Financière de Tubize
Half-year financial report
30 June 2016

STATEMENT OF THE DIRECTORS

INTERIM REPORT OF THE BOARD OF DIRECTORS

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FINANCIÈRE DE TUBIZE SA/NV
ALLÉE DE LA RECHERCHE 60, 1070 BRUSSELS (BELGIUM)
COMPANY NUMBER : BE 0403 216 429
WWW.FINANCIERE-TUBIZE.BE
CONTACT : MARC.VAN.STEENVOORT@GMAIL

STATEMENT OF THE DIRECTORS

We confirm that, to the best of our knowledge:

– The condensed consolidated interim financial information at 30 June 2016 has been prepared in accordance with the applicable financial reporting standards and gives a true and fair view of the net assets, the financial position and the results of Financière de Tubize

– The interim board report includes a fair review of the important events and the main related party transactions that occurred during the first half-year, and of their impact on the condensed interim financial information at 30 June 2016, as well as a description of the main risks and uncertainties for the remainder of the year.

Brussels, 27 July 2016

The board of directors

INTERIM REPORT OF THE BOARD OF DIRECTORS

Ladies and Gentlemen,

In accordance with the legal and regulatory requirements, we are honoured to report to you on the first half of FY 2016 of Financière de Tubize (the « Company »).

This report consists of the following sections:

1. Significant events

2. Evolution of the results and the financial position
2.1. Results (non-consolidated)
2.2. Financial position (non-consolidated)
2.3. Evolutions on a consolidated basis

3. Main risks and uncertainties

4. Main related party transactions

1. Significant events

The following significant events took place during the first half of FY 2016:

- **Dividends –** Dividend received from UCB in relation to FY 2015 (€ 74,885k) and dividend paid by the Company in relation to FY 2015 (€ 22,274k).
- **Debt –** Decrease of outstanding bank borrowings from € 286.3 million at 31 December 2015 to € 238.0 million at 30 June 2016.
- **Cash flow risk management –** A portion of the participating interest in UCB is financed by bank borrowings (€ 238 million at 30 June 2016). The majority of these borrowings (€ 178 million) are short term floating rate drawings under a roll-over credit facility. This allows the Company to benefit from the low borrowing cost, which is, given the negative Euribor 3m rate, limited to the credit spread. This spread has been fixed for the entire duration of the borrowing facilities (€ 40 million till 30 September 2017 and € 157 million that will completely amortise by the beginning of November 2021). To protect itself against future increases of interest rates, the Company has concluded, in March 2016, two interest rate swaps which will become effective on 2 October 2017 (*Deferred Start Swaps* or "DSS"), 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 2.6. of the condensed consolidated interim financial information at 30 June 2016 provides further details about the accounting for the DSS contracts.

2. Evolution of the results and the financial position

2.1. Results (non-consolidated)

The non-consolidated profit moves from € 65,536k in the first half of 2015 to € 71,520k in the first half of 2016, an increase of € 5,984k or 9.13%.

The condensed profit or loss accounts for the six months ended 30 June 2016 and 2015 look as follows:

€ 000	2016	2015
Dividend from UCB	74,884	70,352
Cost of borrowing	-2,991	-3,535
Other financial expenses	-2	-923
General expenses	-371	-358
Profit of the period, before tax	71,520	65,536
Income taxes	-	-
Profit of the period	**71,520**	**65,536**

The dividend received from UCB in 2016 in relation to FY 2015, amounts to € 74,884k (gross dividend of € 1.10 per share) against € 70,352k (€ 1.06 per share) for the prior year.

The cost of borrowing decreases from € 3,535k in 2015 to € 2,991k in 2016, notwithstanding the increase of the outstanding amounts from € 145.0 million to € 286.3 million during the last two months of 2015 to finance the strengthening of the Company's participating interest in UCB. The increased utilisation of the facilities has resulted in lower commitment fees. The main reason for the decrease of the borrowing cost are the low interest rates with negative Euribor 3m rates during the entire reporting period.

Other financial expenses at 30 June 2015 (€ 923k) were related to an unrealised loss on an interest rate swap.

General expenses moved from € 358k in the first half of 2015 to € 371k for the same period in 2016.

After application, in accordance with Belgian tax law and regulation, of the system of tax credits for dividends received, the Company has no taxable basis. The objective of the tax credits for dividends received 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% of the amounts of dividends received by the beneficiary company (Financière de Tubize) is deductible from the taxable basis.

2.2. Financial position (non-consolidated)

The condensed non-consolidated balance sheet looks as follows:

€ 000	30/06/2016	31/12/2015
Participating interest in UCB	1,717,992	1,717,992
Current investments and cash at bank and in hand	810	565
Other assets	45	46
Total assets	**1,718,847**	**1,718,603**
Equity	1,478,412	1,406,892
Bank borrowings	238,000	286,328
Other liabilities	2,435	25,383
Total equity and liabilities	**1,718,847**	**1,718,603**

The participating interest in the capital of UCB is recorded at its acquisition value for an amount of € 1,717,992k, unchanged compared to 31 December 2015, and representing a book value per share of € 25.24, whereas the share price at 30 June 2016 was 67.20 (€ 83.23 at 31 December 2015).

The dividend received from UCB (€ 74.9 million) in May 2016 has served to reduce bank debt (€ 49.0 million), to pay the dividend of Financière de Tubize (€ 22.3 millions), to pay interest and commission on bank borrowings (€ 3.3 million), and to pay general expenses (€ 0.3 million).

Equity moves from € 1,406.9 million at 31 December 2015 to € 1,478.4 million at 30 June 2016. This increase stems from the profit of the period (€ 71.5 millions). The market capitalisation of Financière de Tubize amounts to € 2,484.9 million at 30 June 2016 (44,548,598 shares at € 55.78).

The outstanding bank debt amounts to € 238.0 million at 30 June 2016 against € 286.3 million at 31 December 2015.

The evolution of other liabilities since 31 December 2015 is primarily explained by the payment of the dividend Financière de Tubize (€ -22,3 million).

2.3. Evolutions on a consolidated basis

First half of 2016	€ 000
Non-consolidated profit	**71,520**
Elimination of received dividend from UCB	-74,884
Share of the profit of UCB	108,730
Amortisation, after tax effect, of 2009 debt restructuring costs	-430
Changes in deferred taxes on undistributed reserves of UCB SA/NV	1,489
Reclassification adjustments, after tax effect	-677
Re-measurement, after tax effect, of the fair value of swaps (no hedge accounting)	606
Consolidated profit	**106,354**
Re-measurement, after tax effect, of the fair value of swaps (hedge accounting)	-1,113
Reclassification adjustments, after tax effect	677
Share of other comprehensive income of UCB	-99,547
Consolidated comprehensive income	**6,371**
Paid dividend	-22,274
Share of the other changes of net assets of UCB[1]	-114,377
Impact of changes in the percentage of the participating interest in UCB as a result of changes in the number of own shares held by UCB	4,148
Changes in consolidated equity	**-126,132**
Consolidated equity at 30 June 2016	1,821,182
Consolidated equity at 1 January 2016	1,947,314
Changes in consolidated equity	**-126,132**

3. Main risks and uncertainties

The Company's sole asset being a participating interest in UCB, its main risk factors and uncertainties are similar to those of UCB. The financial position and the results of Financière de Tubize are impacted by the results of UCB, on a non-consolidated level through the received dividends and on a consolidated level through the application of the equity method.

In addition, the Company is exposed to the market risk related to the evolution of the UCB stock price, and to the liquidity risk, in particular the risk that the Company might have difficulties in satisfying its obligations under the bank debt agreements. The board has confidence in the development perspectives of the UCB group. The dividend received in May 2016 and the instant access to confirmed credit facilities will enable the Company to meet its contractually scheduled capital reimbursements and interest payments for the second half of 2016.

The Company uses interest rate swaps to hedge most of its exposure to cash flow risk resulting from variable rate bank loans. At 30 June 2016, three interest rate swaps are outstanding for notional amounts of respectively € 40 million, € 82 million and € 57 million. The latter two have a deferred start at 2 October 2017.

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

4. Main related party transactions

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

Related party transactions, such as described in note 4.4.5. of the 2015 consolidated financial statements have not significantly changed.

The ordinary general meeting of 27 April 2016 has approved the renewal of the director's mandate of François Tesch for a period of four years that will end at the ordinary general meeting to be held on 22 April 2020. The Board of Directors has re-elected François Tesch as Chairman for the same period of four years.

[1] See the condensed consolidated interim statement of changes in equity at 30 June 2016 for the breakdown by equity component.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
30 JUIN 2016

The 2016 half-year condensed consolidated interim financial information of Financière de Tubize (the « Company ») has been established by a resolution of the board of directors of 27 July 2016.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2016

€ 000	Notes	2016	2015
PROFIT OR LOSS			
Share of profit of UCB		108,730	92,412
Borrowing cost	2.5.	-3,745	-5,198
General and administrative expenses	4.	-373	-390
Profit before tax		***104,612***	***86,824***
Income tax	3.3.	1,742	2,808
Profit		**106,354**	**89,632**
OTHER COMPREHENSIVE INCOME			
Share, after tax, of other comprehensive income of UCB		***-99,547***	***104,838***
Share of items that will not be reclassified subsequently to profit or loss	1.2.	-40,117	4,889
Share of items that will be reclassified subsequently to profit or loss when specific conditions are met	1.2.	-59,430	99,949
Other items of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when specific conditions are met		***-436***	***1,680***
Cash flow hedges	2.6.	-436	1,680
Total other comprehensive income		**-99,983**	**106,518**
COMPREHENSIVE INCOME		**6,371**	**196,150**
Profit attributable to			
Owners of the parent		106,354	89,632
Non-controlling interests		-	-
Comprehensive income attributable to			
Owners of the parent		6,371	196,150
Non-controlling interests		-	-
Earnings per share			
Basic and diluted (in €)	5.	2.39	2.01

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

€ 000	Notes	30/06/2016	31/12/2015
Participating interest in UCB	1.1.	2,082,439	2,258,543
Non current assets		***2,082,439***	***2,258,543***
Prepayments	2.3.	44	47
Cash and cash equivalents	2.4.	810	565
Current assets		***854***	***612***
Assets		**2,083,293**	**2,259,155**
Equity		**1,821,182**	**1,947,314**
Bank borrowings	2.5.	238,000	236,935
Derivatives	2.6.	3,317	3,262
Deferred taxes	3.1.	18,208	19,872
Non current liabilities		***259,525***	***259,740***
Bank borrowings	2.5.	383	48,350
Derivatives	2.6.	1,364	2,603
Other creditors	2.7.	839	819
Current liabilities		***2,586***	***52,101***
Liabilities		**262,111**	**311,841**
Equity and liabilities		**2,083,293**	**2,259,155**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June

€ 000	2016	2015
Directors remuneration	-65	-55
Remuneration general manager	-89	-90
Remuneration of service providers	-42	-47
Contributions to market infrastructure and supervision	-50	-48
Expenses	-5	-12
Payment of services	-52	-33
Payment of indirect taxes	-55	-46
Cash flows from operating activities	***-358***	***-331***
Dividends received	74,884	70,352
Withholding tax	5	4
Cash flows from investing activities	***74,889***	***70,356***
Dividends paid	-22,272	-21,383
Interest and commission paid	-3,686	-3,023
Reimbursement of bank borrowings	-49,000	-66,000
Drawings from the confirmed lines	672	24,000
Repurchase of own shares	-	-3,435
Cash flows from finance activities	***-74,286***	***-69,841***
Total cash flows	**245**	**184**
Cash and cash equivalents beginning of period	565	355
Cash and cash equivalents end of period	810	539

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016

€ 000	Capital and share premium	Subordi-nated perpetual	Retained earnings	Treasury Shares	Employee benefits	Translation adjustments	Assets held for sale	Cash flow hedges	Net investment hedge	Total equity
01/01/2016	**236,225**	**103,920**	**1,666,835**	**-104,268**	**-23,629**	**44,912**	**15,058**	**-11,166**	**19,427**	**1,947,314**
Dividends			-22,274							-22,274
Comprehensive income										
– *Profit*			*106,354*							*106,354*
– *Share of other comprehensive income of UCB*			*-2,542*		*-40,117*	*-51,897*	*-3,478*	*-1,513*		*-99,547*
– *Cash flow hedges*								*-436*		*-436*
			103,812		-40,117	-51,897	-3,478	-1,949		6,371
Share in other changes in net assets of UCB										
– *Share based payments*			*3,658*							*3,658*
– *Treasury shares*			*-5,818*	*-3,639*						*-9,457*
– *Dividend to holders of subordinated perpetual*			*1,772*							*-1,772*
– *Reimbursement of subordinated perpetual*		*-106,806*								*-106,806*
		-106,806	-3,932	-3,639						-114.377
Change in the percentage of the participating interest in UCB resulting from changes in the number of own shares held by UCB		2,886	2,274	-2,897	-657	1,248	418	336	540	4,148
30/06/2016	**236,225**	**0**	**1,746,715**	**-110,804**	**-64,403**	**-5,737**	**11,998**	**-12,779**	**19,967**	**1,821,182**

for the six months ended 30 June 2015

€ 000	Capital and share premium	Subordi-nated perpetual	Retained earnings	Treasury Shares	Employee benefits	Translation adjustments	Assets held for sale	Cash flow hedges	Net investment hedge	Total equity
01/01/2015	**236,225**	**101,007**	**1,435,099**	**-59,424**	**-33,013**	**-66,044**	**4,297**	**-15,154**	**18,883**	**1,621,876**
Dividends			-21,383							-21,383
Repurchase and cancellation of own shares			-3,435							-3,435
Comprehensive income										
– *Profit*			*89,632*							*89,632*
– *Share of other comprehensive income of UCB*					*4,889*	*102,807*	*607*	*-3,465*		*104,838*
– *Cash flow hedges*			*-39*					*257*		*218*
– *Reclassification adjustments*			*-753*					*2,215*		*1,462*
			88,840		4,889	102,807	607	-993		196,150
Share of other changes in net assets of UCB										
– *Share based payments*			*8,645*							*8,645*
– *Transfer between reserves*			*-9,166*	*-1,395*	*11,920*			*-1,359*		*0*
– *Treasury shares*				*-35,783*						*-35,783*
– *Dividend to holders of subordinated perpetual*			*-3,982*							*-3,982*
			-4,503	-37,178	11,920			-1,359		-31,121
Changes in the percentage of the participating interest in UCB resulting from changes in the number of own shares held by UCB		968	17,285	-570	-316	-633	41	-90	180	16,865
30/06/2015	**236,225**	**101,975**	**1,511,903**	**-97,172**	**-16,520**	**36,130**	**4,945**	**-17,596**	**19,063**	**1,778,952**

ACCOUNTING POLICIES

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

The objective of the condensed consolidated interim financial information at 30 June 2016 is to update the 31 December 2015 consolidated financial statements. The present notes do not necessarily repeat information that was already included in the 31 December 2015 consolidated financial statements. They primarily focus on events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since 31 December 2015. The present document must therefore be read in conjunction with the 31 December 2015 consolidated financial statements.

The basis of preparation of the condensed consolidated interim financial information as well as the accounting policies, the computation methods, the judgments and accounting estimations are the same as those used for the preparation of the 31 December 2015 consolidated accounts.

The impact of the initial application in 2016 of amended standards is summarised in the table that follows.

Standard	Subject of the amendment	Impact
IFRS 2 – *Share Based Payment* (amendment)	Clarify the definition of vesting conditions	The Company has no share based payments
IFRS 3 – *Business combinations* (amendment)	Exclude from the scope the accounting for the formation of a joint venture Clarify certain aspects of the accounting for a contingent consideration	This subject is only relevant when a business combination transaction occurs
IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* (amendment)	Clarify the accounting of changes to a plan of sale	This subject is only relevant when such a transaction occurs
IFRS 7 – *Financial Instruments: Disclosures* (amendment)	Clarify how to decide whether an entity has continuing involvement as a result of a servicing contract Clarify that the requirement to provide additional information in case of offsetting financial assets and financial liabilities, does not apply to condensed interim financial information	The Company does not serve financial assets The Company provides on this subject the same level of detail in its half-year and in its annual accounts.
IFRS 8 – *Operating segments* (amendment)	Requirement to disclose the judgments made by management in applying the criteria for aggregating operating segments Requirement to provide a reconciliation of the total of the reportable segments' assets to the entity's assets	The Company has no operating segments
IFRS 11 – *Joint Arrangements* (amendment)	Clarification of the accounting for acquisitions of interests in joint operations	This subject is only relevant when such a transaction occurs
IAS 1 – *Presentation of Financial Statements* (amendment)	Improve the effectiveness of the disclosures and encourage companies to use professional judgment and materiality when deciding which disclosures to be included in the financial statements	The company uses materiality thresholds and professional judgment in organising its disclosures The presentation of the statement of other comprehensive income has been adapted in accordance with the requirements of the amended standard
IAS 16 – *Property, Plant & Equipment* (amendment)	Clarify how the accumulated depreciation must be adjusted under the revaluation	The Company has no assets in the scope of IAS 16

Standard	Subject of the amendment	Impact
	model Clarification of acceptable methods of depreciation Clarification that Bearer Plants must be accounted for in the same way as Property, Plant & Equipment	
IAS 19 – *Employee Benefits* (amendment)	Simplify and clarify the accounting for employee or third party contributions linked to defined benefit plans The depth of the high quality corporate bonds markets, which is an important input to determine the discount rate, is no longer assessed at the country level but at the level of the monetary zone	The Company has no personnel and no pension plans
IAS 24 – *Related Party Disclosures* (amendment)	Clarify what needs to be disclosed regarding the compensation paid to another entity that provides key management personnel services	Management services are provided by the general manager in his personal name
IAS 34 – *Interim Financial Reporting* (amendment)	Requirement to incorporate by cross-reference from the interim financial statements any mandatory information that is not provided in the interim financial statements themselves	Should this situation occur, the necessary cross-references will be made
IAS 38 – *Intangible Assets* (amendment)	Clarify how the accumulated depreciation must be adjusted under the revaluation model Clarification of acceptable methods of amortisation	The Company has no assets in the scope of IAS 38
IAS 41 – Agriculture (amendment)	Clarification that Bearer Plants must be accounted for in the same way as Property, Plant & Equipment	This subject is not relevant for the Company's activities

SELECTION OF EXPLANATORY NOTES

1. Participating interest in UCB

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2. Financial instruments

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3.3. Relationship between tax expense and accounting profit

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1. Participating interest in UCB

1.1. Carrying value

€ 000	Share of the net assets of UCB	Goodwill	Total
01/01/2016	**2,051,104**	**207,439**	**2,258,543**
Distribution	-74,884		-74,884
Share of the profit of UCB	108,730		108,730
Share of other comprehensive income of UCB (v. 1.2.)	-99,547		-99,547
Share of other changes in net assets of UCB[1]	-114,377		-114,377
Impact of changes in the percentage of participating interest due to changes in the number of own shares held by UCB	3,974		3,974
30/06/2016	**1,875,000**	**207,439**	**2,082,439**

1.2. Share of other comprehensive income of UCB

	For the 6 months ended 30/06/16		
€ 000	**Gross**	**Tax**	**Net**
Items that will not be reclassified subsequently to profit or loss	***-42,400***	***2,283***	***-40,117***
- Re-measurement of defined benefit obligations	-42,400	2,283	-40,117
Items that will be reclassified subsequently to profit or loss when specific conditions are met	***-59,430***	***-***	***-59,430***
- Translation adjustments	-51,897	-	-51,897
- Net result from available-for-sale financial assets	-3,478	-	-3,478
- Effective portion of cash flow hedges	-4,055	-	-4,055
Share of other comprehensive income of UCB	**-101,830**	**2,283**	**-99,547**

[1] see Condensed consolidated interim statement of changes in equity for a breakdown by component of net assets

1.3. Fair value

	30/06/16	31/12/15
Number of UCB shares	68,076,981	68,076,981
Share price UCB (€)	67.20	83.23
Fair value of the participating interest in UCB (€ 000)	**4,574,733**	**5,666,047**
Carrying value (€ 000)	2,082,439	2,258,543
Excess of fair value over carrying value (€ 000)	**2,492,294**	**3407,504**

1.4. Concert

	Number of voting rights		% of voting rights	
	30/06/16	31/12/15	30/06/16	31/12/15
Financière de Tubize	68,076,981	68,076,981	35.00	35.00
Schwarz Vermögensverwaltung	2,471,404	2,471,404	1.27	1.27
Total	**70,548,385**	**70,548,404**	**36.27**	**36.27**

1.5. Summarised financial information of UCB

Summarised statement of financial position

€ 000 000	30/06/16	31/12/15
Non-current assets	7,738	8,075
Current assets	2,455	2,868
Non-current liabilities	-2,653	-2,561
Current liabilities	-2,473	-2,836
Net assets	**5,067**	**5,546**
Non-controlling interests	-108	-126
Net assets attributable to UCB shareholders	**5,175**	**5,672**

Summarised statement of profit or loss

For the six months ended 30 June 2016	€ 000 000
Revenue	2,019
Profit from continuing operations	325
Profit (+) or loss (-) from discontinued operations	-9
Profit	**316**
Non-controlling interests	16
Profit attributable to UCB shareholders	**300**

Summarised statement of comprehensive income

For the six months ended 30 June 2016	€ 000 000
Profit	316
Other comprehensive income	-273
Comprehensive income	**43**
Non-controlling interests	18
Comprehensive income attributable to UCB shareholders	**25**

Reconciliaton of summarised financial information to carrying value

€ 000 000	30/06/16	31/12/15
Net assets attributable to UCB shareholders	5,175	5,672
Interest of the Company[1]	36.2347%	36.1620%
Company's share of net assets of UCB	1,875	2.,051
Goodwill sur acquisition	207	207
Carrying value of participating interest in UCB	**2,082**	**2,258**

[1] When calculating the percentage, the own shares held by UCB are eccluded from the denominator

2. Financial instruments

2.1. Financial instruments by category

€ 000	Loans & Receivables		Liabilities at amortised cost		Derivatives	
	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
Prepayments	44	47				
Cash & cash equivalents	810	565				
Bank borrowings			-238,383	-285,285		
Derivatives					-4,681	-5,865
Other creditors			-839	-819		
Total	**854**	**612**	**-239,222**	**-286,104**	**-4,681**	**-5,865**

2.2. Fair value of financial instruments

€ 000	Level of the inputs in the fair value hierarchy	Carrying values		Fair values	
		30/06/16	31/12/15	30/06/16	31/12/15
Prepayments	-	44	47	44	47
Cash & cash equivalents	-	810	565	810	565
Bank borrowings	2	-238,383	-285,285	-240,701	-288,355
Derivatives	2	-4,681	-5,865	-4,681	-5,865
Other creditors	-	-839	-819	-839	-819

2.3. Prepayments

€ 000	30/06/16	31/12/15
Credit note to receive	-	13
Advance payment	-	5
Deferred charges	44	23
Withholding tax to recover	-	6
Total	**44**	**47**

2.4. Cash & cash equivalents

€ 000	30/06/16	31/12/15
Cash at bank	809	564
Short-term deposits	1	1
Total	**810**	**565**

2.5. Bank borrowings

Carrying values

€ 000	Non current		Current		Total	
	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
Floating rate borrowings	-178,000	-177,328	-	-49,000	-178,000	-226,328
Fixed rate borrowings	-60,000	-60,000	-	-	-60,000	-60,000
Restructuring costs	-	393	1,044	1,302	1,044	1,695
Accrued interest	-	-	-1,419	-292	-1,419	-292
Accrued commitment fee	-	-	-8	-360	-8	-360
Total	**-238,000**	**-236,935**	**-383**	**-48,350**	**-238,383**	**-285,285**

Evolution of bank debt during the first half of FY 2016

€ 000		Confirmed lines	Utilised			Available
			Floating	Fix	Total	
01/01/2016	**Opening**	**287,000**	**-226,328**	**-60,000**	**-286,328**	**672**
January 2016	Drawings		-672		-672	-672
May 2016	Reimbursements + decrease of lines	-30,000	49,000	-	49,000	19,000
30/06/2016	**Closing**	**257,000**	**-178,000**	**-60,000**	**-238,000**	**19,000**

Contractual maturities

€ 000	Confirmed lines	Utilisation			Available
		Floating	Fix	Total	
30/09/2017	100,000	-40,000	-60,000	-100,000	-
30/06/2019	52,500	-33,500	-	-33,500	19,000
30/06/2020	52,500	-52,500	-	-52,500	-
06/11/2021	52,000	-52,000	-	-52,000	-
	257,000	**-178,000**	**-60,000**	**-238,000**	**19,000**

Collateral

The borrowings are collateralised through a pledge on 7,000,000 UCB shares as at 30 June 2016 (this number has decreased to 6,100,000 as at 5 July 2016). The carrying value of these pledged shares amounts to € 214,126k at 30 June 2016.

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 155% of the outstanding debt; at 30 June 2016, this ratio was 197.65% (172.24% at 5 July 2016)
– Borrowings may not exceed 30% of the fair value of the investment in UCB; at 30 June 2016, this ratio was 5.20%)
– The solvency ratio (equity versus balance sheet total on a non-consolidated basis) must exceed 70%; at 30 June 2016, this ratio was 86.01%.

Borrowing cost

Six months ended 30 June 2016	€ 000
Interest expenses	-2,983
Commitment fee	-8
Amortisation of debt restructuring costs	-651
Changes of the fair value of an IRS not designated as hedging instrument (note 2.6.)	922
Reclassification adjustments (note 2.6.)	-1,025
Total	**-3,745**

2.6. Derivatives

	IRS designated as hedging instrument		IRS not designated as hedging instrument		Total IRS	
€ 000	**30/06/16**	**31/12/15**	**30/06/16**	**31/12/15**	**30/06/16**	**31/12/15**
Notional amounts	**139,000**	**-**	**40,000**	**80,000**	**179,000**	**80,000**
Full fair value	**-1,208**	-	**-3,473**	**-5,865**	**-4,681**	**-5.865**
Non-current	-1,208	-	-2,109	-3,262	-3,317	-3,262
Current	-	-	-1,364	-2,603	-1,364	-2,603
Accrued interest	**-**	**-**	**-169**	**-1,639**	**-169**	**-1,639**
Payable	-	-	-168	-1,725	-168	-1,725
Receivable	-	-	-1	86	-1	86
Clean price	**-1,208**	**-**	**-3,304**	**-4,226**	**-4,512**	**-4,226**
Deferred taxes (note 3.1.)	95	-	260	576	355	576
Clean price, after tax	**-1,113**	**-**	**-3,044**	**-3,650**	**-4,157**	**-3,650**
Clean price, after tax, at prior year-end	-		3.650		3.650	
Gain (+) / Loss (-) during the period after tax	**-1,113**		**606**		**-507**	
Reported in profit or loss	-		**-71**		**-71**	
Gain during the period	-		606		606	
Reclassification adjustment	-		-677		-677	
Reported in other comprehensive income	**-1,113**		**677**		**-436**	
Gain during the period	-1,113		-		-1,113	
Reclassification adjustments	-		677		677	

The derivatives book of the Company consists of three interest rate swaps (receive floating, pay fix) that were contracted to hedge the cash flow risk resulting from floating rate bank borrowings. At 30 June 2016, the outstanding notional amounts of these swaps were respectively € 40 million (€ 80 million at 31

December 2015), € 82 million (new contract as from the beginning of March 2016) and € 57 million (new contract as from the beginning of March 2016).

As from 1 January 2015 onwards, hedge accounting was ceased for the € 40 million swap. Changes in fair value of this swap amounted to € 922k (€ 606k after tax) during the first half of 2016 and were recorded as a profit of the period (credit to the borrowing cost). The remaining balance of the clean price at 1 January 2015 (€ -5,534k) is reclassified from equity to profit or loss (borrowing cost) over the remaining lifetime of the swap based on the time weighted notional amounts; the reclassified amount during the first half of FY 2016 amounted to € 1,025k (€ 677k after tax).

To cover the risk of future increases of interest rates, the Company has concluded, in March 2016, two interest rate swaps that will become effective on 2 October 2017 (Deferred Start Swaps or "DSS") for notional amounts of respectively € 82 million and € 57 million, which will completely amortise by mid-May 2021. Both DSS are designated as hedging instruments against the cash flow risk resulting from the underlying borrowings. Hedge effectiveness has been documented. Changes in the fair value of these swaps amounted to € 1,208k (€ 1,113k after tax) during the first half of 2016 and have been recorded against other comprehensive income.

The method for determining the distinction between the current and non-current portions of the full fair value of derivatives has been fine-tuned. The current portion includes the net cash flows from interest settlements during the 12 month period following the reporting date.

2.7. Other creditors

€ 000	30/06/16	31/12/15
Invoices to receive	-88	-70
Non collected dividends	-751	-749
Total	**-839**	**-819**

3. Income taxes

3.1. Deferred tax assets and liabilities

	Total		Recognised		Unrecognised	
€ 000	30/06/16	31/12/15	30/06/16	31/12/15	30/06/16	31/12/15
Reserves UCB SA	-18,208	-19,872	-18,208	-19,872	-	-
Unamortised balance of debt restructuring costs	-355	-576	-355	-576	-	-
Deferred tax liabilities	**-18,563**	**-20,448**	**-18,563**	**-20,448**	**-**	**-**
Interest rate swaps	1,534	1,436	355	576	1,179	860
Unused tax credits	44,779	44,908	-	-	44,779	44,908
Deferred tax assets	**46,313**	**46,344**	**355**	**576**	**45,958**	**45,768**
Net deferred tax liabilities			**-18,208**	**-19,872**		

3.2. Roll-forward of net deferred tax liabilities

	€ 000
01/01/2016	**-19,872**
Changes in the reserves of UCB SA	1,489
- Amortisation of debt restructuring costs	221
- Re-measurement of fair value of IRS not designated as hedging instrument	-316
- Reclassification adjustments	348
Total taxes in profit or loss	**1,742**
- Re-measurement of fair value of hedging IRS	95
- Reclassification adjustments	-348
Total taxes in other comprehensive income	**-253**
Total taxes directly recorded in the statement of changes in equity (changes of % participation)	**175**
30/06/2016	**-18,208**

3.3. Relationship between tax expense and accounting profit

Six months ended 30 June 2016	€ 000
Profit before tax	104,612
Theoretical income tax rate	33.99%
Theoretical income tax	-35,558
Reported income tax	1,742
Difference between theoretical and reported income tax	**-37,300**
Dividend income	-25,452
Share of the profit of UCB	36,958
Tax exempt dividend income	24,181
Utilisation of accumulated tax credits for dividends received	-129
Changes in reserves of UCB SA	1,489
Amortisation of debt restructuring costs	221
Re-measurement at fair value of IRS not designated as hedging instrument	-316
Reclassification adjustments	348
Total effects of difference between theoretical and reported tax	**37,300**

4. General and administrative expenses

Six months ended 30 June 2016	€ 000
Directors' remuneration	-55
Directors' insurance	-23
Day-to-day management	-105
Bookkeeping services	-18
Audit	-4
Legal advice	-12
Paying agent	-18
FSMA	-44
Euronext	-23
Euroclear	-7
Publications	-52
Diligent Board	-8
Other (payroll bureau, travel, mail, bank charges, office supplies, …)	-4
Total	**-373**

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 period. During the first half of 2016, the number of shares in issue remained unchanged at 44,548,598.

STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF FINANCIÈRE DE TUBIZE SA FOR THE PERIOD ENDED 30 JUNE 2016

Introduction

We have reviewed the *condensed consolidated interim financial information* of FINANCIERE DE TUBIZE SA as of June 30, 2016, and for the period of six months ended on that date, including the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in equity, the accounting policies, and a selection of explanatory notes.

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

Scope of Review

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

Conclusion

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

Brussels, July 27, 2016

Mazars Réviseurs d'Entreprises SCRL
Statutory auditor, represented by Xavier DOYEN