

# Financière de Tubize

## Annual Financial report

### 31 December 2017

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FINANCIÈRE DE TUBIZE SA  
ALLÉE DE LA RECHERCHE 60, 1070 BRUSSELS (BELGIUM)  
COMPANY NUMBER: BE 0403 216 429  
[WWW.FINANCIERE-TUBIZE.BE](http://WWW.FINANCIERE-TUBIZE.BE)  
CONTACT : [ASPIJCKE@ICLOUD.COM](mailto:ASPIJCKE@ICLOUD.COM)

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

## **GOVERNANCE AND STATEMENT OF THE BOARD OF DIRECTORS**

### **Governance**

#### **Board of directors**

François Tesch	Chairman
Vauban NV represented by Gaëtan Hannecart	Member
Cyril Janssen	Member
Arnoud de Pret	Member
Charles-Antoine Janssen	Member
Nicolas Janssen	Member
Evelyn du Monceau	Member
Fiona de Hemptinne	Member
Cédric van Rijckevorsel	Member
Cynthia Favre d'Echallens	Member

#### **Honorary chairman**

Daniel Janssen

#### **Observer**

Marc Speeckaert

#### **Statutory auditor**

Mazars Réviseurs d'Entreprises SCRL  
represented by Xavier Doyen

#### **Day-to-day management**

Anne Sophie Pijcke

### **Statement of the directors**

We confirm that, to the best of our knowledge:

- The annual accounts and the EU-IFRS financial statements, prepared in accordance with the applicable financial reporting standards, give a true and fair view of the net assets, the financial position and the results of Financière de Tubize
- The report of the board of directors includes a fair review of the development of the business, the financial position and the results of Financière de Tubize, together with a description of the principal risks and uncertainties the Company faces.

Brussels, 21 February 2018

The board of directors

Cyril Janssen  
Member of the board of directors

Evelyn du Monceau  
Member of the board of directors

## **REPORT OF THE BOARD OF DIRECTORS**

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Ladies and Gentlemen,

In accordance with the legal and statutory requirements, we are honoured to report to you on the financial year 2017 and to account of our management of Financière de Tubize (the 'Company' or 'Tubize').

## **1. Briefing on the evolution of the business, the results and the financial position of the Company, as well as a description of main risks and uncertainties it is facing**

### 1.1. Activities and mission of the Company

**Tubize is the reference shareholder of UCB** - Tubize is a mono-holding company whose securities are traded on Euronext Brussels. The Company holds and manages a participating interest in UCB consisting of 68,076,981 shares issued by UCB, a biopharmaceutical company whose securities are also traded on Euronext Brussels. The participation of Tubize represents 35.00% of all shares issued by UCB. Furthermore, the Company was acting in concert with Schwarz Vermögensverwaltung GmbH & Co KG, that was holding, within the concert, 2,021,404 UCB shares, representing 1.04% of the total number of UCB shares. This concert has expired, the Company has received the confirmation from Schwarz Vermögensverwaltung GmbH & Co KG of the termination of the concert participation agreement on 19 January 2018.

**Creating long-term value** – The mission of Tubize is to create long-term value for its shareholders, by supporting, as a stable reference shareholder, the maximisation of UCB's potential and the sustainable growth of its industrial project. This long-term approach is particularly important to support research, development and commercialisation of products in a sector with very long cycles. Tubize is a committed investor. Its board of directors monitors, evaluates and influences, through its representatives in the board of directors of UCB, the significant strategic decisions, the performance and the risk profile of UCB. This strategy of primacy to the long term and to stability has been beneficial to the shareholders. During the periods of 3 and 5 years preceding 31 December 2017, the share price of Financière de Tubize has performed significantly better than the BEL-20 and the Euronext 100 indices.

#### ***Evolution of the share price***

	Periods preceding 31 December 2017	
	3 years	5 years
Financière de Tubize	+21%	+91%
BEL20	+21%	+58%
Euronext 100	+23%	+48%

### 1.2. Significant events that occurred during the financial year 2017

**Dividends** – Tubize has received the dividend from UCB in relation to financial year 2016 (€ 78,289k) and has paid to its shareholders its own dividend in relation to financial year 2016 (€ 23,165k).

**Debt** – Bank debt exposure has moved from € 241.0 million at 31 December 2016 to € 192.0 million at 31 December 2017, thus a decrease of € 49 million.

**Cash flow risk management** – A portion of the participation in UCB is financed by bank borrowings (€ 192 million at 31 December 2017). The entirety of these borrowings are short term floating rate drawings under a roll-over credit facility. This has allowed the Company to benefit from a low borrowing cost. To face the risk of possible future increases of interest rates, the Company hedges since October 2017 its entire floating rate debt. To that objective, the Company has concluded, in March 2016, two deferred start interest rate swaps which are effective since 2 October 2017, for notional amounts of € 82 million and € 57 million respectively, which will completely amortise by mid-May 2021. Both swaps have been designated as hedging instruments against the cash flow risk embedded in the underlying borrowings. Hedge effectiveness has been documented. Note 4.2.7. of the EU-IFRS 31 December 2017 financial statements provides further details about the accounting for the swaps.

**Bridge loan** – As a reminder, in November 2016, the Company concluded a new credit facility of € 36 million, utilisable during the period from 30 September 2017 through 15 May 2018 in order to cover the expected cash needs during this period.

### 1.3. Results

The profit moves from € 69,044k in 2016 to € 72,688k in 2017, thus an increase of € 3,644k or 5.28%.

The condensed profit or loss account looks as follows:

€ 000	2017	2016
Dividend from UCB	78,289	74,884
Financial income	0	303
Cost of borrowing	-4,613	-5,445
Other financial expenses	-46	-24
General expenses	-942	-674
<b>Profit before tax</b>	<b>72,688</b>	<b>69,044</b>
Income taxes	-	-
<b>Profit</b>	<b>72,688</b>	<b>69,044</b>

The dividend received from UCB in 2017 in relation to financial year 2016 amounts to € 78,289k (gross dividend of € 1.15 per share) against € 74,884k (€ 1.10 per share) for the prior year.

The cost of bank borrowings has moved from € 5,445k in 2016 to € 4,613k in 2017, thus a decrease of € 832k. This decrease is linked to the reduction of the average outstanding debt of 256 million in 2016 to 206 million in 2017. The average borrowing cost which had decreased between 2015 (3.65%) and 2016 (2.11%) thanks to favourable market conditions and active management of the debt, remains in 2017 at 2.18%. The Company has supported commitment fees more important in 2017 on the non-utilised part of confirmed credit lines.

Other financial expenses of 2017 include a provision of € 43k for the ineffectiveness of hedge accounting according to the Belgian accounting rules on the subject.

General expenses move from € 674k in 2016 to € 941k in 2017. This increase is mainly linked to an increase of the directors remuneration.

Following the application of the system of tax credits for dividends received in accordance with Belgian tax rules, no corporate income taxes are due. The objective of the tax credit system is to avoid multiple taxation of dividends received from companies; the profits distributed by the company that pays the dividend (UCB) are included in the taxable basis, whereas 95% (increased to 100% as from 1 January 2018) of the amounts of dividends received by the beneficiary company (Tubize) is deductible from the taxable basis.

### 1.4. Financial position

The condensed balance sheet at 31 December 2017 looks as follows:

€ 000	31/12/2017	31/12/2016
Participation in UCB	1,717,992	1,717,992
Current investments and cash at bank and in hand	1,452	662
Other assets	33	27
<b>Total assets</b>	<b>1,719,477</b>	<b>1,718,681</b>
Equity	1,501,402	1,452,770
Bank borrowings	192,000	241,000
Other liabilities	26,075	24,911
<b>Total equity and liabilities</b>	<b>1,719,477</b>	<b>1,718,681</b>

#### Participation in UCB

The participation in the capital of UCB is recorded at its acquisition value for an amount of € 1,717,992k. The share price of UCB quoted € 66.18 at 31 December 2017 (€ 60.91 at 31 December 2016) against an average acquisition value of € 25.24.

#### Equity

Equity moves from € 1,452,770k at 31 December 2016 to € 1,501,402k at 31 December 2017. This increase of € 48,632k stems from the profit of the year (€ 72,688k), partially compensated by the dividend payable in relation to the financial year (€ 24,056k).

The market capitalization of Tubize amounts to € 2,845,764k at 31 December 2017 (44,548,598 shares at € 63.88) against € 2,642,623k at 31 December 2016 (44,548,598 shares at € 59.32).

The solvency ratio (equity as a percentage of total assets) has increased from 84.53% at 31 December 2016, to 87.32% at 31 December 2017. The ratio is very strong and largely exceeds the minimum threshold of 70% that the Company has agreed with its banks.

### Bank borrowings

The outstanding bank debt has decreased from € 241,000k at 31 December 2016, to € 192,000k at 31 December 2017. The changes during the year 2017 in the confirmed lines and their utilisation are described in note 4.2.6 of the EU-IFRS financial statements.

The indebtedness ratio (outstanding bank debt as a percentage of the market value of the participation in UCB) has slightly decreased from 5.81% at 31 December 2016, to 4.26% at 31 December 2017. This ratio is still very low and largely under the maximum threshold of 30% agreed with the banks.

### 1.5. Dividend

In May 2017, the Company has received the dividend from UCB related to financial year 2016 (€ 78,289k) and paid its own dividend related to financial year 2016 (€ 23,165k).

Each year, when submitting the annual result appropriation for approval by the general meeting, the board of directors takes several elements into consideration. Key considerations impacting the amount of the dividend are the primacy of the long term, the dependency of the dividend of UCB, compliance with contractual debt reimbursements, compliance with bank covenants, and the desire of shareholders to benefit from a recurring remuneration. The board of directors proposes, for the financial year 2017, to distribute a gross dividend of € 0.54 per share, thus an increase of 4% compared to the preceding year. For this purpose, a total amount of € 24,056k has been recorded as a liability in the annual accounts as at 31 December 2017.

If the general meeting of 25 April 2018 approves the 2017 annual accounts and the proposed results appropriation, the dividend will be paid as from 4 May 2018 onwards at the offices, seats and branches of BNP Paribas Fortis, in exchange of coupon n° 13.

Coupon n° 13	Dates
Ex-coupon	2 May 2018
Record	3 May 2018
Payment	4 May 2018

### 1.6. EU-IFRS Financial statements

To provide a useful and complete set of information to the market, the Company prepares, in addition to the annual accounts 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 table below compares the BE GAAP net result to the EU-IFRS net result and other changes in equity.

€ 000	2017	2016
<b>Profit BE GAAP</b>	<b>72,687</b>	<b>69,044</b>
Elimination of received dividend from UCB	-78,289	-74,885
Share of the profit of UCB	272,233	187,423
Amortisation, after tax effect, of 2009 debt restructuring costs	-259	-859
Changes in deferred taxes on non-distributed reserves of UCB SA	19,464	364
Ineffectiveness hedge accounting	29	13
Reclassification adjustments, after tax effect, related to derivatives	-553	-1,076
Re-measurement of fair value of derivatives	850	1,162
Other	-228	-
<b>Profit EU-IFRS</b>	<b>285,934</b>	<b>181,186</b>
Cash flow hedge	1,030	-839
Reclassification adjustments, after tax effect, related to derivatives	553	1,076
Share of other comprehensive income of UCB	-88,661	-51,990
<b>Comprehensive income EU-IFRS</b>	<b>198,856</b>	<b>129,433</b>
Paid dividend	-23,165	-22,274
Repurchase of own shares	-	-
Share of the other changes of net assets of UCB <sup>1</sup>	-22,560	-92,618
Impact of changes in the percentage of the participation in UCB	4,991	-4,300
<b>Changes in EU-IFRS equity</b>	<b>158,120</b>	<b>10,241</b>
EU-IFRS equity beginning of the period	1,957,555	1,947,314
EU-IFRS equity end of period	2,115,675	1,957,555
<b>Changes in EU-IFRS equity</b>	<b>158,120</b>	<b>10,241</b>

<sup>1</sup> v. See the statement of changes in equity for a breakdown by category of equity.

## 1.7. Key figures for 5 year

	2017	2016	2015	2014	2013
<b>Participation in UCB at 31/12</b>					
Number of UCB shares held by Tubize	68,076,981	68,076,981	68,076,981	66,370,000	66,370,000
% of total shares issued by UCB	35.00	35.00	35.00	34.12	36.18
Acquisition value (€ 000)	1,717,992	1,717,992	1,717,992	1,580,240	1,580,240
Equity method value (€ 000)	2,309,844	2,222,130	2,258,543	1,835,036	1,749,576
Fair value (€ 000)	4,505,335	4,146,569	5,666,047	4,194,584	3,593,272
<b>Total assets at 31/12 (€ 000)</b>					
BE GAAP	1,719,477	1,718,681	1,718,604	1,580,628	1,580,745
EU-IFRS	2,311,329	2,222,819	2,259,155	1,835,424	1,746,424
<b>Equity at 31/12 (€ 000)</b>					
BE GAAP	1,501,402	1,452,770	1,406,892	1,369,456	1,331,135
EU-IFRS	2,115,676	1,957,555	1,947,314	1,621,876	1,496,850
<b>Bank borrowings at 31/12 (€ 000)</b>	192,000	241,000	286,328	187,000	226,000
<b>Balance sheet structure at 31/12 (%)</b>					
Solvency <sup>2</sup>	87.32	84.53	81.86	86.64	84.21
Indebtedness <sup>3</sup>	4.26	5.81	5.05	4.46	6.29
<b>Profit (€ 000)</b>					
BE GAAP	72,688	69,044	63,116	59,733	56,683
EU-IFRS	285,934	181,186	212,526	60,845	61,706
<b>Gross dividend per share (€)</b>	0.54	0.52	0.50	0.48	0.48
<b>Share price(€)</b>					
Minimum	55.43	50.58	49.00	45.75	31.80
Maximum	71.35	68.00	70.70	63.00	47.59
Au 31/12	63.88	59.32	68.03	52.59	47.10
<b>Number of shares</b>	44,548,598	44,548,598	44,548,598	44,608,831	44,608,831
<b>Market capitalisation at 31/12 (€ 000)</b>	2,845,764	2,642,623	3,030,641	2,345,978	2,101,076
<b>Daily average volume at Euronext Brussels (number of shares)</b>	7,121	7,625	12,231	11,716	10,344

## 1.8. Main risks and uncertainties

**Concentration risk** - Tubize's sole asset consisting of a participation in UCB, the main risk factors and uncertainties the Company is facing are similar to those of UCB. The board of Tubize is informed about these risks and the management thereof via its representatives in the board of directors and the audit committee of UCB.

**Price risk** - Tubize is exposed to the market risk related to the evolution of the UCB share price. Even though elements of market imperfection might affect the share price, the board is confident that the evolution of the share price over a sufficiently long time horizon is a reliable indicator of the performance of the UCB group and its long-term development.

**Cash flow risk** - Tubize is exposed to cash flow risk from floating rate bank borrowings. The Company can make use of interest rate swaps (including deferred start interest rate swaps) to cover (part of) its exposure to this risk, if such hedging would be appropriate in light of the results of the periodic reviews of the developments on the interest rate markets.

**Liquidity risk** - Tubize is exposed to liquidity risk, in particular the risk that the Company might have difficulties in satisfying its obligations under the bank debt agreements. The board considers that the expected flux of dividends from UCB will allow the Company to satisfy the committed reimbursements on the existing borrowings.

**Refinancing risk** - This risk occurs when Tubize would not be able to ensure the necessary funding at reasonable conditions to reimburse existing debt. The solvency and indebtedness ratios are calculated twice a year; they are well within the limits agreed with the banks. The financial conditions of the bank borrowings depend on the interest rate markets and on the assessment of the credit risk of UCB (the Company has pledged UCB shares in favour of the banks). The Company closely monitors these two variables.

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

<sup>2</sup> Equity as a percentage of total assets (in BE GAAP)

<sup>3</sup> Outstanding bank debts as a percentage of the market value of the participation in UCB

**Operational risk** – This risk stems from inadequate or failing internal processes and systems, human errors, or external events. The Company has established detailed accounting and IT controls for each significant process. The Company has no personnel. The responsibility of directors and officers is covered by insurance.

**Legal risk** – This type of risk is linked to the evolution of the law, which may result in some legal uncertainty or interpretation difficulties. The board relies regularly on legal advice from an external law firm.

**Compliance risk** – This risk stems from non-compliance with applicable laws and regulations. The board relies regularly on external expert advice related to legal, tax and financial matters. The Company has adopted a Dealing Code that establishes detailed conduct of business rules to avoid insider trading; these rules impose certain prohibitions as well as preventive measures. The Company has established a conflict of interest policy based on strict ethical rules and a rigorous compliance of all legal and regulatory requirements applicable to the subject.

**Reputational risk** – To avoid damage to its image or reputation, the Company has established a corporate governance system based on proactive risk management, listening to all stakeholders, and transparent communication of significant issues.

## **2. Post balance sheet events**

No significant events, specific to Financière de Tubize, have occurred subsequent to the closing of the accounting year.

## **3. Circumstances that might have a notable influence on the development of the Company**

Future results of the Company will depend on (i) the dividend per share distributed by UCB, (ii) the number of UCB shares held, and (iii) the cost of the bank borrowings. The EU-IFRS results will, given the equity accounting of UCB, depend on the UCB outlook, which is commented in the UCB annual report.

## **4. Research and development**

The Company has not pursued any activities in the field of research and development.

The activities of UCB are described in its own board report.

## **5. Branches**

The Company has no branches.

## **6. Justification of the application of the valuation rules in going concern**

This clause solely applies when the balance sheet shows losses carried forward or the income statement shows a loss for the year during two consecutive years. The Company is not in such position.

## **7. Other information by virtue of the Company Code**

**Article 523, §1 and §3** – During the accounting year 2017, no instances have occurred whereby a director or the general manager had a patrimonial interest opposite to a decision or transaction within the authority of the board of directors or the general manager.

**Article 524, §1, 2, 3 and 5** - During the accounting year 2017, no decisions or transactions have taken place that are in scope of this article that deals with conflicts of interest in the relationship with certain affiliated entities.

**Article 524, §7** – This clause about substantial limitations or charges imposed by the parent company does not apply, as the Company has no parent.

**Article 608** - This clause about the utilisation of authorised capital does not apply, as the Company has no authorised capital.

**Articles 624 and 630** – The Company does not hold own shares. Furthermore, the Company has not pledged its own shares.

## **8. Financial instruments**

The main financial instruments to which the Company is a party, are bank borrowings and interest rate swaps, including swaps with deferred start. All the relevant information concerning these instruments is included in the notes 4.2.6 et 4.2.7 of the EU-IFRS financial statements.



The Company's exposure to financial risks and its objectives and policies to manage these risks are described in section 1.8 of this report and in note 4.2.2 of the EU-IFRS financial statements.

## **9. Independence and competence with respect to accounting and auditing of at least one member of the audit committee**

Based on the exemption set out in article 526bis §3 of the Company Code, the functions assigned to the audit committee are exercised by the board of directors in its entirety. The chairman of the board of directors, François Tesch, is an independent director as defined in article 526ter of the Company Code and Appendix A of the 2009 Belgian Code on Corporate Governance. He is competent with respect to accounting and auditing matters.

## **10. Corporate governance statement**

### **10.1. reference Code**

Tubize adopts the 2009 Belgian Code on Corporate Governance (the 'Code') as reference Code. This Code can be consulted on the website [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be). The Company does not apply corporate governance practices other than those required by the Code and the law.

The Corporate Governance Charter of Tubize is published on the website [www.financiere-tubize.be](http://www.financiere-tubize.be). It presents the implementation by Tubize of the recommendations of the Code, taking into account the specificities of the Company, and according to the 'comply or explain' principle.

### **10.2. Departures from the Code**

Given the simplicity of its operating structure and the fact that the Company has only one asset, namely its 35% participation in UCB, certain rules of the Code do not appear to be appropriate. It concerns the following items:

- The Code stipulates that minimum three members of the board of directors are independent according to the criteria set out in Appendix A to the Code. At present, the board of Tubize has two independent directors.
- The Board has not established any specialised committees (audit committee, appointment or remuneration committee). Under articles 526bis, §3 and 526quater, §4, the Company is exempt from the obligation to establish an audit committee and a remuneration committee. The functions assigned to those committees are exercised by the board in its entirety. For the same reasons of size, structure and simplicity of operations, the board is of opinion that the same practice can also be applied with respect to the appointment committee.

### **10.3. Main characteristics of the internal control and risk management systems**

The board of directors has implemented a process and a set of procedures, designed to provide reasonable assurance regarding the achievement of strategic objectives (Strategic), effectiveness and efficiency of operations (Operations), compliance with laws and regulations (Compliance), and the integrity and reliability of financial information (Reporting). Once a year the board, in its capacity of audit committee, evaluates this system of internal control.

The system of internal control is tailored to the limited activities of the Company and its simple operating structure. The internal control measures are selected on the basis of the pertinent legal requirements, the principles of the 2009 Belgian Code on corporate governance, the guidelines of the Corporate Governance Commission and the five internal control components developed within the international reference framework COSO (2013).

#### ***Five components of internal control***

Control environment	Integrity and ethical values; tone at the top supporting internal control; a transparent organisational structure with a clear assignment of authority and responsibility
Risk assessment	Identifying and assessing risks to the achievement of the Company's SOCR objectives
Control activities	Establishing policies and procedures to mitigate these risks
Information and communication	Implementation of information and communication systems to support and monitor the achievement of the objectives
Monitoring	Monitoring and regular evaluation of the implemented measures

In the description of its procedures of internal control and risk management, the Company distinguishes general procedures, specific procedures regarding risk management and specific procedures regarding the process of financial reporting.

## General procedures

Integrity and ethical values are fundamental in conducting business. They are embedded in the organisation through several standards and procedures (corporate governance, remuneration policy, dealing code, conflict of interests, social responsibility, gender diversity, ...).

The mission, the objectives and the strategy of the Company are clearly defined.

A clear governance structure, based on the requirements of the Company Code and the principles of the 2009 Belgian Code on corporate governance, has been implemented and described in the articles of association and the corporate governance charter. The effective and efficient functioning of the board of directors is supported by (i) a set of internal regulations specifying the responsibilities of the board and the directors, the composition of the board, the nomination of the directors, the remuneration of the directors, and the general principles of the organisation and functioning of the board, (ii) an annual cycle of agenda items for the board meetings, (iii) a dedicated procedure for the training of the directors, and (iv) detailed profiles for the functions of (independent) director and general manager. The general manager is responsible for the day-to-day management, the secretariat of the board of directors and the general meeting, and the function of compliance officer.

Responsibilities are clearly defined based on a segregation between the responsibilities of the board of directors and those of the general manager, and detailed rules with respect to signature authorities, special authorities and representation of the Company.

A set of internal procedures ensures compliance with legal and regulatory requirements and best practices.

In the annual budget approved by the board of directors, the cost of the resources to deploy a system of internal control are taken into account as an essential component of the run cost of the Company.

Security measures are implemented to ensure the continuity and the reliability of electronic information systems; the data bases of the day-to-day management are backed up on an hourly basis. The data is encrypted locally during the transfer to the server (SSL-1024) and can not be read without a decrypting key (AES-256). The data is stored-encrypt on the server (AES-256). Moreover, the physical protection of datacenters is ensured according to the standards state of art against fire, intrusions and water damage...

External information flows via the website and internal information flows via the portal of the board of directors, are, with the support of specialised external organisations, set up in conformity with international standards of security and confidentiality (strictly coded access to the production environment, secured hosting sites and systems, ...). Compliance with these standards is confirmed by external audits and by vulnerability analyses and intrusion tests by external organisations.

Concerning the follow up of its participation in UCB – its sole asset – Tubize positions itself as a committed investor. Its board of directors monitors, evaluates and influences, via its representatives on the board of directors of UCB, the significant strategic decisions, the performance and the risk profile of UCB.

The parameters for managing own funds and debt as well as compliance with financial covenants are strictly adhered to.

## Specific procedures regarding risk management

The section 1.8. of the present report shows the risks to which the Company may be exposed and the way to manage these risks.

## Specific procedures regarding the financial reporting process

The content of the financial information is clearly defined. The annual financial report consists of (i) the annual accounts prepared in accordance with the legal and regulatory requirements applicable in Belgium (BE GAAP), (ii) the accounts prepared in accordance with the international financial reporting standards adopted by the European Union (EU-IFRS), (iii) the report of the board of directors, and (iv) a statement of the board of directors on the true and fair view of the annual accounts and the EU-IFRS accounts and on the fair review of the board report. The half-year financial report consists of (i) the condensed interim BE GAAP accounts, (ii) the condensed interim accounts in accordance with IAS 34 on interim financial reporting, (iii) the interim report of the board of directors, and (iv) a statement of the board of directors on the true and fair view of the condensed interim accounts.

The bookkeeping is held by an external accountant accredited by the IEC, who uses a detailed procedures manual to ensure ongoing compliance with the legal and regulatory requirements related to bookkeeping of enterprises (Economic Code, Book III, Title 3, Chapter 2 and executory royal decrees as well as the related advices of the *Commission des normes comptables*). The accounting software used is Exact Online. The bookkeeping data processed in this software are safeguarded on professional certified servers. Moreover, most of the documents in possession of the accountant are digitalized and are safeguarded on certified

servers of a professional host of which the reliability of its internal control system has been confirmed by an audit. A rigorous system has been put in place to back-up the data on the server.

The BE GAAP annual accounts are prepared by an accountant mandated by the general manager on the basis of the model made available by the Central Balance Sheet Office. The annual accounts are prepared on the basis of the balance of accounts and based on non-accounting information necessary to complete the notes to the annual accounts. After their approval by the shareholders during the annual general meeting, the annual accounts are filed in XBRL format via SOFISTA at the Central Balance Sheet Office. This application contains consistency checks.

In accordance with standard equity accounting practiced by UCB, the EU-IFRS accounts are established by an accountant mandated by the general manager. IFRS adjustments and equity method are managed using the software SIGMA. Concerning the notes, the accountant relies on disclosure checklists of audit firms. The EU-IFRS accounts are influenced by the results of UCB. The latter has adopted a formal procedure of internal control over the process of financial reporting, called the "Transparency Directive Procedure" (for more information on this procedure, see the board report of UCB). The board of Tubize monitors this procedure via its representatives in the board of directors and the audit committee of UCB.

Apart from the organizational measures, there are specific procedures such as analytical review by the general manager/accountant of the account balance, the preparation of a closing file with detailed justification of balances, the reconciliation of accounts with external counterparties, the use of disclosure checklists to ensure compliance with accounting standards, the follow-up if the Commissioner's recommendations, etc.

## **10.4. Transparency information**

### **10.4.1. Shareholder structure**

The shareholders structure of Tubize as it results from (i) notifications received by the Company in accordance with the law of 2 May 2007 concerning the publication of significant participations, and (ii) notifications executed in accordance with the market abuse regulation by the leaders of the Company or by persons closely related to them, and taken into account the breakdown of the voting rights between those held in concert and those held outside concert, can be presented as follows at 31 December 2017:

	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%
<b>Total voting rights held by the concert</b>	<b>23,292,065</b>	<b>52.29%</b>	<b>2,015,268</b>	<b>4.52%</b>	<b>25,307,303</b>	<b>56.81%</b>
Other shareholders	-	-	19,241,265	43.19%	19,241,265	43.19%
<b>Total voting rights</b>	<b>23,292,065</b>	<b>52.29%</b>	<b>21,256,533</b>	<b>47.71%</b>	<b>44,548,598</b>	<b>100.00%</b>

SPRL Financière Eric Janssen, Daniel Janssen, SA Altai Invest (controlled by Evelyn du Monceau), Barnfin (controlled by Bridget van Rijckevorsel) and Jean van Rijckevorsel act in concert. For a description of the terms of the concert, see section 10.4.7. here after.

### **10.4.2. Structure of the capital**

The share capital of the Company is fixed at € 235,000,000 and is represented by 44,548,598 ordinary shares. Each share gives the same rights to dividends and entitlement to one vote at the general shareholders meeting.

### **10.4.3. Restrictions to the transfer of shares**

No restrictions apply to the transfer of shares other than those imposed by law or those that might result from shareholders agreements (see section 10.4.7.).

### **10.4.4. Special control rights**

There are no instruments with special control rights.

#### 10.4.5. Control mechanisms in a system of shareholdings by the personnel

No system of shareholdings by the personnel is in place.

#### 10.4.6. Restrictions to the exercise of voting rights

There are no restrictions, other than legal, to the exercise of voting rights.

To attend or be represented at the general meeting and exercise her/his voting right, a shareholder must have carried out the accounting registration of his/her shares no later than the fourteenth day before the general meeting at midnight Belgian time (being Wednesday 11 April 2018, the "Registration Date"), either by registering them in the Company's register of nominative shares, or by registering them in the accounts of a licensed account holder or a settlement institution, the number of shares held on the day of the meeting being disregarded.

The shareholder must also inform the Company of her/his desire to attend the general meeting. A holder of nominative shares should send to the Company the signed original of the attendance notice, this form being appended to the convening notice. A holder of dematerialized shares should send to the Company an attestation, issued by the licensed account holder or by the settlement institution, certifying the number of shares that are registered in the accounts of the account holder or settlement institution on the name of the shareholder at the Registration Date and for which the shareholder has declared he/she wants to participate in the general meeting. The attendance notice or the attestation should reach the Company, at its registered seat, no later than six days before the date of the general meeting (being Thursday 19 April 2018 for the ordinary general meeting of 2018).

#### 10.4.7. Agreements between shareholders

The shareholders identified in section 10.4.1. above, 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 Tubize, and try, to the extent possible, to reach a consensus. They ensure that they are properly represented in 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.

#### 10.4.8. Rules applicable to the appointment and replacement of members of the board of directors

The board of directors submits to the general shareholders meeting the appointments or renewals of directorships that it proposes. The shareholders may also propose candidates.

Proposals for appointment shall specify the term proposed for the mandate and indicate the useful information on the professional qualifications of the candidate, as well as a list of functions that the proposed director already exercises.

The general shareholders meeting decides on the proposals by a majority of the votes cast.

Directors are appointed by the general shareholders meeting for a term of 4 years. They are re-eligible. The expiring mandates come to an end after the ordinary general shareholders meeting, which has not renewed them.

In the event of a vacancy on the board, the directors may fill the vacancy temporarily. The general shareholders meeting will at its next meeting conduct a definitive election.

An age limit has been set at the date of the ordinary general meeting following the seventy-fifth anniversary of a member. In such a case, the person concerned resigns from his/her mandate.

#### 10.4.9. Rules applicable to the modification of the articles of association

Only the general meeting of shareholders can amend the articles of association.

The general meeting can only deliberate on amendments of the articles of association if the purpose of the proposed amendments is explicitly mentioned in the convening notice and if those who attend the meeting

represent at least half of the capital. If the latter condition is not met, a new meeting can validly deliberate irrespective of the portion of capital represented.

An amendment requires a 3/4<sup>th</sup> majority of the votes, except in those cases where the law requires stricter majority rules.

#### 10.4.10. Powers of the board of directors

The board of directors is the management body of the Company.

It is competent to decide on all matters that the law or the articles of association do not expressly entrust to the general shareholders meeting.

It is responsible for the general strategy of the Company and the implementation thereof.

Within the context of its mission, the tasks of the board of directors include but are not limited to:

- Defining the strategic objectives and implementing structures enabling their achievement
- Establishing the accounts and proposing the appropriation of the result
- Approving investments
- Ensuring the timely publication of the financial statements and other significant financial or non-financial information communicated to the shareholders and to the general public
- Ensuring that all human, IT and financial resources are in place to enable the Company to achieve its objectives
- Implement a system of internal control and risk management
- Assess the performance of the general manager
- Supervise the work of the statutory auditor.

The board of directors allocates adequate resources to exercise its functions.

The board is jointly responsible towards the Company for the good execution of its authorities.

The general shareholders meeting of 24 April 2013 has authorised the board of directors to acquire shares of the Company, under the conditions set out in the law, for a period of five years from the said general meeting. The par value of the purchased shares may not exceed 20% of the subscribed capital. The acquisitions can be realised at a price between € 1 and € 200. The renewal of this authorization, under the same conditions, is proposed to the general meeting of shareholders of this 25 April 2018. Moreover, the general shareholders meeting of 27 April 2016 has authorised the board of directors, for a period of three years from the date of the publication of the amendment of the articles of association by the before mentioned general meeting, to acquire shares of the Company in order to avoid a serious and imminent damage to the Company.

#### 10.4.11. Significant agreements that might be impacted by a takeover bid

The Company is a party to a credit agreement with KBC Bank SA. The conditions governing this agreement include a clause that confers the right to KBC Bank SA to terminate or suspend, entirely or partly, the credit facility of € 82 million, and all its forms of utilisation, for the utilised part as well as for the non-utilised part, without formal notice or prior judicial recourse, with immediate effect at the date of sending the letter notifying the termination or the suspension, all this in case of substantial modifications of the Company's shareholder structure which might have an impact on the composition of the management bodies or on the overall risk assessment by the bank.

The Company is a party to two credit agreements with BNP Paribas Fortis SA. The conditions governing these agreements include a clause conferring the right to BNP Paribas Fortis SA to suspend or terminate, with immediate effect and without formal notice, entirely or partly, the credit facilities of respectively € 75 million and € 36 million, or one of its forms of utilisation, for the utilised part as well as for the non-utilised part, all this in case of substantial modifications of Tubize shareholders structure which might have an impact on the composition of the governing bodies (as well as on the persons responsible for the day-to-day management) or on the overall risk assessment by the bank.

The Company is a party to three interest rate swap transactions with KBC Bank SA. The conditions governing these transactions include a clause that confers the right to KBC Bank SA to terminate – in case of a Credit Event Upon Merger (Section 5(b)(v) of the 2002 ISDA Master Agreement) and in accordance with the requirements of Section 6(b) of the 2002 ISDA Master Agreement (Right to Terminate Following Termination Event) – the three interest rate swap transactions with outstanding notional amounts at 31 December 2017 of respectively € 55 million, € 82 million and € 57 million.

#### 10.4.12. Indemnities in case of a takeover bid

There are no agreements between the Company and its directors or officers that would, as a result of a takeover bid, trigger indemnities to directors or officers resigning or being forced to quit their functions without any valid reason. The Company has no personnel.

### 10.5. Composition and functioning

#### 10.5.1. Composition

The general shareholders meeting fixes the number of directors. According to the articles of association, the board of directors consists of at least three members.

Today the board consists of ten members (eight representatives of the reference shareholders and two independent directors).

	<b>Function</b>	<b>Independent<sup>4</sup></b>	<b>Executive<sup>5</sup></b>	<b>Mandate<sup>6</sup></b>
François Tesch	Chairman	Yes	No	2016-20
NV Vauban represented by Gaëtan Hannecart	Member	Yes	No	2017-21
Arnaud de Prêt	Member	No	No	2014-18
Cyril Janssen	Member	No	No	2015-19
Charles-Antoine Janssen	Member	No	No	2015-19
Nicolas Janssen	Member	No	No	2014-18
Evelyn du Monceau	Member	No	No	2015-19
Fiona de Hemptinne	Member	No	No	2014-18
Cédric van Rijckevorsel	Member	No	No	2017-21
Cynthia Favre d'Echallens	Member	No	No	2014-18

At the ordinary general meeting of this 25 April 2018, the mandate of Arnaud de Prêt expires. He has indicated that he will not apply for the renewal of his mandate from that date onwards.

Propositions will be made at the same ordinary general meeting to appoint Marc Speeckaert as new member of the board and to renew the mandate of Fiona de Hemptinne, Cynthia Favre d'Echallens and Nicolas Janssen. These four mandates will have a 4 years duration and will expire at the ordinary general meeting of 2022.

#### 10.5.2. Functioning

The board of directors appoints a chairman from among its members. The chairman coordinates the activities of the board and ensures its proper functioning. He ensures in particular that the best practices of corporate governance apply to the relations between the shareholders, the board of directors and the general manager responsible for the day-to-day management.

The role of company secretary is entrusted to the general manager. The company secretary ensures, under the leadership of the chairman, good information flow within the board of directors. He facilitates the training of board members. Directors can individually call upon the secretary. The company secretary regularly reports to the board, under the leadership of the chairman, on how board procedures, rules and regulations are complied with.

The board of directors meets when it is convened by the chairman or by the director replacing him, as often as the interests of the Company so require. It must in addition be convened when at least two directors so request. Convening is done by a written invitation to each of the directors, eight days before the meeting, except in case of urgency, and including the agenda. The board of directors can validly meet without convening if all directors are present or represented and have agreed on the agenda.

<sup>4</sup> Independent according to article 526ter of the Company Code and Appendix A of the 2009 Belgian Code on Corporate Governance ; the non-independent directors are representatives of the reference shareholders

<sup>5</sup> Executive according to article 526bis §3 of the Company Code

<sup>6</sup> Years of the ordinary shareholders meetings that indicate beginning and end of the mandate

The board of directors meets at least three times a year. In 2017 the board has met five times. The individual attendance rates of the directors is summarized in the table hereafter:

Name	Attendance
François Tesch	80%
NV Vauban represented by Gaëtan Hannecart	80%
Arnoud de Prêt	100%
Cyril Janssen	100%
Charles-Antoine Janssen	100%
Nicolas Janssen	100%
Evelyn du Monceau	100%
Fiona de Hemptinne	100%
Cédric van Rijckevorsel	100%
Cynthia Favre d'Echallens	80%

Amongst the key agenda items of the board meetings during the accounting year 2017, one could mention: the follow up on the performance of UCB, the financial reports (31 December 2016 et 30 June 2017), the preparation of the ordinary general meeting of 2017, the 2018 budget, several aspects of the functioning of the board (search of a new independent director, valuation, training), the search of a new general manager and the management of own funds and bank debt.

The chairman of the board of directors draws up the agenda of the meetings. He ensures that the directors receive, prior to the meetings and in good time, the same precise and detailed information.

The meetings of the board of directors are chaired by the chairman or by the director replacing him.

The board may validly decide only if half of the members are present or represented. The quorum of presence is calculated on the basis of the number of directors taking part in the voting, without taking into account those who should withdraw from the deliberation pursuant to the Company Code.

Each director may, by simple letter or proxy, delegate another board member the power to represent him/her. However, no director may have more than two votes, including her/his own vote.

Resolutions are adopted by a majority of votes. In the event of a tie, the chairman of the meeting has the casting vote.

In cases where it is permitted by law, which must remain exceptional and must be duly justified by urgency and the interests of the Company, decisions of the board of directors may be taken by the unanimous written consent of the directors.

The deliberations of the board of directors are documented in minutes that are kept in a special register at the seat of the Company. These minutes are signed by at least the majority of the members who have taken part in the deliberations.

During the accounting year 2017, there have been no transactions or contractual relationships between, on the one hand, the directors and/or the general manager and, on the other hand the Company, other than those in their capacity of director or of general manager of Tubize.

The board assesses regularly if its functioning is effective. Next evaluation will take place in 2018.

## **10.6. Diversity Policy**

Since the Company has a very simple structure and has no staff so it put in place a diversity policy which essentially concerns the composition of its board of directors. This policy implies that several elements be taken into account, such as the compliance with legal requirements and the Code, but also the reference shareholders representation, the complementarity of expertise and skills, the diversity of functions, the age, the transition from one generation to another, the gender, the independence, the motivation, the personal qualities, the availability, etc.

Article 518bis §1 of the Company Code requires minimum one third of the board members to have a gender that is different from that of the other members. The required minimum number is rounded to the nearest whole number. Because its free float is less than 50%, this legal requirement will come into effect only as from the accounting year 2019. The current composition of the board with 7 male and 3 female members already complies with the legal requirement.

Furthermore, in 2017, as part of the implementation of its diversity policy, the board appointed a new general manager in charge of the day-to-day management of the company. Marc Van Steenvoort's mandate as general manager has expired on 1 July 2017 and he has thus been replaced by the company Other Look SPRL whose head office is Chaussée de Tervuren, 111 at 1160 Auderghem and that is represented by its manager Anne Sophie Pijcke.

Finally, Tubize company holding a stable stake in UCB participates in the Diversity Policy of UCB's board of directors.

## **10.7. Remuneration report**

### **10.7.1. Responsibilities**

In accordance with article 526quater, §4 of the Company Code, Tubize is exempt from the obligation to establish a remuneration committee. The functions assigned to the remuneration committee are exercised by the board of directors in its entirety. The board determines the remuneration policy for the directors and for the executive responsible for the day-to-day management ('general manager'), as well as their individual remuneration.

### **10.7.2. Policy**

Until 2016 included, the remuneration of the directors solely consisted of fixed fees. The ordinary general meeting of 26 April 2017 has fixed the remuneration to € 30,000 per year and per person and has also granted an attendance fee of € 1,000 per meeting. The fixed fee of the chairman of the board of directors is twice the fee of a director. He receives the same attendance fee as a director.

The services agreement between the Company and the general manager provides for a remuneration based on the number of hours performed.

### **10.7.3. Remuneration and other benefits granted to non-executive directors**

The fixed fee for the directors amounted to € 10,000 per person for the accounting year 2016. The fixed fee for the chairman of the board of directors amounted to € 20,000.

The general meeting of shareholders of 26 April 2017 has fixed, as from accounting year 2017, the fee of the directors at € 30,000 per person per year and the fee of the chairman of the board of directors at € 60,000 per year. These amounts are exclusive of possible VAT and employer social security contributions, which will be borne by Tubize. A comparative analysis of the remunerations of non-executive directors of Belgian listed companies has demonstrated that the remunerations attributed by Tubize were significantly below the median of the remunerations applied by the Belgian listed companies of the BEL Small segment. The remunerations of Tubize were no longer aligned with the ever more demanding requirements of good governance and the ongoing professionalization of the director's function. It was therefore necessary to increase the remunerations to be able to continue to recruit high profile candidates.

The general shareholders meeting of 26 April 2017 has also attributed, as from accounting year 2017, an attendance fee of € 1,000 per person for each meeting of the board attended by the directors, including the chairman of the board of directors.

### **10.7.4. Remuneration of executives in their capacity of director**

The general manager is the only executive of the Company. He is not a member of the board of directors.

### **10.7.5. Performance related remuneration of the general manager**

The general manager does not receive any remuneration that is linked to the performance of Tubize.

### **10.7.6. Breakdown of the remuneration and other benefits granted to the general manager**

The mandate of general manager exercised by Marc Van steenvoort (MVS) has expired on 1 July 2017, date on which he has been replaced by the company Other Look SPRL (Ol2EF) whose head office is Chaussée de Tervuren, 111 in 1160 Auderghem represented by its manager Anne Sophie Pijcke (ASP).

The management fees granted to MVS for accounting year 2017 amount to € 90,334.76 (exclusive VAT), of which an amount of € 9,378.25 (exclusive VAT) has been paid by MVS for subcontracted bookkeeping services. For the sake of completeness, it should be noted that consulting fees were granted to MVS for the second half-year 2017. These fees are related to services ensuring the transition between the two general managers and amount to € 7,832 (exclusive VAT).

The management fees granted to Ol2EF for accounting year 2017 amount to € 44,950 (exclusive VAT).

### **10.7.7. Breakdown of the remuneration and other benefits granted to other executives**

As the general manager is the only executive of the Company, this information is not applicable.



#### 10.7.8. Shares granted to the general manager

The general manager does not receive shares, share options or any other rights to acquire shares of Tubize.

#### 10.7.9. Severance pay clauses with respect to the general manager

The service agreement between the Company and the general manager, foresee that everyone could end it by notifying to the one a prior notice of 3 months beginning on 3 days after the notification date of the prior notice by registered letter. No other severance pay has been foreseen in this agreement.

#### 10.7.10. Severance pay to the general manager

No severance pay has been granted during the accounting year 2017.

#### 10.7.11. Recovery of variable remuneration granted to the general manager based on erroneous financial information

This section is not applicable, as the remuneration of the general manager does not contain variable components.

Brussels, 21 February 2018

The board of directors

Cyril Janssen  
Member of the board of directors

Evelyn du Monceau  
Member of the board of directors

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*The 31 December 2017 annual accounts of Financière de Tubize have been established by a resolution of the board of directors of 21 February 2018 and will be submitted for approval by the general shareholders meeting of 25 April 2018*

40				1	EUR	
NAT.	Filing date	Nr.	P.	U.	D.	F 1

**ANNUAL ACCOUNTS AND OTHER DOCUMENTS TO BE FILED UNDER  
BELGIAN COMPANY LAW**

**IDENTIFICATION DETAILS**

NAME: *FINANCIERE DE TUBIZE*

Legal form: *Public limited company*

Address: *Allée de la Recherche* Nr.: *60* Box:

Postal code: *1070* Municipality: *Anderlecht*

Country: *Belgium*

Register of legal persons – commercial court *Brussels, French-speaking*

Website address<sup>1</sup>: *www.financiere-tubize.be*

Company identification number **BE 0403.216.429**

DATE **10 / 05 / 2016** of filing the memorandum of association OR of the most recent document mentioning the date of publication of the memorandum of association and of the act amending the articles of association.

ANNUAL ACCOUNTS **ANNUAL ACCOUNTS IN EUROS**

for approval by the general meeting of **25 / 04 / 2018**

Regarding the financial year from **01 / 01 / 2017** to **31 / 12 / 2017**

Preceding financial year from **01 / 01 / 2016** to **31 / 12 / 2016**

The amounts for the preceding period are ~~not~~<sup>2</sup> identical to the ones previously published.

Total number of pages filed: **35** Numbers of sections of the standard form not filed because they serve no useful purpose: **6.1, 6.2.1, 6.2.2, 6.2.3, 6.2.4, 6.2.5, 6.3.1, 6.3.2, 6.3.3, 6.3.4, 6.3.5, 6.3.6, 6.4.1, 6.4.3, 6.5.2, 6.8, 6.18.1, 6.18.2, 7, 8, 9**

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*Cyril Janssen*  
Member of the board of directors

*Evelyn du Monceau*  
Member of the board of directors

<sup>1</sup> Optional information.

<sup>2</sup> Strike out what is not applicable.

**LIST OF DIRECTORS, BUSINESS MANAGERS AND AUDITORS  
AND DECLARATION REGARDING A COMPLIMENTARY REVIEW  
OR CORRECTION ASSIGNMENT**

**LIST OF THE DIRECTORS, BUSINESS MANAGERS AND AUDITORS**

COMPLETE LIST with surname, first names, profession, place of residence (address, number, postal code and municipality) and position within the company

<i>François Tesch</i> <i>Route de Bettembourg 45A, 1899 Luxembourg, Luxembourg</i>	<i>Chairman of the board of directors</i> <i>27/04/2016 - 22/04/2020</i>
<i>Fiona de Hemptinne</i> <i>Fairlawn Grove 20, W4 5EH London, United Kingdom</i>	<i>Director</i> <i>25/04/2018 - 27/04/2022</i>
<i>Arnoud de Pret</i> <i>Chateau de Durnal, Rue de Mianoye 36, 5530 Yvoir, Belgium</i>	<i>Director</i> <i>23/04/2014 - 25/04/2018</i>
<i>Evelyn du Monceau</i> <i>Avenue des Fleurs 14, 1150 Woluwe-Saint-Pierre, Belgium</i>	<i>Director</i> <i>22/04/2015 - 24/04/2019</i>
<i>Cynthia Favre d'Echallens</i> <i>Rue d'Ottignies 74A, 1380 Lasne, Belgium</i>	<i>Director</i> <i>25/04/2018 - 27/04/2022</i>
<i>Charles-Antoine Janssen</i> <i>Chaussée de Bruxelles 110, 1310 La Hulpe, Belgium</i>	<i>Director</i> <i>22/04/2015 - 24/04/2019</i>
<i>Cyril Janssen</i> <i>Rue des Mélézes 29, 1050 Ixelles, Belgium</i>	<i>Director</i> <i>22/04/2015 - 24/04/2019</i>
<i>Nicolas Janssen</i> <i>Avenue Ernest Solvay 110, 1310 La Hulpe, Belgium</i>	<i>Director</i> <i>25/04/2018 - 27/04/2022</i>
<i>Cédric van Rijckevorsel</i> <i>Chipstead Street 37, SW6 3SR London, United Kingdom</i>	<i>Director</i> <i>26/04/2017 - 28/04/2021</i>
<i>Vauban NV</i> <i>Nr.: BE 0838.114.246</i> <i>Rue Ducale 47-49, 1000 Brussels, Belgium</i>	<i>Director</i> <i>26/04/2017 - 28/04/2021</i>
<i>Represented by:</i>	
<i>Gaëtan Hannecart</i> <i>Meirstraat 7, 9850 Vosselare, Belgium</i>	
<i>Mazars Réviseurs d'Entreprises</i> <i>Nr.: BE 0428.837.889</i> <i>Avenue Marcel Thiry 77 box 4, 1200 Woluwe-Saint-Lambert, Belgium</i> <i>Membership nr.: IRE B00021</i>	<i>Auditor</i> <i>25/04/2018 - 28/04/2021</i>
<i>Represented by:</i>	
<i>Xavier Doyen</i> <i>Membership nr.: IRE A01202</i>	

**DECLARATION REGARDING A COMPLIMENTARY REVIEW OR CORRECTION ASSIGNMENT**

The managing board declares that no audit or correction assignment has been given to a person who was not authorised to do so by law, pursuant to art. 34 and 37 of the law of 22th April 1999 concerning accounting and tax professions.

The annual accounts ~~were~~ / **were not\*** audited or corrected by an external accountant or by a company auditor who is not the statutory auditor.

If affirmative, mention hereafter: surname, first names, profession and address of each external accountant or company auditor and his membership number with his Institute as well as the nature of his assignment:

- A. Bookkeeping of the enterprise \*\*,
- B. Preparing the annual accounts \*\*,
- C. Auditing the annual accounts and/or
- D. Correcting the annual accounts.

If the tasks mentioned under A. or B. are executed by certified accountants or certified bookkeepers - tax specialists, you can mention hereafter: surname, first names, profession and address of each certified accountant or certified bookkeeper - tax specialist and his/her affiliation number with the Institute of Accounting Professional and Tax Experts and the nature of his/her assignment.

Surname, first names, profession and address	Affiliation number	Nature of the assignment (A, B, C and/or D)

\* Strike out what is not applicable.

\*\* Optional information.

## ANNUAL ACCOUNTS

## BALANCE SHEET AFTER APPROPRIATION

	Discl.	Codes	Period	Preceding period
<b>ASSETS</b>				
<b>Formation expenses</b> .....	6.1	20	.....	.....
<b>FIXED ASSETS</b> .....		21/28	<b>1.717.992.381</b>	<b>1.717.992.381</b>
<b>Intangible fixed assets</b> .....	6.2	21	.....	.....
<b>Tangible fixed assets</b> .....	6.3	22/27	.....	.....
Land and buildings .....		22	.....	.....
Plant, machinery and equipment .....		23	.....	.....
Furniture and vehicles .....		24	.....	.....
Leasing and similar rights .....		25	.....	.....
Other tangible fixed assets .....		26	.....	.....
Assets under construction and advance payments .....		27	.....	.....
<b>Financial fixed assets</b> .....	6.4/6.5.1	28	<b>1.717.992.381</b>	<b>1.717.992.381</b>
Affiliated enterprises .....	6.15	280/1	.....	.....
Participating interests .....		280	.....	.....
Amounts receivable .....		281	.....	.....
Enterprises linked by participating interests .....	6.15	282/3	<b>1.717.992.381</b>	<b>1.717.992.381</b>
Participating interests .....		282	<b>1.717.992.381</b>	<b>1.717.992.381</b>
Amounts receivable .....		283	.....	.....
Other financial assets .....		284/8	.....	.....
Shares .....		284	.....	.....
Amounts receivable and cash guarantees .....		285/8	.....	.....

	Discl.	Codes	Period	Preceding period
<b>CURRENT ASSETS</b> .....		29/58	1.484.777	689.093
<b>Amounts receivable after more than one year</b> .....		29	.....	.....
Trade debtors .....		290	.....	.....
Other amounts receivable .....		291	.....	.....
<b>Stocks and contracts in progress</b> .....		3	.....	.....
Stocks .....		30/36	.....	.....
Raw materials and consumables .....		30/31	.....	.....
Work in progress .....		32	.....	.....
Finished goods .....		33	.....	.....
Goods purchased for resale .....		34	.....	.....
Immovable property intended for sale .....		35	.....	.....
Advance payments .....		36	.....	.....
Contracts in progress .....		37	.....	.....
<b>Amounts receivable within one year</b> .....		40/41	.....	127
Trade debtors .....		40	.....	.....
Other amounts receivable .....		41	.....	127
<b>Current investments</b> .....	6.5.1/6.6	50/53	.....	630
Own shares .....		50	.....	.....
Other investments .....		51/53	.....	630
<b>Cash at bank and in hand</b> .....		54/58	1.451.530	660.876
<b>Deferred charges and accrued income</b> .....	6.6	490/1	33.247	27.460
<b>TOTAL ASSETS</b> .....		20/58	1.719.477.158	1.718.681.474

	Discl.	Codes	Period	Preceding period
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b> .....		10/15	1.501.401.770	1.452.770.187
<b>Capital</b> .....	6.7.1	10	235.000.000	235.000.000
Issued capital .....		100	235.000.000	235.000.000
Uncalled capital .....		101	.....	.....
<b>Share premium account</b> .....		11	1.224.992	1.224.992
<b>Revaluation surpluses</b> .....		12	.....	.....
<b>Reserves</b> .....		13	1.239.821.177	1.194.821.176
Legal reserve .....		130	23.500.000	23.500.000
Reserves not available .....		131	455.591	455.591
In respect of own shares held .....		1310	.....	.....
Other .....		1311	455.591	455.591
Untaxed reserves .....		132	38.567.469	38.567.469
Available reserves .....		133	1.177.298.117	1.132.298.116
<b>Accumulated profits (losses)</b> .....(+)/(-)		14	25.355.601	21.724.019
<b>Investment grants</b> .....		15	.....	.....
<b>Advance to associates on the sharing out of the assets</b> .....		19	.....	.....
<b>PROVISIONS AND DEFERRED TAXES</b>				
<b>Provisions for liabilities and charges</b> .....		160/5	.....	.....
Pensions and similar obligations .....		160	.....	.....
Taxation .....		161	.....	.....
Major repairs and maintenance .....		162	.....	.....
Environmental obligations .....		163	.....	.....
Other liabilities and charges .....	6.8	164/5	.....	.....
<b>Deferred taxes</b> .....		168	.....	.....



	Disc.	Codes	Period	Preceding period
<b>AMOUNTS PAYABLE</b> .....		17/49	218.075.388	265.911.287
<b>Amounts payable after more than one year</b> .....	6.9	17	140.000.000	141.000.000
Financial debts .....		170/4	140.000.000	141.000.000
Subordinated loans .....		170	.....	.....
Unsubordinated debentures .....		171	.....	.....
Leasing and other similar obligations .....		172	.....	.....
Credit institutions .....		173	140.000.000	141.000.000
Other loans .....		174	.....	.....
Trade debts .....		175	.....	.....
Suppliers .....		1750	.....	.....
Bills of exchange payable .....		1751	.....	.....
Advances received on contracts in progress .....		176	.....	.....
Other amounts payable .....		178/9	.....	.....
<b>Amounts payable within one year</b> .....	6.9	42/48	76.572.076	123.641.311
Current portion of amounts payable after more than one year falling due within one year .....		42	52.000.000	100.000.000
Financial debts .....		43	.....	.....
Credit institutions .....		430/8	.....	.....
Other loans .....		439	.....	.....
Trade debts .....		44	79.792	34.401
Suppliers .....		440/4	79.792	34.401
Bills of exchange payable .....		441	.....	.....
Advances received on contracts in progress .....		46	.....	.....
Taxes, remuneration and social security .....	6.9	45	.....	.....
Taxes .....		450/3	.....	.....
Remuneration and social security .....		454/9	.....	.....
Other amounts payable .....		47/48	24.492.284	23.606.910
<b>Accruals and deferred income</b> .....	6.9	492/3	1.503.312	1.269.976
<b>TOTAL LIABILITIES</b> .....		10/49	1.719.477.158	1.718.681.474

**INCOME STATEMENT**

	Discl.	Codes	Period	Preceding period
<b>Operating income</b> .....		70/76A	.....	.....
Turnover .....	6.10	70	.....	.....
Stocks of finished goods and work and contracts in progress: increase (decrease) .....		71	.....	.....
.....(+)/(-)		72	.....	.....
Own work capitalised .....		74	.....	.....
Other operating income .....	6.10	76A	.....	.....
Non-recurring operating income .....	6.12		.....	.....
<b>Operating charges</b> .....		60/66A	941.355	674.010
Raw materials, consumables .....		60	.....	.....
Purchases .....		600/8	.....	.....
Stocks: decrease (increase) .....		609	.....	.....
.....(+)/(-)		61	940.487	673.142
Services and other goods .....		62	.....	.....
Remuneration, social security costs and pensions .....	6.10	630	.....	.....
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets .....		631/4	.....	.....
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) .....	6.10	635/8	.....	.....
.....(+)/(-)	6.10	640/8	868	868
Provisions for liabilities and charges: Appropriations (uses and write-backs) .....	6.10	649	.....	.....
.....(+)/(-)	6.10	66A	.....	.....
Other operating charges .....	6.10		.....	.....
Operating charges carried to assets as restructuring costs (-)			.....	.....
Non-recurring operating charges .....	6.12		.....	.....
<b>Operating profit (loss)</b> .....		9901	-941.355	-674.010

	Disc.	Codes	Period	Preceding period
<b>Financial income</b> .....		75/76B	78.288.528	75.187.462
Recurring financial income .....		75	78.288.528	74.884.679
Income from financial fixed assets .....		750	78.288.528	74.884.679
Income from current assets .....		751	.....	.....
Other financial income .....	6.11	752/9	.....	.....
Non-recurring financial income .....	6.12	76B	.....	302.783
<b>Financial charges</b> .....		65/66B	4.659.348	5.469.897
Recurring financial charges .....	6.11	65	4.659.348	5.469.897
Debt charges .....		650	4.613.301	5.445.163
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) .....(+)/(-)		651	.....	.....
Other financial charges .....		652/9	46.047	24.734
Non-recurring financial charges .....	6.12	66B	.....	.....
<b>Gain (loss) for the period before taxes</b> .....		9903	72.687.825	69.043.555
<b>Transfer from deferred taxes</b> .....		780	.....	.....
<b>Transfer to deferred taxes</b> .....		680	.....	.....
<b>Income taxes</b> .....		67/77	.....	.....
Taxes .....	6.13	670/3	.....	.....
Adjustment of income taxes and write-back of tax provisions		77	.....	.....
<b>Gain (loss) of the period</b> .....		9904	72.687.825	69.043.555
<b>Transfer from untaxed reserves</b> .....		789	.....	.....
<b>Transfer to untaxed reserves</b> .....		689	.....	.....
<b>Gain (loss) of the period available for appropriation</b> ..(+)/(-)		9905	72.687.825	69.043.555

**APPROPRIATION ACCOUNT**

	Codes	Period	Preceding period
<b>Profit (loss) to be appropriated</b> .....(+)/(-)	9906	94.411.844	89.889.290
Gain (loss) of the period available for appropriation .....(+)/(-)	(9905)	72.687.825	69.043.555
Profit (loss) brought forward .....(+)/(-)	14P	21.724.019	20.845.735
<b>Withdrawals from capital and reserves</b> .....	791/2	.....	.....
from capital and share premium account .....	791	.....	.....
from reserves .....	792	.....	.....
<b>Transfer to capital and reserves</b> .....	691/2	45.000.000	45.000.000
to capital and share premium account .....	691	.....	.....
to legal reserve .....	6920	.....	.....
to other reserves .....	6921	45.000.000	45.000.000
<b>Accumulated profits (losses)</b> .....(+)/(-)	(14)	25.355.601	21.724.019
<b>Owners' contribution in respect of losses</b> .....	794	.....	.....
<b>Profit to be distributed</b> .....	694/7	24.056.243	23.165.271
Dividends .....	694	24.056.243	23.165.271
Directors' or managers' entitlements .....	695	.....	.....
Employees .....	696	.....	.....
Other beneficiaries .....	697	.....	.....

**STATEMENT OF FINANCIAL FIXED ASSETS**

	Codes	Period	Preceding period
<b>AFFILIATED ENTERPRISES - PARTICIPATING INTERESTS AND SHARES</b>			
<b>Acquisition value at the end of the period</b> .....	8391P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Acquisitions .....	8361	.....	
Sales and disposals .....	8371	.....	
Transfers from one heading to another .....(+)/(-)	8381	.....	
<b>Acquisition value at the end of the period</b> .....	8391	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8451P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Recorded .....	8411	.....	
Acquisitions from third parties .....	8421	.....	
Cancelled .....	8431	.....	
Transferred from one heading to another .....(+)/(-)	8441	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8451	.....	
<b>Amounts written down at the end of the period</b> .....	8521P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Recorded .....	8471	.....	
Written back .....	8481	.....	
Acquisitions from third parties .....	8491	.....	
Cancelled owing to sales and disposals .....	8501	.....	
Transferred from one heading to another .....(+)/(-)	8511	.....	
<b>Amounts written down at the end of the period</b> .....	8521	.....	
<b>Uncalled amounts at the end of the period</b> .....	8551P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b> .....(+)/(-)	8541	.....	
<b>Uncalled amounts at the end of the period</b> .....	8551	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(280)	.....	
<b>AFFILIATED ENTERPRISES - AMOUNTS RECEIVABLE</b>			
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	281P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Additions .....	8581	.....	
Repayments .....	8591	.....	
Amounts written down .....	8601	.....	
Amounts written back .....	8611	.....	
Exchange differences .....(+)/(-)	8621	.....	
Other movements .....(+)/(-)	8631	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(281)	.....	
<b>ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT END OF THE PERIOD</b> .....	8651	.....	

	Codes	Period	Preceding period
<b>ENTERPRISES LINKED BY A PARTICIPATING INTEREST - PARTICIPATING INTERESTS AND SHARES</b>			
<b>Acquisition value at the end of the period</b> .....	8392P	XXXXXXXXXXXXXXXXXX	1.717.992.381
<b>Movements during the period</b>			
Acquisitions .....	8362	.....	
Sales and disposals .....	8372	.....	
Transfers from one heading to another .....(+)/(-)	8382	.....	
<b>Acquisition value at the end of the period</b> .....	8392	1.717.992.381	
<b>Revaluation surpluses at the end of the period</b> .....	8452P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Recorded .....	8412	.....	
Acquisitions from third parties .....	8422	.....	
Cancelled .....	8432	.....	
Transferred from one heading to another .....(+)/(-)	8442	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8452	.....	
<b>Amounts written down at the end of the period</b> .....	8522P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Recorded .....	8472	.....	
Written back .....	8482	.....	
Acquisitions from third parties .....	8492	.....	
Cancelled owing to sales and disposals .....	8502	.....	
Transferred from one heading to another .....(+)/(-)	8512	.....	
<b>Amounts written down at the end of the period</b> .....	8522	.....	
<b>Uncalled amounts at the end of the period</b> .....	8552P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b> .....(+)/(-)	8542	.....	
<b>Uncalled amounts at the end of the period</b> .....	8552	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(282)	1.717.992.381	
<b>ENTERPRISES LINKED BY A PARTICIPATING INTEREST - AMOUNTS RECEIVABLE</b>			
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	283P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Additions .....	8582	.....	
Repayments .....	8592	.....	
Amounts written down .....	8602	.....	
Amounts written back .....	8612	.....	
Exchange differences .....(+)/(-)	8622	.....	
Other movements .....(+)/(-)	8632	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(283)	.....	
<b>ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT END OF THE PERIOD</b> .....	8652	.....	

**PARTICIPATING INTERESTS INFORMATION****PARTICIPATING INTERESTS AND SHARES IN OTHER ENTERPRISES**

List of the enterprises in which the enterprise holds a participating interest, (recorded in heading 280 and 282 of assets) and the other enterprises in which the enterprise holds rights (recorded in headings 284 and 51/53 of assets) for an amount of at least 10 % of the capital issued.

NAME, full address of the REGISTERED OFFICE and for an enterprise governed by Belgian law, the COMPANY IDENTIFICATION NUMBER	Rights held			Data extracted from the most recent annual accounts				
	Nature	directly		subsidiaries	Annual accounts as per	Currency code	Capita land reserves	Net result
		Number	%				%	(+) or (-) (in units)
UCB BE 0403.053.608 Public limited company Allée de la Recherche 60 1070 Anderlecht Belgium	Voting rights	68.076.981	35,0	0,0	31/12/2016	EUR	5.737.136.602	160.622.918

**OTHER INVESTMENTS AND DEPOSITS, ALLOCATION DEFERRED CHARGES AND ACCRUED INCOME**

	Codes	Period	Preceding period
<b>INVESTMENTS: OTHER INVESTMENTS AND DEPOSITS</b>			
<b>Shares and current investments other than fixed income investments</b> ....	51	.....	.....
Shares - Book value increased with the uncalled amount .....	8681	.....	.....
Shares - Uncalled amount .....	8682	.....	.....
Precious metals and works of art .....	8683	.....	.....
<b>Fixed income securities</b> .....	52	.....	.....
Fixed income securities issued by credit institutions .....	8684	.....	.....
<b>Fixed term accounts with credit institutions</b> .....	53	.....	630
With residual term or notice of withdrawal			
up to one month .....	8686	.....	.....
between one month and one year .....	8687	.....	630
over one year .....	8688	.....	.....
<b>Other investments not mentioned above</b> .....	8689	.....	.....

**DEFERRED CHARGES AND ACCRUED INCOME**

**Allocation of heading 490/1 of assets if the amount is significant**

	Period
<i>Deferred charges : insurance premium</i> .....	16.661
<i>Deferred charges : insurances management</i> .....	1.528
<i>Deferred charges : license portal board of directors</i> .....	15.058
.....	.....



**STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE**

**STATEMENT OF CAPITAL**

**Social capital**

Issued capital at the end of the period .....  
 Issued capital at the end of the period .....

Codes	Period	Preceding period
100P	XXXXXXXXXXXXXXXX	235.000.000
(100)	235.000.000	

Changes during the period

.....  
 .....  
 .....

Structure of the capital

Different categories of shares

Ordinary shares .....

Registered shares .....  
 Shares dematerialized .....

Codes	Value	Number of shares
	235.000.000	44.548.598
8702	XXXXXXXXXXXXXXXX	28.811.647
8703	XXXXXXXXXXXXXXXX	15.736.951

**Capital not paid**

Uncalled capital .....  
 Called up capital, unpaid .....  
 Shareholders having yet to pay up in full  
 .....  
 .....  
 .....

Codes	Uncalled amount	Capital called but not paid
(101)	.....	XXXXXXXXXXXXXXXX
8712	XXXXXXXXXXXXXXXX	.....
	.....	.....
	.....	.....
	.....	.....

**Own shares**

Held by the company itself

Amount of capital held .....  
 Corresponding number of shares .....

Held by the subsidiaries

Amount of capital held .....  
 Corresponding number of shares .....

**Commitments to issue shares**

Owing to the exercise of conversion rights

Amount of outstanding convertible loans .....  
 Amount of capital to be subscribed .....  
 Corresponding maximum number of shares to be issued .....

Owing to the exercise of subscription rights

Number of outstanding subscription rights .....  
 Amount of capital to be subscribed .....  
 Corresponding maximum number of shares to be issued .....

**Authorized capital not issued**

Codes	Period
8721	.....
8722	.....
8731	.....
8732	.....
8740	.....
8741	.....
8742	.....
8745	.....
8746	.....
8747	.....
8751	.....

**Shares issued, non representing capital**

Distribution

Number of shares ..... 8761 .....

Number of voting rights attached thereto ..... 8762 .....

Allocation by shareholder

Number of shares held by the company itself ..... 8771 .....

Number of shares held by its subsidiaries ..... 8781 .....

Codes	Period
8761	.....
8762	.....
8771	.....
8781	.....

**SHAREHOLDER STRUCTURE OF THE ENTERPRISE AT THE DATE OF END-OF-YEAR PROCEDURE**

according to the notifications that the enterprise has received pursuant to art. 631 §2, last subsection and art. 632 §2 last subsection of the Belgian company law; art. 14 fourth subsection of the law of 2<sup>nd</sup> May 2007 on the disclosure of major shareholdings; and article 5 of the royal decree of 21<sup>st</sup> August 2008 laying down further rules on certain multilateral trading facilities.

NAME of the persons who hold the rights of the enterprise, specifying the ADDRESS (of the registered office, when it involves a legal person) and the COMPANY IDENTIFICATION NUMBER, when it involves an enterprise under Belgian law	Rights held			%
	Nature	Number of voting rights		
		Linked to securities	Not linked to securities	
<i>Financière Eric Janssen SPRL</i> BE 0456.059.653 Rue Gachard 88 box 14 1050 Ixelles Belgium	<i>Voting rights</i>	10.513.814	0	23,6
<i>Altaï Invest SA</i> BE 0466.614.441 Avenue de Tervueren 412 box 13 1150 Woluwe-Saint-Pierre Belgium	<i>Voting rights</i>	4.996.263	0	11,22
<i>Barnfin SA</i> BE 0461.348.628 Avenue de Tervueren 186-188 box 17 1150 Woluwe-Saint-Pierre Belgium	<i>Voting rights</i>	3.903.835	0	8,76
<i>Janssen Daniel</i> Chaussée de Bruxelles 110A 1310 La Hulpe Belgium	<i>Voting rights</i>	5.881.677	0	13,2
<i>van Rijckevorsel Jean</i> Clos du Soleil 6 1150 Woluwe-Saint-Pierre Belgium	<i>Voting rights</i>	11.744	0	0,03

## STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

	Codes	Period
<b>BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM</b>		
<b>Current portion of amounts payable after more than one year falling due within one year</b>		
Financial debts .....	8801	52.000.000
Subordinated loans .....	8811	.....
Unsubordinated debentures .....	8821	.....
Leasing and other similar obligations .....	8831	.....
Credit institutions .....	8841	52.000.000
Other loans .....	8851	.....
Trade debts .....	8861	.....
Suppliers .....	8871	.....
Bills of exchange payable .....	8881	.....
Advance payments received on contract in progress .....	8891	.....
Other amounts payable .....	8901	.....
<b>Total current portion of amounts payable after more than one year falling due within one year ..</b>	<b>(42)</b>	<b>52.000.000</b>
<b>Amounts payable with a remaining term of more than one but not more than five years</b>		
Financial debts .....	8802	140.000.000
Subordinated loans .....	8812	.....
Unsubordinated debentures .....	8822	.....
Leasing and other similar obligations .....	8832	.....
Credit institutions .....	8842	140.000.000
Other loans .....	8852	.....
Trade debts .....	8862	.....
Suppliers .....	8872	.....
Bills of exchange payable .....	8882	.....
Advance payments received on contracts in progress .....	8892	.....
Other amounts payable .....	8902	.....
<b>Total amounts payable with a remaining term of more than one but not more than five years ....</b>	<b>8912</b>	<b>140.000.000</b>
<b>Amounts payable with a remaining term of more than five years</b>		
Financial debts .....	8803	.....
Subordinated loans .....	8813	.....
Unsubordinated debentures .....	8823	.....
Leasing and other similar obligations .....	8833	.....
Credit institutions .....	8843	.....
Other loans .....	8853	.....
Trade debts .....	8863	.....
Suppliers .....	8873	.....
Bills of exchange payable .....	8883	.....
Advance payments received on contracts in progress .....	8893	.....
Other amounts payable .....	8903	.....
<b>Total amounts payable with a remaining term of more than five years .....</b>	<b>8913</b>	<b>.....</b>

	Codes	Period
<b>GUARANTEED AMOUNTS PAYABLE</b> (included in headings 17 and 42/48 of the liabilities)		
<b>Amounts payable guaranteed by Belgian public authorities</b>		
Financial debts .....	8921	.....
Subordinated loans .....	8931	.....
Unsubordinated debentures .....	8941	.....
Leasing and similar obligations .....	8951	.....
Credit institutions .....	8961	.....
Other loans .....	8971	.....
Trade debts .....	8981	.....
Suppliers .....	8991	.....
Bills of exchange payable .....	9001	.....
Advance payments received on contracts in progress .....	9011	.....
Remuneration and social security .....	9021	.....
Other amounts payable .....	9051	.....
<b>Total amounts payable guaranteed by Belgian public authorities</b> .....	9061	.....
<b>Amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets</b>		
Financial debts .....	8922	192.000.000
Subordinated loans .....	8932	.....
Unsubordinated debentures .....	8942	.....
Leasing and similar obligations .....	8952	.....
Credit institutions .....	8962	192.000.000
Other loans .....	8972	.....
Trade debts .....	8982	.....
Suppliers .....	8992	.....
Bills of exchange payable .....	9002	.....
Advance payments received on contracts in progress .....	9012	.....
Taxes, remuneration and social security .....	9022	.....
Taxes .....	9032	.....
Remuneration and social security .....	9042	.....
Other amounts payable .....	9052	.....
<b>Total amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets</b> .....	9062	192.000.000
<b>TAXES, REMUNERATION AND SOCIAL SECURITY</b>		
<b>Taxes</b> (heading 450/3 of the liabilities)		
Outstanding tax debts .....	9072	.....
Accruing taxes payable .....	9073	.....
Estimated taxes payable .....	450	.....
<b>Remuneration and social security</b> (heading 454/9 of the liabilities)		
Amounts due to the National Social Security Office .....	9076	.....
Other amounts payable in respect of remuneration and social security .....	9077	.....

**ACCRUALS AND DEFERRED INCOME**

**Allocation of heading 492/3 of liabilities if the amount is significant**

	Period
<i>Interests - accrued charges</i> .....	1.438.851
<i>Unrealized loss on interest rate swaps (non-effective portion of hedge accounting)</i> .....	64.461
.....	.....
.....	.....

**OPERATING RESULTS**

	Codes	Period	Preceding period
<b>OPERATING INCOME</b>			
<b>Net turnover</b>			
Allocation by categories of activity			
.....			
.....			
.....			
Allocation into geographical markets			
.....			
.....			
.....			
<b>Other operating income</b>			
Operating subsidies and compensatory amounts received from public authorities	740		
<b>OPERATING CHARGES</b>			
<b>Employees for whom the enterprise submitted a DIMONA declaration or who are recorded in the general personnel register</b>			
Total number at the closing date	9086		
Average number of employees calculated in full-time equivalents	9087		
Number of actual worked hours	9088		
<b>Personnel costs</b>			
Remuneration and direct social benefits	620		
Employers' contribution for social security	621		
Employers' premiums for extra statutory insurance	622		
Other personnel costs	623		
Retirement and survivors' pensions	624		

	Codes	Period	Preceding period
<b>Provisions for pensions and other similar rights</b>			
Appropriations (uses and write-backs) .....(+)/(-)	635	.....	.....
<b>Amounts written off</b>			
Stocks and contracts in progress			
Recorded .....	9110	.....	.....
Written back .....	9111	.....	.....
Trade debts			
Recorded .....	9112	.....	.....
Written back .....	9113	.....	.....
<b>Provisions for liabilities and charges</b>			
Additions .....	9115	.....	.....
Uses and write-backs .....	9116	.....	.....
<b>Other operating charges</b>			
Taxes related to operation .....	640	868	868
Other costs .....	641/8	.....	.....
<b>Hired temporary staff and personnel placed at the enterprise's disposal</b>			
Total number at the closing date .....	9096	.....	.....
Average number calculated in full-time equivalents .....	9097	.....	.....
Number of actual worked hours .....	9098	.....	.....
Costs to the enterprise .....	617	.....	.....



**FINANCIAL RESULTS**

	Codes	Period	Preceding period
<b>RECURRING FINANCIAL INCOME</b>			
<b>Other financial income</b>			
Subsidies granted by public authorities and recorded as income for the period			
Capital subsidies .....	9125	.....	.....
Interest subsidies .....	9126	.....	.....
Allocation of other financial income			
.....		.....	.....
.....		.....	.....
.....		.....	.....
<b>RECURRING FINANCIAL CHARGES</b>			
<b>Depreciation of loan issue expenses</b> .....	6501	.....	.....
<b>Capitalized Interests</b> .....	6503	.....	.....
<b>Amounts written off current assets</b>			
Recorded .....	6510	.....	.....
Written back .....	6511	.....	.....
<b>Other financial charges</b>			
Amount of the discount borne by the enterprise, as a result of negotiating amounts receivable .....	653	.....	.....
<b>Provisions of a financial nature</b>			
Appropriations .....	6560	.....	.....
Uses and write-backs .....	6561	.....	.....
<b>Allocation of other financial charges</b>			
Bank costs .....		2.372	3.222
Unrealized loss on interest rate swaps (non-effective portion of hedge accounting) .....		43.382	21.512
Realized exchange differences .....		293	0

**INCOME AND CHARGE OF EXCEPTIONAL SIZE OR INCIDENCE**

	Codes	Period	Preceding period
<b>NON RECURRING INCOME</b> .....	76	.....	302.783
<b>Non-recurring operating income</b> .....	(76A)	.....	.....
Write-back of depreciation and of amounts written off intangible and tangible fixed assets .....	760	.....	.....
Write-back of provisions for extraordinary operating liabilities and charges ...	7620	.....	.....
Capital gains on disposal of intangible and tangible fixed asset .....	7630	.....	.....
Other non-recurring operating income .....	764/8	.....	.....
<b>Non-recurring financial income</b> .....	(76B)	.....	302.783
Write-back of amounts written down financial fixed assets .....	761	.....	.....
Write-back of provisions for extraordinary financial liabilities and charges .....	7621	.....	.....
Capital gains on disposal of financial fixed assets .....	7631	.....	.....
Other non-recurring financial income .....	769	.....	302.783
<b>NON-RECURRING EXPENSES</b> .....	66	.....	.....
<b>Non-recurring operating charges</b> .....	(66A)	.....	.....
Non-recurring depreciation of and amounts written off formation expenses, intangible and tangible fixed assets .....	660	.....	.....
Provisions for extraordinary operating liabilities and charges: Appropriations (uses) .....	6620	.....(+)/(-)	.....
Capital losses on disposal of intangible and tangible fixed assets .....	6630	.....	.....
Other non-recurring operating charges .....	664/7	.....	.....
Non-recurring operating charges carried to assets as restructuring costs ..(-)	6690	.....	.....
<b>Non-recurring financial charges</b> .....	(66B)	.....	.....
Amounts written off financial fixed assets .....	661	.....	.....
Provisions for extraordinary financial liabilities and charges - Appropriations (uses) .....	6621	.....(+)/(-)	.....
Capital losses on disposal of financial fixed assets .....	6631	.....	.....
Other non-recurring financial charges .....	668	.....	.....
Non-recurring financial charges carried to assets as restructuring costs ...(-)	6691	.....	.....

**INCOME TAXES AND OTHER TAXES**

	Codes	Period
<b>INCOME TAXES</b>		
<b>Income taxes on the result of the period</b> .....	9134	.....
Income taxes paid and withholding taxes due or paid .....	9135	.....
Excess of income tax prepayments and withholding taxes paid recorded under assets .....	9136	.....
Estimated additional taxes .....	9137	.....
<b>Income taxes on the result of prior periods</b> .....	9138	.....
Additional income taxes due or paid .....	9139	.....
Additional income taxes estimated or provided for .....	9140	.....
<b>In so far as taxes of the period are materially affected by differences between the profit before taxes as stated in annual accounts and the estimated taxable profit</b>		
Definitively taxed income .....(+)/(-)		-72.687.825
.....		.....
.....		.....

	Period
<b>Impact of non recurring results on the amount of the income taxes relating to the current period</b>	.....
.....	.....
.....	.....
.....	.....

	Codes	Period
<b>Status of deferred taxes</b>		
Deferred taxes representing assets .....	9141	.....
Accumulated tax losses deductible from future taxable profits .....	9142	.....
Other deferred taxes representing assets		
Accumulated definitively taxed income deductible from future taxable profits .....		135.902.841
.....		.....
.....		.....
Deferred taxes representing liabilities .....	9144	.....
Allocation of deferred taxes representing liabilities		
.....		.....
.....		.....

	Codes	Period	Preceding period
<b>VALUE ADDED TAXES AND OTHER TAXES BORNE BY THIRD PARTIES</b>			
<b>Value added taxes charged</b>			
To the enterprise (deductible) .....	9145	.....	63.000
By the enterprise .....	9146	.....	.....
<b>Amounts withheld on behalf of third party</b>			
For payroll withholding taxes .....	9147	75.945	7.275
For withholding taxes on investment income .....	9148	4.425.357	3.837.265

**RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET**

	Codes	Period
<b>PERSONAL GUARANTEES PROVIDED OR IRREVOCABLY PROMISED BY THE ENTERPRISE AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES</b> .....	9149	.....
<b>Of which</b>		
Bills of exchange in circulation endorsed by the enterprise .....	9150	.....
Bills of exchange in circulation drawn or guaranteed by the enterprise .....	9151	.....
Maximum amount for which other debts or commitments of third parties are guaranteed by the enterprise .....	9153	.....
<b>REAL GUARANTEES</b>		
<b>Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise</b>		
Mortgages		
Book value of the immovable properties mortgaged .....	9161	.....
Amount of registration .....	9171	.....
Pledging of goodwill - Amount of the registration .....	9181	.....
Pledging of other assets - Book value of other assets pledged .....	9191	132.489.130
Guarantees provided on future assets - Amount of assets involved .....	9201	.....
<b>Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of third parties</b>		
Mortgages		
Book value of the immovable properties mortgaged .....	9162	.....
Amount of registration .....	9172	.....
Pledging of goodwill - Amount of the registration .....	9182	.....
Pledging of other assets - Book value of other assets pledged .....	9192	.....
Guarantees provided on future assets - Amount of assets involved .....	9202	.....

	Codes	Period
<b>GOODS AND VALUES, NOT DISCLOSED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE ENTERPRISE</b>		
.....		.....
.....		.....
.....		.....
<b>SUBSTANTIAL COMMITMENTS TO ACQUIRE FIXED ASSETS</b>		
.....		.....
.....		.....
.....		.....
<b>SUBSTANTIAL COMMITMENTS TO DISPOSE OF FIXED ASSETS</b>		
.....		.....
.....		.....
.....		.....
<b>FORWARD TRANSACTIONS</b>		
<b>Goods purchased (to be received) .....</b>	9213	.....
<b>Goods sold (to be delivered) .....</b>	9214	.....
<b>Currencies purchased (to be received) .....</b>	9215	.....
<b>Currencies sold (to be delivered) .....</b>	9216	.....

**COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES**

.....  
 .....  
 .....

Period
.....
.....
.....

**AMOUNT, NATURE AND FORM CONCERNING LITIGATION AND OTHER IMPORTANT COMMITMENTS**

.....  
 .....  
 .....

Period
.....
.....
.....

**SUPPLEMENT RETIREMENTS OR SURVIVORS PENSION PLANS IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE**

**Brief description**

**Measures taken by the enterprise to cover the resulting charges**

**PENSIONS FUNDED BY THE ENTERPRISE**

**Estimated amount of the commitments resulting from past services** .....

Methods of estimation

.....  
 .....  
 .....

Codes	Period
9220	.....

**NATURE AND FINANCIAL IMPACT OF SIGNIFICANT EVENTS AFTER THE CLOSING DATE NOT INCLUDED IN THE BALANCE SHEET OR THE INCOME STATEMENT**

.....  
 .....  
 .....

Period
.....
.....
.....

**COMMITMENTS TO PURCHASE OR SALE AVAILABLE TO THE COMPANY AS ISSUER OF OPTIONS FOR SALE OR PURCHASE**

.....  
 .....  
 .....  
 .....

Period
.....
.....
.....
.....

**NATURE, COMMERCIAL OBJECTIVE AND FINANCIAL CONSEQUENCES OF TRANSACTIONS NOT REFLECTED IN THE BALANCE SHEET**

**Provided that the risks or advantages coming from these transactions are significant and if the disclosure of the risks or advantages is necessary to appreciate the financial situation of the company**

.....  
 .....  
 .....  
 .....

Period
.....
.....
.....
.....

**OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those which can not be quantified)**

*Interest rate swaps to hedge the exposure to cash flow risks arising from floating rate bank borrowings: .....*

- A swap amortizing to € 5,000,000 on 15 May 2018 and € 0 on 15 May 2019 .....
- Deferred start swap since 2 October 2017, amortizing to € 54,500,000 on 15 May 2019, to € 27,000,000 on 15 May 2020 and to € 0 on 15 May 2021 .....
- Deferred start swap since 2 October 2017, amortizing to € 36,500,000 on 15 May 2019, to € 9,000,000 on 15 May 2020 and to € 0 on 15 May 2021 .....

*Margins available on confirmed credit lines: .....*

*Outstanding bank loans cannot exceed 30% of the market value of the investment in UCB .....*

*The solvency ratio (equity as a percentage of total assets) must be higher than 70% .....*

*Collateral must consist of a number of UCB shares with a total market higher than 157% of outstanding bank loans .....*

Period
0
55.000.000
82.000.000
57.000.000
1.000.000
4
87
181

**RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS ENTERPRISES LINKED BY PARTICIPATING INTERESTS**

	Codes	Period	Preceding period
<b>AFFILIATED ENTERPRISES</b>			
<b>Financial fixed assets</b> .....	(280/1)	.....	.....
Participating interests .....	(280)	.....	.....
Subordinated amounts receivable .....	9271	.....	.....
Other amounts receivable .....	9281	.....	.....
<b>Amounts receivable</b> .....	9291	.....	.....
Over one year .....	9301	.....	.....
Within one year .....	9311	.....	.....
<b>Current investments</b> .....	9321	.....	.....
Shares .....	9331	.....	.....
Amounts receivable .....	9341	.....	.....
<b>Amounts payable</b> .....	9351	.....	.....
Over one year .....	9361	.....	.....
Within one year .....	9371	.....	.....
<b>Personal and real guarantees</b>			
Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated enterprises .....	9381	.....	.....
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise .....	9391	.....	.....
<b>Other significant financial commitments</b> .....	9401	.....	.....
<b>Financial results</b>			
Income from financial fixed assets .....	9421	.....	.....
Income from current assets .....	9431	.....	.....
Other financial income .....	9441	.....	.....
Debt charges .....	9461	.....	.....
Other financial charges .....	9471	.....	.....
<b>Disposal of fixed assets</b>			
Capital gains obtained .....	9481	.....	.....
Capital losses suffered .....	9491	.....	.....



	Codes	Period	Preceding period
<b>ASSOCIATED ENTERPRISES</b>			
<b>Financial fixed assets</b> .....	9253	1.717.992.381	1.717.992.381
Participating interests .....	9263	1.717.992.381	1.717.992.381
Subordinated amounts receivable .....	9273	.....	.....
Other amounts receivable .....	9283	.....	.....
<b>Amounts receivable</b> .....	9293	.....	.....
Over one year .....	9303	.....	.....
Within one year .....	9313	.....	.....
<b>Amounts payable</b> .....	9353	.....	.....
Over one year .....	9363	.....	.....
Within one year .....	9373	.....	.....
<b>Personal and real guarantees</b>			
Provided or irrevocably promised by the enterprise as security for debts or commitments of associated enterprises .....	9383	.....	.....
Provided or irrevocably promised by associated enterprises as security for debts or commitments of the enterprise .....	9393	.....	.....
<b>Other significant financial commitments</b> .....	9403	.....	.....
<b>OTHER ENTERPRISES LINKED BY PARTICIPATING INTERESTS</b>			
<b>Financial fixed assets</b> .....	9252	.....	.....
Participating interests .....	9262	.....	.....
Subordinated amounts receivable .....	9272	.....	.....
Other amounts receivable .....	9282	.....	.....
<b>Amounts receivable</b> .....	9292	.....	.....
Over one year .....	9302	.....	.....
Within one year .....	9312	.....	.....
<b>Amounts payable</b> .....	9352	.....	.....
Over one year .....	9362	.....	.....
Within one year .....	9372	.....	.....

	Period
<b>TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET CONDITIONS</b>	
<b>Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions which should be necessary to get a better understanding of the situation of the company</b>	
<i>Nihil</i> .....	0
.....	.....
.....	.....
.....	.....

**FINANCIAL RELATIONSHIPS WITH**

**DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS**

	Codes	Period
<b>Amounts receivable from these persons</b> .....	9500	.....
Conditions on amounts receivable, rate, duration, possibly reimbursed amounts, canceled amounts or renounced amounts .....		
.....		
<b>Guarantees provided in their favour</b> .....	9501	.....
<b>Other significant commitments undertaken in their favour</b> .....	9502	.....
<b>Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person</b>		
To directors and managers .....	9503	383.345
To former directors and former managers .....	9504	.....

**AUDITORS OR PEOPLE THEY ARE LINKED TO**

	Codes	Period
<b>Auditor's fees</b> .....	9505	7.442
<b>Fees for exceptional services or special missions executed in the company by the auditor</b>		
Other attestation missions .....	95061	.....
Tax consultancy .....	95062	.....
Other missions external to the audit .....	95063	2.000
<b>Fees for exceptional services or special missions executed in the company by people they are linked to</b>		
Other attestation missions .....	95081	.....
Tax consultancy .....	95082	.....
Other missions external to the audit .....	95083	.....

**Mentions related to article 133, paragraph 6 from the Companies Code**

**DERIVATIVES NOT MEASURED AT FAIR VALUE**

FOR EACH CATEGORY OF FINANCIAL DERIVATIVES NOT MEASURED AT FAIR VALUE

Category derivative financial instruments	Hedged risk	Speculation / hedging	Scope	Period: Booked value	Period: Real value	Preceding period: Booked value	Preceding period: Real value
<i>Interest rate Swaps</i>	<i>Cash flow risk related to floating rate bank loans</i>	<i>Hedging</i>	<i>194000000</i>	<i>-1.359.183</i>	<i>-2.993.021</i>	<i>-879.753</i>	<i>-4.327.015</i>
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....

**FINANCIAL FIXED ASSETS CARRIED AT AN AMOUNT IN EXCESS OF FAIR VALUE**

Amount of individual assets or appropriate groupings of those assets

.....  
 .....  
 .....  
 .....

Booked value	Real value
.....	.....
.....	.....
.....	.....
.....	.....

Reasons for not reducing the book value

Informations that suggest than the book value will be recovered

## VALUATION RULES

### General principles

The board of directors has established the valuation rules in conformity with the requirements of the royal decree of 30 January 2001 implementing the Belgian Company Code, and taken into account the specificities of the Company.

The rules are established and the valuations are performed under the assumption of going concern.

The valuations satisfy the criteria of prudence, sincerity and good faith.

Charges and income relating to the current financial year or prior financial years are accounted for irrespective of the date when these charges or income are paid or received, unless the collection of the income is uncertain.

The content of the valuation rules nor their application have been modified compared to the previous financial year.

The balance sheet is presented in such a way that a distinction is made between current and non-current items. An asset is current when it is cash or cash equivalents, or when it is expected to be realized 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.

### Specific rules

#### Financial fixed assets

The participating interest in UCB is recorded on the balance sheet at acquisition value after deduction of impairment, if any. The acquisition value is either the acquisition price (purchase price increased by all expenditures that are directly attributable to the acquisition) or the contribution value. At the end of each financial year, the value of the participating interest is reassessed based on the financial situation, the profitability, the perspectives and the market value of UCB; if the estimated value of the participating interest is lower than its book value and if the board of directors, based on the application of the principles of prudence, sincerity and good faith, is of the opinion that the observed unrealized loss has, partly or in its entirety, a permanent character, an impairment loss will be recorded for an amount equal to the permanent portion of the unrealized loss.

#### Amounts payable

Amounts payable are stated in the balance sheet at their nominal value.

#### Cash flows hedges

The Company has access to interest rate swaps to hedge (part of) its exposure to cash flow risks arising from variable rate bank borrowings. Interest paid and received in respect of the swaps as well as accrued interest not yet paid or received are recognized in the income statement. These interest charges and income are presented as a net financial charge or a net financial income in the income statement; accrued interest payable and receivable on both legs of the swaps are also

presented on a net basis on the balance sheet. The Company documents, both at hedge inception and on an on-going basis, that the interest rate swaps are highly effective in offsetting changes in cash flows of the bank borrowings. As long as this is the case, movements of the clean price of the swaps are not recognized. If its financing needs decrease, the Company may turn into a position of overhedging, in which case the unrealized loss on that part of the swap that no longer hedges floating rate bank borrowings, will be charged to the net result.

Cash at bank and in hand

Cash at bank and in hand are stated in the balance sheet at their nominal value.

**OTHER INFORMATIONS TO DISCLOSE**

*To provide a useful and complete set of information, the Company prepares, in addition to the present annual accounts 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.*

*These financial statements are part of the annual financial report available on the website of the Company.*

## **STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF FINANCIERE DE TUBIZE SA/NV ON THE ANNUAL ACCOUNTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017**

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In the context of the statutory audit of the annual accounts of your company, we hereby submit our statutory audit report to you. This report includes our report on the annual accounts together with our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 22 April 2015 in accordance with the proposal of the Board of Directors. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2017. We have performed the statutory audit of the annual accounts of the company Financière de Tubize for more than 24 subsequent years.

### **Report on the annual accounts**

#### ***Unqualified opinion***

We have audited the annual accounts of the company Financière de Tubize (the "company") which comprise the balance sheet as at 31 December 2017, the income statement for the year then ended and notes to the annual accounts, which shows a balance sheet total of K€ 1,719,477 and of which the income statement shows a profit for the year of K€ 72,688.

In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as at 31 December 2017 and of its results for the year then ended in accordance with accounting standards applicable in Belgium.

#### ***Basis for the unqualified opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the annual accounts" section of our report. We have complied with all ethical requirements relevant to the statutory audit of annual accounts in Belgium, including those regarding independence.

We have obtained from the Board of Directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Valuation of financial investments**

Reference to the notes to the annual accounts: F6.4.2, F6.5.1, F6.19

#### ***Description of the key audit matter***

The sole activity of Financière de Tubize is the holding of a stake in the listed company UCB SA (ISIN: BE0003739530). At the closing date, the company holds 35% of the total shares issued by UCB for an amount of K€ 1,717,992 in the statutory accounts and, through the application of the equity method, for an amount of K€ 2,309,844 in the EU-IFRS financial statements, ie respectively 99.91% and 99.94% of the total balance sheet. The valuation of this asset is a determining factor in the issuing of this opinion given its relative importance both on the company's results and on its total balance sheet.

#### *How the matter was addressed in the audit*

Our audit work consisted primarily in evaluating the compliance of the accounting treatment of any movements (purchases/sales, dividends) of UCB securities over the period in relation to the applicable accounting framework and assessing the valuation of the investment by comparing it with the various internal and external available data.

#### **Financing operations**

Reference to the notes to the annual accounts: F6.9, F6.11, F6.14, F6.17, F6.19

#### *Description of the key audit matter*

In the course of its business, the company has contracted bank borrowings, with a fixed rate or variable rate and subject to bank covenants. In order to hedge its exposure to interest rate risk resulting from variable rate borrowings, the Company has also contracted several derivative financial instruments to hedge this risk. The treatment and valuation of these instruments are the subject of particular attention at each closing date, in view of the related technical aspects.

#### *How the matter was addressed in the audit*

We assessed the compliance of the accounting treatment of financing transactions with the applicable financial reporting framework. We reviewed the internal and external documentation obtained as part of our audit procedures, in particular with respect to the banks covenants, the treatment of derivatives and the ability of the company to meet its repayment obligations. As regards more specifically our work relating to derivatives, we assessed compliance with the EMIR provisions for listed companies as well as the assumptions used in the accounting treatment of hedging transactions. We also assessed the quality of the information included in the notes to the annual accounts.

#### ***Responsibility of the Board of Directors for the preparation of the annual accounts***

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the accounting standards applicable in Belgium, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the company or to cease business operations, or has no realistic alternative but to do so.

#### ***Responsibilities of the statutory auditor for the audit of the annual accounts***

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures



that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Board of Directors ;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the statutory auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, and whether these annual accounts reflect the underlying transactions and events in a true and fair view.

Based on the exemption set out in article 526bis §3 of the Companies Code, the functions assigned to the audit committee are exercised by the Board of Directors in its entirety. We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our statutory auditor's report, unless law or regulation precludes public disclosure of the matter.

\*

\* \*

## **Report on other legal and regulatory requirements**

### ***Responsibilities of the Board of Directors***

The Board of Directors is responsible for the preparation and the content of the Director's report, as well as for the compliance with the legal and regulatory requirements regarding bookkeeping with the Companies Code and the company's articles of association.

### ***Responsibilities of the statutory auditor***

In the context of our mandate and in accordance with the Belgian standard (Revised) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the Directors' report, as well as compliance with certain requirements of the Companies Code and to report any matters.

### ***Aspects relating to the Directors' report***

In our opinion, after carrying out specific procedures on Directors' report. the Directors' report is consistent with the annual accounts and has been prepared in accordance with articles 95 and 96 of the Companies Code.

In the context of our audit of the annual accounts, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Directors' report contains any material inconsistencies or contains Information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies.

### ***Statement relating to independence***

- We have not carried out any assignments that were incompatible with the statutory audit of the annual accounts, and we remained independent vis-à-vis the company throughout our assignment.
- The fees relating to additional assignments compatible with the statutory audit of the annual accounts referred to in Article 134 of the Companies Code have been correctly valued and disclosed in the notes to the annual accounts.

### ***Other communications***

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with legal and statutory requirements.
- We do not have to report any transactions undertaken or decisions taken in violation of the articles of association or the Companies Code.
- This report conforms to the content of our additional report to the Board of Directors as referred to in Article 11 of Regulation (EU) No. 537/2014.

Brussels, 21 February 2018

MAZARS RÉVISEURS D'ENTREPRISES SCRL  
Statutory auditor  
represented by

Xavier DOYEN

## **EU-IFRS FINANCIAL STATEMENTS**

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*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 Mélézes 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](http://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
<b>Non-current assets</b>		<b>2,309,844</b>	<b>2,222,130</b>
Prepayments	4.2.4.	33	27
Cash and cash equivalents	4.2.5.	1,452	662
<b>Current assets</b>		<b>1,485</b>	<b>689</b>
<b>Assets</b>		<b>2,311,329</b>	<b>2,222,819</b>
<b>Equity</b>		<b>2,115,676</b>	<b>1,957,555</b>
Bank borrowings	4.2.6.	140,000	141,000
Derivatives	4.2.7.	741	1,765
Deferred taxes	4.3.1.	-	19,464
<b>Non-current liabilities</b>		<b>140,741</b>	<b>162,229</b>
Bank borrowings	4.2.6.	52,144	99,997
Derivatives	4.2.7.	2,252	2,562
Other creditors	4.2.8.	516	476
<b>Current liabilities</b>		<b>54,912</b>	<b>103,035</b>
<b>Liabilities</b>		<b>195,652</b>	<b>265,264</b>
<b>Equity and liabilities</b>		<b>2,311,329</b>	<b>2,222,819</b>

## 2. Financial statements

### 2.2. Statement of profit or loss and other comprehensive income

€ 000	Notes	2017	2016
<b>PROFIT OR LOSS</b>			
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
<b>Profit before tax</b>		<b>266,174</b>	<b>180,301</b>
Income tax	4.3.2.	19,760	885
<b>Profit</b>		<b>285,934</b>	<b>181,186</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Share, after tax, of other comprehensive income of UCB</b>			
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
<b>Other items, after tax, of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when certain conditions are met</b>			
Cash flow hedges	4.2.7.	1,583	237
<b>Other comprehensive income</b>		<b>-87,078</b>	<b>-51,753</b>
<b>COMPREHENSIVE INCOME</b>		<b>198,856</b>	<b>129,433</b>
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 investment hedge	Total equity
<b>Balance at 01/01/2016</b>	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
<b>Balance at 31/12/2016</b>	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
<b>Balance at 01/01/2017</b>	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
<b>Balance at 31/12/2017</b>	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
<b><i>Cash flows from operating activities</i></b>		<b>-905</b>	<b>-698</b>
Dividends received		78,289	74,884
Interests received		-	-
Withholding tax		-	5
<b><i>Cash flows from investing activities</i></b>		<b>78,289</b>	<b>74,889</b>
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		-	-
<b><i>Cash flows from finance activities</i></b>		<b>-76,593</b>	<b>-74,094</b>
<b>Total cash flows</b>		<b>791</b>	<b>97</b>
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

€ 000	Share of the net assets of UCB		Goodwill		Total	
	2017	2016	2017	2016	2017	2016
<b>At 1 January</b>	<b>2,014,691</b>	<b>2,051,104</b>	<b>207,439</b>	<b>207,439</b>	<b>2,222,130</b>	<b>2,258,543</b>
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 <sup>7</sup>	-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
<b>At 31 December</b>	<b>2,102,405</b>	<b>2,014,691</b>	<b>207,439</b>	<b>207,439</b>	<b>2,309,844</b>	<b>2,222,130</b>

#### 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

€ 000	2017			2016		
	Gross	Tax	Net	Gross	Tax	Net
<b>Items that will not be reclassified to profit or loss</b>						
- 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
<b>Elements that may be reclassified subsequently to profit or loss</b>	<b>-91,949</b>	<b>-</b>	<b>-91,949</b>	<b>19,817</b>	<b>-</b>	<b>-19,817</b>
- 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
	-	-	-	-	-	-
<b>Share of other comprehensive income of UCB</b>	<b>-82,191</b>	<b>-6,470</b>	<b>-88,661</b>	<b>-58,407</b>	<b>6,417</b>	<b>-51,990</b>

#### 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
<b>Fair value of the participating interest in UCB (€ 000)</b>	<b>4,505,335</b>	<b>4,146,569</b>
Carrying value (€ 000)	2,309,844	2,222,130
<b>Excess of fair value over carrying value</b>	<b>2,195,491</b>	<b>1,924,439</b>

#### 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
<b>Total</b>	<b>70,098,385</b>	<b>70,098,385</b>	<b>36.04</b>	<b>36.04</b>

<sup>7</sup> See the statement of changes in equity for a breakdown by item of net assets

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
<b>Net assets</b>	<b>5,736</b>	<b>5,477</b>
Non-controlling interests	-77	-107
<b>Net assets attributable to UCB shareholders</b>	<b>5,812</b>	<b>5,584</b>

##### 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 <sup>8</sup>	36.1706%	36.0812%
Company's share of net assets of UCB	2,103	2,015
Goodwill on acquisition	207	207
<b>Carrying value of participating interest in UCB</b>	<b>2,310</b>	<b>2,222</b>

## 4.2. Financial instruments

### 4.2.1. Financial instruments by category

€ 000 31 December	Loans & Receivables		Liabilities at amortised cost		Derivatives	
	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	-	-
<b>Total</b>	<b>1,485</b>	<b>689</b>	<b>-192,660</b>	<b>-241,473</b>	<b>-2,993</b>	<b>-4,327</b>

### 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.

<sup>8</sup> When calculating the percentage, the 6,294,677 own shares held by UCB as at 31/12/2017 are excluded from the denominator

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 31 December	Level of the inputs in the fair value hierarchy	Carrying values		Fair values	
		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
<b>Total</b>	<b>33</b>	<b>27</b>

#### 4.2.5. Cash and cash equivalents

€ 000 31 December	2017	2016
Cash at bank	1,452	661
Short-term deposits	-	1
<b>Total</b>	<b>1,452</b>	<b>662</b>

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
<b>Total</b>	<b>-140,000</b>	<b>-141,000</b>	<b>-52,144</b>	<b>-99,997</b>	<b>-192,144</b>	<b>-240,997</b>

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	
<b>01/01/2017</b>	<b>Opening</b>	<b>293,000</b>	<b>-181,000</b>	<b>-60,000</b>	<b>241,000</b>	<b>16,000</b>
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	-
<b>31/12/2017</b>	<b>Closing</b>	<b>193,000</b>	<b>-192,000</b>	<b>-</b>	<b>192,000</b>	<b>1,000</b>

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
	<b>-193,000</b>	<b>-193,000</b>

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
<b>Total</b>	<b>-5,118</b>	<b>-6,747</b>

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	
	2017	2016	2017	2016	2017	2016
<b>31 December</b>						
<b>Notional amounts</b>	<b>139,000</b>	<b>139,000</b>	<b>55,000</b>	<b>40,000</b>	<b>194,000</b>	<b>179,000</b>
<b>Full fair value</b>	<b>-870</b>	<b>-881</b>	<b>-2,123</b>	<b>-3,446</b>	<b>-2,993</b>	<b>-4,327</b>
Non-current	-532	-881	-209	-884	-741	-1,765
Current	-338	-	-1,914	-2,562	-2,252	-2,562
<b>Accrued interest</b>	<b>-75</b>	<b>-</b>	<b>-1,219</b>	<b>-858</b>	<b>-1,294</b>	<b>-858</b>
Payable	-75	-	-1,219	-855	-1,294	-855
Receivable	-	-	-	-3	-	-3
<b>Clean price</b>	<b>-795</b>	<b>-881</b>	<b>-904</b>	<b>-2,588</b>	<b>-1,699</b>	<b>-3,469</b>
Deferred taxes (note 4.3.1.)	-	34	-	100	-	134
<b>Clean price, after tax</b>	<b>-795</b>	<b>-847</b>	<b>-904</b>	<b>-2,488</b>	<b>-1,699</b>	<b>-3,335</b>
Clean price, after tax, at prior year end	-847	-	-2,488	-	-3,335	-
<b>Gain/loss(-) during the period, after tax</b>	<b>52</b>	<b>-</b>	<b>1,584</b>	<b>-</b>	<b>1,636</b>	<b>-</b>
<b>Reported in profit or loss</b>	<b>27</b>	<b>-</b>	<b>-90</b>	<b>-</b>	<b>-63</b>	<b>-</b>
Gain/loss(-) during the period	27	-	747	-	774	-
Reclassification adjustment	-	-	-837	-	-837	-
<b>Reported in other comprehensive income</b>	<b>25</b>	<b>-</b>	<b>837</b>	<b>-</b>	<b>862</b>	<b>-</b>
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
<b>Clean price</b>	<b>-904</b>	<b>-2.591</b>	<b>1.687</b>
Deferred taxes (note 4.3.1.)	-	100	
<b>Profit</b>			<b>1.587</b>

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

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

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
<b>Net deferred tax liabilities at 1 January</b>	<b>-19,464</b>	<b>-19,872</b>
- 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	
<b>Total taxes in profit or loss</b>	<b>19,760</b>	<b>885</b>
- Re-measurement at fair value of hedging IRS	-	34
- Reclassification adjustment	-284	-554
<b>Total taxes in other comprehensive income</b>	<b>-284</b>	<b>-520</b>
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	-	-
<b>Total taxes directly recorded in the statement of changes in equity</b>	<b>-</b>	<b>44</b>
Other items	-12	
<b>Net deferred tax liabilities at 31 December</b>	<b>-</b>	<b>-19,464</b>

#### 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
<b>Difference between theoretical and reported income tax</b>	<b>-110,233</b>	<b>-62,169</b>
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	
<b>Total effects of difference between theoretical and reported tax</b>	<b>110,233</b>	<b>62,169</b>

\*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
<b>Total</b>	<b>940</b>	<b>677</b>

#### 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%
Altaï 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%
<b>Total voting rights held by the reference shareholders</b>	<b>23,292,065</b>	<b>52.29%</b>	<b>2,015,268</b>	<b>4.52%</b>	<b>25,307,303</b>	<b>56.81%</b>
Other shareholders	-	-	19,241,265	43.19%	19,241,265	43.19%
<b>Total voting rights</b>	<b>23,292,065</b>	<b>52.29%</b>	<b>21,256,533</b>	<b>47.71%</b>	<b>44,548,598</b>	<b>100.00%</b>

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.

**STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF FINANCIERE DE TUBIZE SA/NV ON THE EU-IFRS FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017**

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In the context of the statutory audit of the EU-IFRS financial statements of your company, we hereby submit our statutory audit report to you. This report includes our report on the EU-IFRS financial statements together with our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 22 April 2015 in accordance with the proposal of the Board of Directors. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2017. We have performed the statutory audit of the financial statements of the company Financière de Tubize for more than 24 subsequent years.

## **Report on the EU-IFRS financial statements**

### ***Unqualified opinion***

We have audited the EU-IFRS financial statements of the company Financière de Tubize (the "company") which comprise the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2017, and the accounting policies and other related notes, which show a statement of financial position total of K€ 2,311,329 and of which the statement of profit or loss shows a profit for the year of K€ 285,934.

In our opinion, the EU-IFRS financial statements give a true and fair view of the company's equity and financial position as at 31 December 2017 and of its results and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

### ***Basis for the unqualified opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the EU-IFRS financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of EU-IFRS financial statements in Belgium, including those regarding independence.

We have obtained from the Board of Directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the EU-IFRS financial statements of the current period. These matters were addressed in the context of our audit of the EU-IFRS financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Valuation of financial investments**

Reference to the notes to the EU-IFRS financial statements: 3.2, 4.1

#### ***Description of the key audit matter***

The sole activity of Financière de Tubize is the holding of a stake in the listed company UCB SA (ISIN: BE0003739530). At the closing date, the company holds 35% of the total shares issued by UCB for an amount of K€ 1,717,992 in the statutory accounts and, through the application of the equity method, for an amount of K€ 2,309,844 in the EU-IFRS financial statements, ie respectively 99.91% and 99.94% of the total balance sheet. The valuation of this asset is a determining factor in the

issuing of this opinion given its relative importance both on the company's results and on its total balance sheet.

*How the matter was addressed in the audit*

Our audit work consisted primarily in evaluating the compliance of the accounting treatment of any movements (purchases/sales, dividends) of UCB securities over the period in relation to the applicable accounting framework and assessing the valuation of the investment by comparing it with the various internal and external available data.

**Financing operations**

Reference to the notes to the EU-IFRS financial statements: 3.2, 4.2

*Description of the key audit matter*

In the course of its business, the company has contracted bank borrowings, with a fixed rate or variable rate and subject to bank covenants. In order to hedge its exposure to interest rate risk resulting from variable rate borrowings, the Company has also contracted several derivative financial instruments to hedge this risk. The treatment and valuation of these instruments are the subject of particular attention at each closing date, in view of the related technical aspects.

*How the matter was addressed in the audit*

We assessed the compliance of the accounting treatment of financing transactions with the applicable financial reporting framework. We reviewed the internal and external documentation obtained as part of our audit procedures, in particular with respect to the banks covenants, the treatment of derivatives and the ability of the company to meet its repayment obligations. As regards more specifically our work relating to derivatives, we assessed compliance with the EMIR provisions for listed companies as well as the assumptions used in the accounting treatment of hedging transactions. We also assessed the quality of the information included in the notes to the EU-IFRS financial statements.

***Responsibility of the Board of Directors for the preparation of the EU-IFRS financial statements***

The Board of Directors is responsible for the preparation and fair presentation of the EU-IFRS financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of EU-IFRS financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the EU-IFRS financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the company or to cease business operations, or has no realistic alternative but to do so.

***Responsibilities of the statutory auditor for the audit of the EU-IFRS financial statements***

Our objectives are to obtain reasonable assurance about whether the EU-IFRS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these EU-IFRS financial statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the EU-IFRS financial statements, whether due to fraud or error, design and perform audit procedures responsive to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Board of Directors ;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the EU-IFRS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the statutory auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the EU-IFRS financial statements, and whether these EU-IFRS financial statements reflect the underlying transactions and events in a true and fair view.

Based on the exemption set out in article 526bis §3 of the Companies Code, the functions assigned to the audit committee are exercised by the Board of Directors in its entirety. We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our statutory auditor's report, unless law or regulation precludes public disclosure of the matter.

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## **Report on other legal and regulatory requirements**

### ***Responsibilities of the Board of Directors***

The Board of Directors is responsible for the preparation and the content of the Director's report.

### ***Responsibilities of the statutory auditor***

In the context of our mandate and in accordance with the Belgian standard (Revised) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the Directors' report and to report any matters.

### ***Aspects relating to the Directors' report***

In our opinion, after carrying out specific procedures on Directors' report. the Directors' report is consistent with the EU-IFRS financial statements and has been prepared in accordance with articles 95 and 96 of the Companies Code.

In the context of our audit of the EU-IFRS financial statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Directors'



report contains any material inconsistencies or contains Information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies.

***Statement relating to independence***

- We have not carried out any assignments that were incompatible with the statutory audit of the EU-IFRS financial statements, and we remained independent vis-à-vis the company throughout our assignment.

***Other communications***

- This report conforms to the content of our additional report to the the Board of Directors as referred to in Article 11 of Regulation (EU) No. 537/2014.

Brussels, 21 February 2018

MAZARS RÉVISEURS D'ENTREPRISES SCRL  
Statutory auditor  
represented by

Xavier DOYEN