**25**		**837**		**862**	
Gain/loss(-) during the period	25		-		25	
Reclassification adjustment	-		837		837	

As at December 31, 2017, the derivatives as per the accounting records of the Company, consisted of three interest rate swaps (receive floating, pay fix) that were entered into in order to hedge the cash flow risk resulting from floating rate bank borrowings. The outstanding notional amounts of these swaps as at December 31, 2017 are respectively € 55 million, € 82 million and € 57 million.

Swap accounting-wise not designated as hedging instrument – For the swap of € 55 million, hedge accounting has been discontinued starting January, 1 2015. Accordingly, all changes in fair value of this swap are recorded in profit or loss. An amount of € 850k has been accounted for in 2017 as a profit (credit to borrowing cost).

The cumulated balance of the clean price as at 1 January 2015 (€ -6,452k) is reclassified from equity to profit or loss (borrowing cost). The portion corresponding to cash flows that are no longer expected to occur (over-hedging) has been immediately charged to profit or loss of the first half of 2015. The remaining balance (€ -5,534k) is reclassified over the remaining lifetime of the swap based on the time weighted notional amounts. The amount amortised during financial year 2017 amounts to € 837k. As at December 31, 2017, it remains an amount to be reclassified of € 585k.

€ 000	31/12/2017	31/12/2016	Variation
Notional amount	55.000	40.000	15.000
Full fair value	-2.123	-3.446	1.323
Accrued interest	-1.219	-855	-364
Clean price	-904	-2.591	1.687
Deferred taxes (note 4.3.1.)	-	100	
Profit			**1.587**

Swaps designated as hedging instruments accounting-wise – It relates to two interest rate swaps with a deferred start at 2 October 2017 for notional amounts of respectively € 82 million and € 57 million. Hedge accounting is applied. Changes in fair value of the swaps (€ 38k) are recorded in other comprehensive income, except for an amount of € -27k corresponding to the ineffective portion of the hedge.

4.2.8. Other creditors

€ 000 31 December	2017	2016
Suppliers and invoices to receive	-80	-34
Non-collected dividends from prior years	-436	-442
Total	**-516**	**-476**

The provision for non-collected dividends from prior years has been re-estimated on the basis of the principles set out by the *Commission des Normes Comptables* in its advice 2016/12 related to prescribed liabilities and on the basis of a legal analysis of the applicable prescription rules. The adjustment of the provision (decrease of € 303k) has been recorded as a non-recurring financial income in the 31 December 2016 financial statements.

4.3. Income taxes

4.3.1. Deferred tax assets and liabilities

€ 000	Total		Recognised		Unrecognised	
31 December	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Reserves UCB SA/NV	-	-19,464	-	-19,464	-	-
Unamortised balance of debt restructuring costs	-	-134	-	-134	-	-
Deferred tax liabilities	**-**	**-19,598**	**-**	**-19,598**	**-**	**-**
Derivatives	502	1,179	-	134	502	1,045
Unused tax credits	39,648	45,621	-	-	39,648	45,621
Deferred tax assets	**40,123**	**46,800**	**-**	**134**	**40,123**	**46,666**
Net deferred tax liabilities				**-19,464**		

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. The Company has significant influence over UCB but does not fully control UCB's distribution policy and therefore does not control the timing of the reversal of the temporary difference. As a result of this, until December 31, 2016 a deferred tax liability used to be recognised on 5% of UCB's retained earnings, which were subject to income tax in case of distribution. Considering, the Belgium tax reform that has been enacted on December 22, 2017 and that acts the fact that from a tax-point of view all "RDT" Dividends will be fully tax-free; the deferred tax liability that was previously accounted for on 5% of the accumulated distributable retained earnings of UCB has been reversed. Also, the notional tax rate will decrease from 33.99% to 29.54% in 2018 and the amount of the deferred tax asset on the unused tax credits of the Company (not accounted for) has been adjusted accordingly as at December 31, 2017.

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 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.

4.3.2. Changes of net deferred tax liabilities

€ 000	2017	2016
Net deferred tax liabilities at 1 January	**-19,464**	**-19,872**
- Changes in the reserve of UCB SA/NV	*19,464*	*364*
- Amortisation of debt restructuring costs		*443*
- Re-measurement at fair value of IRS not designated as hedging instrument		*-476*
- Reclassification adjustment	*284*	*554*
- Other items	*12*	
Total taxes in profit or loss	**19,760**	**885**
- Re-measurement at fair value of hedging IRS	*-*	*34*
- Reclassification adjustment	*-284*	*-554*
Total taxes in other comprehensive income	**-284**	**-520**
Impact of changes in the percentage of the participating interest in UCB, resulting from		
- Changes in the number of own shares held by UCB	*-*	*44*
- The acquisition of additional UCB shares	*-*	*-*
Total taxes directly recorded in the statement of changes in equity	**-**	**44**
Other items	*-12*	
Net deferred tax liabilities at 31 December	**-**	**-19,464**

4.3.3. Relationship between tax expense and accounting profit

€ 000	2017	2016
Profit before tax	266,174	180,301
Theoretical income tax rate	33.99%	33.99%
Theoretical income tax	-90,473	-61,284
Reported income tax	19,760	885
Difference between theoretical and reported income tax	**-110,233**	**-62,169**
Dividend	-26,610	-25,453
Share of the profit of UCB	92,532	63,705
Tax exempt dividend*	24,707	23,032
Change in reserves UCB SA/NV	-	364
Impact of tax reform on UCB reserves	19,464	
Amortisation of debt restructuring cost	133	443
Re-measurement at fair value of IRS not designated as hedging instrument	-577	-476
Reclassification adjustment	284	554
Other	-300	
Total effects of difference between theoretical and reported tax	**110,233**	**62,169**

*limited to the statutory profit of the Company

4.4. General and administrative expenses

€ 000	2017	2016
Directors' remuneration	337	110
Attendance fee	46	
General manager remuneration	173	
Statutory auditors' fee	11	146
Service providers		7
- Bookkeeping	44	23
- Advise (legal, tax, social, financial, insurance)	79	35
- Notary public		2
- Paying agent		15
Contributions		
- Euronext	48	38
- Euroclear	15	12
- FSMA	59	89
- Others	15	1
Services		
- Financial publicity	34	55
- Insurance	33	39
- Board portal	9	13
- Training		2
Miscellaneous (post, bank, office supplies, travel, …)	12	11
Gift	25	20
VAT		59
Total	**940**	**677**

4.5. 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. Throughout the financial year 2017, the number of shares in circulation has been unchanged at 44,548,598.

4.6. Dividends

In respect of the accounting year 2017, a proposal to pay a gross dividend of € 0.54 per share, or a total amount of € 24,056k, will be submitted for approval to the shareholders meeting of 25 April 2018. In accordance with IAS 10, the proposed dividend has not been recognised as a liability at year-end.

4.7. Capital management

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 million and is fully paid up. The share premium reserve amounts to € 1,225k. The share capital at 31 December 2017 is represented by 44,548,598 shares, unchanged compared to 31 December 2016. The number of registered shares was 24,064,259 at 31 December 2017; the remainder of the shares are de-materialised. 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 4,542 shares that represent a reserve for exchanging against attribution rights, both issued or in reserve for issue; these 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 2017 and 2016. See also note 4.2.6. for more information on the nature and the calculation of the covenants.

4.8. Related parties' transactions

Shareholders

On the basis of the transparency and leaders' declarations notified to the Company, the shareholders structure at 31 December 2017 can be summarised as follows:

	In concert		**Outside concert**		**Total**	
	Number	**%**	**Number**	**%**	**Number**	**%**
Financière Eric Janssen SPRL	8,525,014	19.14%	1,988,800	4.46%	10,513,814	23.60%
Daniel Janssen	5,881,677	13.20%	-	-	5,881,677	13.20%
Altai Invest SA	4,969,795	11.16%	26,468	0.06%	4,996,263	11.22%
Barnfin SA	3,903,835	8.76%	-	-	3,903,835	8.76%
Jean van Rijckevorsel	11,744	0.03%	-	-	11,744	0.03%
Total voting rights held by the reference shareholders	***23,292,065***	***52.29%***	***2,015,268***	***4.52%***	***25,307,303***	***56.81%***
Other shareholders	-	-	19,241,265	43.19%	19,241,265	43.19%
Total voting rights	**23,292,065**	**52.29%**	**21,256,533**	**47.71%**	**44,548,598**	**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 and the persons closely related to them 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.

Directors

The short-term benefits attributed to the leaders (11 directors and the general manager) amount to € 522k in total for the financial year 2017. The directors did not benefit from any other type of remuneration during the year 2017.

UCB

In 2017, the Company has received a dividend from UCB in relation to accounting year 2016 for a total amount of € 78,289k. There have been no other transactions with UCB during the year 2017.