Financière de Tubize
Financial Statements
31 December 2019

The EU-IFRS financial statements of Financière de Tubize for the financial year ended 31 December 2019 have been established by a resolution of the board of directors of 19 February 2020 and will be communicated to the general shareholders meeting of 22 April 2020.

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			22/04/2020
Period from	01/01/2019	au	31/12/2019
Prior period from	01/01/2018	au	31/12/2018

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
BVBA AVO Management (BE0462.974.466), member of the board of directors, Avenue Franklin Roosevelt 210/8, B-1050 Bruxelles, represented by Annick van Overstraeten
Marc Speeckaert, member of the board of directors, avenue Albert 201, B-1190 Forest
Cyril Janssen, member of the board of directors, Rue des Mélèzes 29, B-1150 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 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 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

François Tesch
Chairman 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	2019	2018
Participating interest in UCB	4.1.1.	2.751.238	2.481.939
Non-current assets		***2.751.238***	***2.481.939***
Prepayments	4.2.4.	34	31
Other receivables		30	102
Cash and cash equivalents	4.2.5.	462	1.529
Current assets		***526***	***1.662***
Assets		**2.751.764**	**2.483.601**
Equity		**2.664.300**	**2.339.563**
Bank borrowings	4.2.6.	34.000	90.000
Derivatives	4.2.7.	95	318
Passifs non-courants		***34.095***	***90.318***
Bank borrowings	4.2.6.	52.561	52.613
Derivatives	4.2.7.	280	571
Other creditors	4.2.8.	280	536
Current liabilities		***53.121***	***53.720***
Liabilities		**87.216**	**144.038**
Equity and liabilities		**2.751.516**	**2.483.601**

2.2. Statement of profit or loss and other comprehensive income

€000	Notes	2019	2018
PROFIT			
Share of profit of UCB		286.072	288.251
Sales and benefits		3	-
Other financial income		1	-
Borrowing cost	4.2.6.	-1.252	-2.144
General and administrative expenses	4.4.	-1.120	-951
Profit before taks		***283.704***	***285.156***
Income taks	4.3.2.	0	0
Profit		***283.704***	***285.156***
OTHER COMPREHENSIVE INCOME			
Share, after tax, of other comprehensive income of UCB		***69.312***	***-35.702***
Those that will not be reclassified to profit or loss	4.1.2.	10.301	3.203
Those that will be reclassified subsequently to profit or loss when certain conditions are met	4.1.2.	59.011	-38.905
Other items, after tax, of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when certain conditions are met		**360**	**738**
Cash flow hedges	4.2.7.	360	738
Other comprehensive income		**69.672**	**-34.964**
COMPREHENSIVE INCOME		**353.376**	**250.192**
Profit attributable to			
Non-controlling interests			
Owners of the parent		283.704	285.156
Comprehensive income attributable to			
Non-controlling interests			
Owners of the parent		353.376	250.192
Earnings per share (in €)			
Basic and diluted	4.5.	6,37	6,40

2.3. Statement of changes in equity 2019

	Capital and share premium	Retained earnings	Treasury shares	Other reserves	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
Balance at 01/01/2019	**236.225**	**2.362.890**	**-126.808**	**-53.048**	**-54.583**	**-2.053**	**-23.060**	**2.339.563**
Dividends		-24.927						-24.927
Repurchase of own shares		-2.124	2.124					0
Comprehensive income								
Profit		283.704						283.704
Share of other comprehensive income of UCB				10.301	33.854	5.145	20.012	69.312
Cash flow hedges							360	360
Reclassification adjustment								
		283.704	***-***	***10.301***	***33.854***	***5.145***	***20.372***	***353.376***
Share of other changes of net assets of UCB								
Share based payments		20.991						20.991
Transfer between reserves		-18.817	18.817					0
Treasury shares			-31.332					-31.332
		2.174	***-12.515***	***-***	***-***	***-***	***-***	***-10.341***
Changes in the number of own shares held by UCB		7.364	-359	-155	-162	-6	-53	6.629
Balance at 31/12/2019	**236.225**	**2.629.081**	**-137.558**	**-42.902**	**-20.891**	**3.086**	**-2.741**	**2.664.300**

2.4. Statement of changes in equity 2018

	Capital and share premium	Retained earnings	Treasury shares	Other reserves	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
Balance at 01/01/2018	**236.225**	**2.108.415**	**-130.844**	**-56.459**	**-79.463**	**10.629**	**27.173**	**2.115.676**
Dividends		-24.056						-24.056
Repurchase of own shares			-2.124					-2.124
Comprehensive incomes								
Profit		*285.156*						*285.156*
Share of other comprehensive income of UCB				*3.203*	*24.587*	*-12.643*	*-50.849*	*-35.702*
Cash flow hedges							*152*	*152*
Reclassification adjustment							*586*	*586*
		285.156		***3.203***	***24.587***	***-12.643***	***-50.111***	***250.192***
Share of other changes of net assets of UCB								
Share based payments		*21.049*						*21.049*
Transfer between reserves		*-19.093*	*19.093*					*0*
Treasury shares			*-13.410*					*-13.410*
		1.956	**5.683**					**7.639**
Changes in the number of own shares held by UCB		-8.581	477	208	293	-39	-122	-7.763
Balance at 31/12/2018	**236.225**	**2.362.890**	**-126.808**	**-53.048**	**-54.583**	**-2.053**	**-23.060**	**2.339.563**

2.5. Statement of cash flows

€ 000	Notes	2019	2018
Directors remuneration & attendance fees		-433	-406
Remuneration general manager		-112	-96
Statutory auditor's fee		-16	-12
Professional services fees		-319	-161
Contributions		-126	-125
Payment of services		-89	-86
Payment of expenses		-51	-52
Gift		0	-20
Advances		0	0
Indirect taxes		0	-102
Cash flows from operating activities		**-1.147**	**-1.060**
Dividends received		82.373	80.331
Cash flows from investing activities		**82.373**	**80.331**
Dividends paid		-24.927	-24.056
Withholding tax recovered		101	0
Interest on withholding tax		-16	0
Interests and commissions paid		-1.448	-3.514
Reimbursement of bank borrowings		-56.500	-53.000
Drawings from the confirmed lines		500	3.500
Payment dividends prior years		-3	0
Repurchase of own shares		0	-2.124
Cash flows from finance activities		**-82.293**	**-79.194**
Total cash flows		-1.067	77
Cash and cash equivalents beginning of period	4.2.5.	1.529	1.452
Cash and cash equivalents end of period	4.2.5.	462	1.529

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 this accounting period, the Company 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, 2019. The Company has not applied anticipatively neither new Standards nor Interpretations for which the mandatory applicable date is subsequent to December 31, 2019.

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

- **IFRS 16 - Leases**. The Company is not a party to any lease agreement and accordingly the application of this standard will not impact the Company;
- **IFRIC 23 - Uncertainty over Income Tax Treatments**. 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**. This amendment should not impact the Company considering the absence of share-based payment transaction;
- **Amendments to IFRS 9 Prepayment features with negative compensation**. These amendments will not impact the Company as it does not enter into transactions scoped by these amendments;
- **Amendments to IAS 19 *Employee Benefits - Plan amendments, curtailment or settlement* :** no impact on the Company as there are no employees;
- **Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures**. 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;

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 2018 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 who anticipatively adopted 'IFRS 16: leases' norms. 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:

- **Amendments to references to the IFRS conceptual framework** (applicable as from 1/1/2020); No impact is expected from these annual improvements;
- **Amendments to IAS 39 Financial Instruments Recognition and Measurement**, IFRS 9 **Financial Instruments and IFRS 7 Financial Instruments: Disclosures** (applicable as from 1/1/2020): Interest Rate Benchmark Reform : the application will not have any impacts considering the current accounting treatment;
- **Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies ,changes in accounting estimates and errors** (applicable as from 1/1/2020): Definition of material: No impact is expected.

Texts not yet endorsed by EFRAG:

Amendments to IFRS 3 Business combinations (applicable as from 1/1/2020);): Definition of a business: This standard is currently not applicable to the Company;

- **IFRS 17 Insurance Contracts** (applicable as from 1/1/2021). This standard is not applicable to the company.

4. Notes

4.1. Participating interest in UCB

4.1.1. Carrying value

	Share of the net assets of UCB		Goodwill		Total	
€ 000	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
At 1 January	**2.274.500**	**2.102.405**	**207.439**	**207.439**	**2.481.939**	**2.309.844**
Distribution	-82.373	-80.331			-82.373	-80.331
Share of the profit of UCB	286.072	288.251			286.072	288.251
Share of other comprehensive income of UCB (note 4.1.3.)	69.312	-35.702			69.312	-35.702
Share of other changes in net assets of UCB[1]	-10.341	7.640			-10.341	7.640
Changes in the percentage of participating interest as a result of changes in the number of own shares held by UCB	6.629	-7.763			6.629	-7.763
At 31 December	**2.543.799**	**2.274.500**	**207.439**	**207.439**	**2.751.238**	**2.481.939**

4.1.2. Share of other comprehensive income of UCB

	2019			2018		
€ 000	**Gross**	**Tax**	**Net**	**Gross**	**Tax**	**Net**
Items that will not be reclassified to profit or loss	***10.053***	***248***	***10.301***	***4.520***	***-1.317***	***3.203***
Re-measurement of defined benefit obligations	10.053	248	10.301	4.520	-1.317	3.203
Elements that may be reclassified subsequently to profit or loss	***59.011***	***0***	***59.011***	***-38.905***	***0***	***-38.905***
Translation adjustment	33.854	0	33.854	24.587	0	**24.587**
Net result from available-for-sale financial assets	5.145	0	5.145	-12.643	0	-12.643
Effective portion of cash flow hedges	20.012	0	20.012	-50.849	0	-50.849
Share of other comprehensive income of UCB	**69.064**	**248**	**69.312**	**-34.385**	**-1.317**	**-35.702**

1 For a breakdown by equity heading, see the statement of changes in equity.

4.1.3. Fair value

31 December	2019	2018
Number of UCB shares	68.076.981	68.076.981
Share price UCB (€)	70,9	71,3
Fair value of the participating interest in UCB (€ 000)	**4.826.658**	**4.853.889**
Carrying value (€ 000)	2.751.238	2.481.939
Excess of fair value over carrying value	**2.075.420**	**2.371.950**

4.1.4. Concert

	Number of voting rights		% of voting rights	
31 December	2019	2018	2019	2018
Financière de Tubize	68.076.981	68.076.981	35,00	35,00
Total	**68.076.981**	**68.076.981**	**35,00**	**35,00**

4.1.5. Summarised financial information about UCB

Summarised statement of financial position

€ 000 000 31 December	2019	2018
Non-current assets	7.786	7.564
Current assets	3.295	2.950
Non-current liabilities	-1.678	-2.021
Current liabilities	-2.394	-2.238
Net assets	**7.009**	**6.255**
Non-controlling interests	-30	-54
Net assets attributable to UCB shareholders	**7.039**	**6.309**

Summarised statement of comprehensive income

€ 000 000	2019	2018
Revenu	4.913	4632
Profit from continuing operations	814	815
Profit from discontinued operations	2	8
Other comprehensive income	193	-102
Comprehensive income	**1.009**	**721**

Reconciliation of summarised financial information to carrying value

€ 000 000 31 December	2019	2018
Net assets attributable to UCB shareholders	7.039	6.309
Interest of the Company	36,1421%	36,0370%
Company's share of net assets of UCB	2.544	2.275
Goodwill on acquisition	207	207
Carrying value of participating interest in UCB	**2.751**	**2.482**

4.2. Financial instruments

4.2.1. Financial instruments by category

€000	Loans & Receivables		Liabilities at amortised cost		Derivatives	
31 December	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Prepayments	34	31				
Other receivables	30	102				
Cash & cash equivalents	462	1.529				
Bank borrowings			-86.561	-142.613		
Derivatives					-375	-889
Other creditors			-528	-536		
Total	**526**	**1.662**	**-87.089**	**-143.149**	**-375**	**-889**

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 2019 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 2019 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		**2019**	**2018**	**2019**	**2018**
Prepayments	-	34	31		31
Other receivables	2	30	102		102
Cash and cash equivalents	-	462	1.529		1.529
Bank borrowings	2	-86.561	-142.613	-86.561	-142.613
Derivatives	2	-375	-889	-375	-889
Other creditors	-	-528	-536	-528	-536

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 31st, 2019, 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 2019.

4.2.4. Prepayments

€000 31 December	**2019**	**2018**
Deferred charges		
Insurance premium	16	16
Insurance brokerage	2	2
Portal of the board of directors	13	13
Others	3	0
Total	**34**	**31**

4.2.5. Cash and cash equivalents

€000 31 December	**2019**	**2018**
Cash at bank	462	1.529
Short-term deposits		
Total	**462**	**1.529**

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	**Non-current**		**Current**		**Total**	
31 December	**2019**	**2018**	**2019**	**2018**	**2019**	**2017**
Floating rate borrowings	-34.000	-90.000	-52.500	-52.500	-86.500	-142.500
Accrued interest			-61	-113	-61	-113
Total	**-34.000**	**-90.000**	**-52.561**	**-52.613**	**-86.561**	**-142.613**

At 31st December 2019, the confirmed credit lines of € 100,5 million were utilised up to €86,5 million. The available margin on confirmed credit lines amounted to €14 million at 31st December 2019.
Floating rate borrowings range between 1-month fixed advances and 12-month fixed advances.

Change of outstanding debt throughout 2019

€ 000		Confirmed lines	Utilised			Available
			Floating	Fix	Total	
1/01/2019	Opening	157.000	-142.500	0	-142.500	14.500
15/02/2019	Fixed term reimbursement and closing	-27.500	27.500		27.500	0
15/05/2019	Roll-Over credit line advance reimbursement	-29.000	29.000		29.000	0
14/08/2019	New advance		-500		-500	-500
31/12/2019	**Closing**	**100.500**	**-86.500**	**0**	**-86.500**	**14.000**

After reducing the advances on rollover credit lines by € 27.5 million as of 15 February 2019 and € 29 million as of 15 May 2019, the confirmed credit lines as of 31 December 2019 amounted to € 100.5 million and were used up to € 86.5 million. The available margin on the confirmed lines amounted to € 14 million as at 31 December 2019.

Contractual maturities

€000	Floating	Total
30/06/2020	52.500	52.500
06/11/2021	48.000	48.000
	100.500	**100.500**

Contractual and non-contractual repayments of € 56.5 million during the period were financed by dividend income expected from UCB for the year 2019.

Collateral

The borrowings are collateralised through a pledge on 2,700,000 UCB shares as at 31 December 2019. The carrying value of these pledged shares amounts to € 68.137k.

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 150% of the outstanding debt, this ratio equals 183%.
- Borrowings may not exceed 30% of the fair value of the investment in UCB; as at 31 December 2019, this ratio amounted to 1.79%.
- The solvency ratio (equity versus balance sheet total on a BE GAAP basis) must exceed 70%; as at 31 December 2019, this ratio equals 93.32%.

Cash flow risk management

Most of the bank borrowings (€ 86,5 million as at 31 December 2019) 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 2018, partly covered by an interest rate swap with a notional value of € 5 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 in May 2019.

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	2019	2018
Interest expenses	-1.197	-2.369
Commitment fee	-66	-32
Net gains on derivatives (see 4.2.7.)	21	259
Other financial expenses	-10	-2
Total	**-1.252**	**-2.144**

Interest expenses on bank borrowings have moved from € 2,369k in 2018 to € 1,197k in 2019, reflecting the decrease of the average outstanding debt from € 157 million in 2018 to € 100.5 million in 2019. Thanks to continued favourable market conditions and an active debt management, the average borrowing cost remained stable in 2019 and approximates 1.12% (1.51% in 2018). Interest rates on floating rate borrowings as at December 31, 2019 range between 0.00% and 0.48%.

Commitment fees on the non-utilised part of confirmed credit lines amounted to € 66k in 2019 (€ 32k in 2018). The fee amounts to 0.28% at 31 December 2019.

4.2.7. Derivatives

€000	IRS designated as hedging instrument		IRS not designated as hedging instrument		Total IRS	
31 December	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Notional amounts	91.000	139.000	0	5.000	91.000	144.000
Full fair value	-375	-709	0	-180	-375	-889
Non-current	-95	-318			-95	-318
Current	-280	-391	0	-180	-280	-571
Accrued interest	-54	-74	0	-113	-54	-187
Payable	-54	-74	0	-113	-54	-187
Receivable						
Clean price	-321	-635	0	-67	-321	-702
Clean price, prior year end	-635		-67		-702	
Gain/loss(-) during the period, after taks	314		-67		381	
Reported in profit or loss	-46	0	67	0	21	0
Gain/loss(-) during the period Reclassification adjustment **Gain/loss(-) during the period** **Reclassification adjustment** Reclassification adjustment	-46		67		21	
Reported in other comprehensive income	360	0	0	0	360	0
Gain/loss(-) during the period Reclassification adjustment	360				360	

Swaps accounted for as hedging instruments – These are two interest rate swaps with a deferred start date as at October 2, 2017 for notional amounts of respectively € 54.5 million and € 36.5 million as at December 31, 2019. Hedge accounting is applied. The change in fair value of the swaps (€ 314k) is recorded in other comprehensive income, except for an amount of € -46k corresponding to the ineffective portion of the hedge.

Swap not accounted for as a hedging instrument – For the initial swap of € 55 million, hedge accounting has been discontinued as from January 1, 2015. As a result, all changes in the fair value of this swap were recorded in net income. This swap not designated as a hedging instrument expired in May 2019.

4.2.8. Other creditors

€000 31 December	**2019**	**2018**
Suppliers and invoices to receive	-110	-104
Non-collected dividends from prior years	-418	-432
Total	**-528**	**-536**

In 2016, 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.

4.3. Income taxes

4.3.1. Deferred tax assets and liabilities

€000	**Total**		**Recognised**		**Unrecognised**	
31 December	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Derivatives	94	176			94	176
Unused tax credits	35.411	34.814			35.411	34.814
Deferred tax assets	**35.505**	**34.990**	**0**	**0**	**35.505**	**34.990**

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. Relationship between tax expense and accounting profit

€000	2019	2018
Profit before taks	283.704	285.156
Theoretical income tax rate	29.58%	29,58%
Theoretical income taks	-83.920	-84.349
Reported income taks	0	0
Difference between theoretical and reported income tax	**-83.920**	**-84.349**
Dividends	-24.366	-23.762
Share of the profit of UCB	84.620	85.264
Tax exempt dividends*	23.660	22.770
Net profit on derivatives	6	77
Total effects of difference between theoretical and reported taks	**83.920**	**84.349**

*limited to the statutory profit of the Company

4.4. General and administrative expenses

€000	2019	2018
Directors' remuneration	358	341
Attendance fee	75	65
General manager remuneration	112	96
Statutory auditors' fee	16	12
Service providers	0	
Bookkeeping	72	84
Advise (legal, tax, social, financial, insurance)	215	73
Notary public	4	3
Paying agent	11	10
Contributions	0	
Euronext	49	51
Euroclear	15	15
FSMA	60	57
Others	3	3
Services	0	
Financial publicity	45	44
Insurance	33	33
Board portal	21	15
Training	1	
Miscellaneous (post, bank, office supplies, travel, ...)	31	29
Gift		20
Recovery of costs from previous years		
Total	**1.120**	**951**

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 2019, the number of subscribed shares still amounts to 44,512,598.

Within the framework of the autorization from the extraordinary general meeting (held on April 25th 2018), the Board of Directors of Financière de Tubize has acquired, on the 26th of November 2018, 36.000 own shares at a price of €59 per share, adding up to 0.081% of shares representing the firm's capital. The Board of Directors has deemed the acquisition of such shares, transaction that occurred outside of the regulated market, to be an interesting opportunity considering the offered price. The Board of Directors then decided, on the 14th of December 2018, to proceed to the cancellation of the 36.000 own shares the firm owned. The shares have been cancelled on January 30th 2019. Therefore, the firm does no longer own "own shares" and the amount of shares representing the firm's capital is reduced from 44,548,598 shares to 44,512,598.

4.6. Dividends

In respect of the accounting year 2019, a proposal to pay a gross dividend of € 0.62 per share, or a total amount of € 27.6 million, will be submitted for approval to the shareholders meeting of 22 April 2020. 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 2019 is represented by 44,512,598 shares, against 44,548,598 shares at 31 December 2018. The number of registered shares was 33,691,003 at 31 December 2019; 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 zero 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 2019 and 2018. 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 2019 can be summarised as follows:

	In concert		**Outside concert**		**Total**	
	Number	**%**	**Number**	**%**	**Number**	**%**
FEJ LLC	8.525.014	19,15%	1.988.800	4,47%	10.513.814	23,62%
Daniel Janssen	5.881.677	13,21%	0	0	5.881.677	13,21%
Altaï Invest SA	4.969.795	11,16%	26.468	0,06%	4.996.263	11,22%
Barnfin SA	3.903.835	8,77%	0	0	3.903.835	8,77%
Jean van Rijckevorsel	11.744	0,03%	0	0	11.744	0,03%
Total voting rights held by the concert	***23.292.065***	***52,33%***	***2.015.268***	***4,53%***	***25.307.333***	***56,85%***
Other shareholders			19.205.265	43,15%	19.205.265	43,15%
Total voting rights	**23.292.065**	**52,33%**	**21.220.533**	**47,67%**	**44.512.598**	**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 directors (11 directors and the general manager) amount to € 525k in total for the financial year 2019. The directors did not benefit from any other type of remuneration during the year 2019.

UCB

In 2019, the Company has received a dividend from UCB in relation to accounting year 2018 for a total amount of € 82,373k. There have been no other transactions with UCB during the year 2019.

Auditor

In 2019, the auditor fees amount to € 16k, to breakdown between the audit engagement (€ 15k) and the other missions (€ 1k).