

Financière de Tubize

Half-year financial report

30 June 2017

STATEMENT OF THE DIRECTORS

INTERIM REPORT OF THE BOARD OF DIRECTORS

CONDENSED INTERIM FINANCIAL STATEMENTS

- **Belgian standards (with auditor's report)**
- **EU-IFRS standards (with auditor's report)**

FINANCIERE DE TUBIZE SA/NV
ALLEE DE LA RECHERCHE 60, 1070 BRUXELLES (BELGIUM)
COMPANY NUMBER : BE 0403 216 429
WWW.FINANCIERE-TUBIZE.BE
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STATEMENT OF THE DIRECTORS

We confirm that, to the best of our knowledge:

- The condensed interim financial statements at 30 June 2017 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 statements at 30 June 2017, as well as a description of the main risks and uncertainties for the remainder of the year.

Brussels, 26 July 2017

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 semester of FY 2017 of Financière de Tubize (the « Company »).

1. Significant events

The following significant events took place during the first half of FY 2017:

- **Dividends** – Dividend received from UCB in relation to FY 2016 (€ 78.289k) and dividend paid by the Company in relation to FY 2016 (€ 23.165k).
- **Debt** – Decrease of outstanding bank borrowings from € 241,0 million at 31 December 2016 to € 189,0 million at 30 June 2017.
- **Cash flow risk management** – A portion of the participating interest in UCB is financed by bank borrowings (€ 189 million at 30 June 2017). The majority of these borrowings (€ 129 million) are short term floating rate drawings under a roll-over credit facility. This allows the Company to benefit from the low borrowing cost. To protect itself against future increases of interest rates, the Company has decided in March 2016 to hedge its entire floating rate debt as per October 2017 onwards. To that objective, the Company has concluded, in March 2016, two deferred start interest rate swaps which will become effective on 2 October 2017, for notional amounts of € 82 million and € 57 million respectively, which will be completely amortised 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 2.4. of the EU-IFRS statements as per 30 June 2017 provides further details about the accounting for the swaps.
- **Bridge loan** – In November 2016, the Company has concluded a new credit facility of € 36 million, usable during the period from 30 September 2017 through 15 May 2018 in order to cover the expected cash needs during this period, as a result of the contractual repayment of a credit line of € 100 million at 30 September 2017.

2. Evolution of the results and the financial position

2.1. Results (Belgian standards¹)

The profit moves from € 71,521k in the first half of 2016 to € 75,339k in the first half of 2017, an increase of € 3,818k or 5,34%.

The condensed profit or loss accounts for the six months ended 30 June 2017 and 2016 look as follows:

€ 000	2017	2016
Dividend from UCB	78,289	74,885
Cost of borrowing	-2,412	-2,991
Other financial expenses	-39	-2
General expenses	-499	-371
Profit before tax	75,339	71,521
Income taxes	-	-
Profit	75,339	71,521

The dividend received from UCB in 2017 in relation to FY 2016, amounts to € 78,289k (gross dividend of € 1.15 per share) against € 74,885k (€ 1.10 per share) for the prior year.

¹ The accounting standards applicable in Belgium and the periodic reporting obligations incumbent upon Belgian issuers whose securities are admitted to trading on a regulated market.

The cost of borrowing decreases from € 2,991k for the first semester 2016 to € 2,412k for the same period in 2017. This phenomenon had already been initiated in 2016, on one hand via the reduction in the average cost of debt, thanks to favourable market conditions and active management of bank debts and, on the other hand, by lower commissions of reservation on the unused portion of the credit lines following better use of these lines since 2016.

Other financial expenses include the variation of the portion of unrealized losses (€ 36k), which corresponds to future over-hedging situations, of which the occurrence has become probable as of 30 June 2017, based on the forecasts of future cash flows which show smaller financing requirements than expected at the time the swaps were concluded.

Overhead costs increased from € 371k in the first half of 2016 to € 499k for the same period in 2017. This change was mainly due to the increase in directors' remuneration approved by the general meeting of shareholders on 26 April 2017.

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. Therefore 95% of the amounts of dividends received by the beneficiary company (Financière de Tubize) is deductible from its taxable basis.

2.2. Financial situation (Belgian standards)

The condensed balance sheet as per 30 June 2017 and as per 31 December 2016 look as follows:

€ 000	30/06/2017	31/12/2016
Participating interest in UCB	1,717,992	1,717,992
Current investments and cash at bank and in hand	1,301	661
Other assets	74	28
Total assets	1,719,367	1,718,681
Equity	1,528,109	1,452,770
Bank borrowings	189,000	241,000
Other liabilities	2,258	24,911
Total equity and liabilities	1,719,367	1,718,681

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 2016, and representing a book value per share of € 25.24, whereas the share price at 30 June 2017 was 60.23 (€ 60.91 at 31 December 2016).

Equity moves from € 1,452,770k at 31 December 2016 to € 1,528,109k at 30 June 2017. This increase of € 75,339k comes from the profit of the period. The market capitalisation of Financière de Tubize amounts to € 2,615,894k at 30 June 2017 (44,548,598 shares at € 58.72) against € 2,642,623k at 31 December 2016 (44,548,598 shares at € 59.32) .

The outstanding bank debt amounts to € 189.0 million at 30 June 2017 against € 241.0 million at 31 December 2016.

The dividend received from UCB (€ 78.3 million) in May 2017 has served to reduce bank debt (€ 52.0 million), to pay the dividend of Financière de Tubize (€ 23.2 millions), to pay interest and commission on bank borrowings (€ 2.0 million), to pay general expenses (€ 0.5 million) and to increase liquidity (€ 0.6 million).

The evolution of other liabilities since 31 December 2016 is primarily explained by the payment of the dividend Financière de Tubize (€ -23.2 million).

2.3. Profit and other changes in equity reconciliation according to Belgian GAAP – EU-IFRS standards²

€ 000	2017
Profit BE GAAP	75.339
Elimination of received dividend from UCB	-78.289
Share of the profit of UCB	155.570
Amortisation, after tax effect, of 2009 debt restructuring costs	-394
Changes in deferred taxes on non-distributed reserves of UCB SA/NV	1.480
Ineffectiveness hedge accounting	20
Reclassification adjustments, after tax effect, related to derivatives	-420
Re-measurement of fair value of derivatives	710
Profit EU-IFRS	154.016
Cash flow hedge	636
Share of other comprehensive income of UCB	-59.193
Comprehensive income EU-IFRS	95.459
Paid dividend	-23.165
Share of the other changes of net assets of UCB ³	-7.565
Impact of changes in the percentage of the participation in UCB	368
Changes in EU-IFRS equity	65.097
EU-IFRS equity beginning of the period	1.957.555
EU-IFRS equity end of period	2.022.652
Changes in EU-IFRS equity	65.097

3. Main risks and uncertainties

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 financial position and results of Financière de Tubize are influenced by the results of UCB, either at the level of the Belgian standards via the dividends received or at the level of the EU-IFRS standards 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 2017 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 2017.

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 2017, three interest rate swaps are outstanding for notional amounts of respectively € 55 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

4.1. Shareholders structure

Related party transactions, such as described in note 4.8 of the financial statements as per 31 December 2016 have not significantly changed.

² IAS 34 standard as endorsed by the European Union

³ See the statement of changes in equity for a breakdown by category of equity

On the basis of the transparency and directors' declarations notified to the Company, the shareholders structure at 30 June 2017 can be summarised as follows:

	In concert		Outside concert		Total	
	Number	%	Number	%	Number	%
Financière Eric Janssen SPRL	8.525.014	19,14%	1.988.800	4,46%	10.513.814	23,60%
Daniel Janssen	5.881.677	13,20%	-	-	5.881.677	13,20%
Altai Invest SA	4.969.795	11,16%	26.468	0,06%	4.996.263	11,22%
Barnfin SA	3.899.833	8,75%	-	-	3.899.833	8,75%
Jean van Rijckevorsel	7.744	0,02%	-	-	7.744	0,02%
Total voting rights held by the reference shareholders	23.284.063	52,27%	2.015.268	4,52%	25.299.331	56,79%
Other shareholders	-	-	19.249.267	43,21%	19.249.267	43,21%
Total voting rights	23.284.063	52,27%	21.264.535	47,73%	44.548.598	100,00%

4.2. Directors

The general meeting of shareholders of April 26, 2017 approved without amendment the proposals (as described in section 10.7.3 of the 2016 management report) to increase the fixed remuneration of the directors and to furthermore allocate them attendance fees as from financial year 2017.

4.3. UCB

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

CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2017

Introduction

In accordance with the financial reporting standards applicable in Belgium and with the periodic disclosure obligations of Belgian issuers whose securities are admitted to trading on a regulated market (the "Belgian standards"), the condensed interim financial information of Financière de Tubize presents a balance sheet as at 30 June 2017 (with a comparative balance sheet as at 31 December 2016), an income statement for the first six months of 2017 (with a comparative income statement for the first six months of 2016) and explanatory notes. In addition to these condensed interim financial information prepared in accordance with the Belgian Standards, the Company prepares condensed interim financial information in accordance with IAS 34 as adopted by the European Union (the "EU-IFRS standards"), which contains a statement of the financial position as at 30 June 2017 (with comparative figures as at 31 December 2016), a statement of net income and other comprehensive income, a statement of changes in equity and a cash flow statement for the six-month period ended 30 June 2017 (with comparative figures for the six-month period ended 30 June 2016) and a selection of explanatory notes.

The accounting and valuation principles for each of the standards are identical to those used in the financial statements for the year ending 31 December 2016.

As regards the EU-IFRS standard, no new standards or interpretations (or amendments to old standards or interpretations) entered into force during the first half of 2017. The Belgian Standards has neither undergone any modification which could have had a material effect on the Company.

The condensed interim financial at 30 June 2017 is intended to update the financial statements as at 31 December 2016. The notes therefore do not include all the information that was already included in the financial statements as at 31 December 2016. They must mainly ensure the comparability of the condensed half-year financial statements at 30 June 2017 with the annual accounts as of 31 December 2016 and to inform the user of any significant changes in the amounts shown in the financial statements and any changes during the first semester of 2017. This information should therefore be read in conjunction with the annual accounts as at 31 December 2016.

This condensed interim financial information as at 30 June 2017 of Financière de Tubize was prepared by a resolution of the Board of Directors dated 26 July 2017.

Belgian standards

Balance sheet (€ 000)

ASSETS	Note	30/06/2017	31/12/2016
Fixed assets		1.717.992	1.717.992
Financial fixed assets	1.	1.717.992	1.717.992
Current assets		1.375	689
Current investments		1	-
Cash at bank and in hand		1.300	661
Deferred charges and accrued income		74	28
TOTAL ASSETS		1.719.367	1.718.681

EQUITY AND LIABILITIES	Note	30/06/2017	31/12/2016
Equity		1.528.109	1.452.770
Capital	2.	235.000	235.000
Share premium account		1.225	1.225
Reserves		1.194.821	1.194.821
Legal reserve		23.500	23.500
Not available reserves		456	456
Untaxed reserves		38.567	38.567
Available reserves		1.132.298	1.132.298
Accumulated profits		21.724	21.724
Profit of the period		75.339	
Amounts payable		191.258	265.911
Amounts payable after more than one year		89.000	141.000
Credit institutions	3.	89.000	141.000
Amounts payable within one year		100.544	123.641
Current portion of amounts payable after more than one year falling due within one year	3.	100.000	100.000
Trade debts		107	34
Other amounts payable	4.	437	23.607
Accruals and deferred income		1.714	1.270
TOTAL EQUITY AND LIABILITIES		1.719.367	1.718.681

Profit and loss statement (€ 000)

Regarding semesters ending	Note	30/06/2017	30/06/2016
Operating charges		-499	-371
Services and other goods		-499	-371
Operating profit		-499	-371
Financial income		78.289	74.885
Recurring financial income		78.289	74.885
Income from financial fixed assets		78.289	74.885
Financial charges		-2.451	-2.993
Recurring financial charges	3.	-2.412	-2.991
Debt charges		-2.412	-2.991
Other financial charges		-39	-2
Gain before taxes		75.339	71.521
Income taxes		0	0
Gain		75.339	71.521

Basic and diluted earnings per share (en €)	1,69	1,61
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Explanatory notes

1. Financial fixed assets - Information related to the participation in UCB SA/NV

Financière de Tubize holds a participation of 68,076,981 UCB shares, representing 35.00% of the total shares issued by UCB. This percentage and the number of shares held remain unchanged between 31 December 2016 and 30 June 2017. The annual accounts of UCB SA/NV as at 31 December 2016 show shareholders' equity of € 5,737,137k and net income of € 160,623k.

Fair value

	30/06/17	31/12/16
Number of UCB shares	68.076.981	68.076.981
Share price UCB (€)	60,23	60,91
Fair value of the participating interest in UCB (€ 000)	4.100.277	4.146.569
Carrying value (€ 000)	1.717.992	1.717.992
Excess of fair value over carrying value (€ 000)	2.382.235	2.428.577

2. Capital - capital status - forms of shares

During the first semester of 2017, 57,761 shares have been registered.

	01/01/2017	Transfers	30/06/2017
Number of nominal shares	24.064.259	57.761	24.122.020
Number of dematerialised shares	20.484.339	-57.761	20.426.578
Total number of shares	44.548.598	-	44.548.598

3. Bank borrowings / Debt charges

Evolution of the bank borrowings during the first semester 2017

€ 000		Confirmed lines	Used			Available
			Floating	Fixed	Total	
01/01/2017	Opening	257.000	-181.000	-60.000	-241.000	16.000
May 2017	Repayment of advances	-	52.000	-	52.000	52.000
30/06/2017	Closing	257.000	-129.000	-60.000	-189.000	68.000

In addition to the € 257 million, a line of € 36 million confirmed in November 2016 will be available during the period from 1 October 2017 to 15 May 2018.

Contractual maturities

€ 000	Confirmed lines	Utilisation		
		Floating	Fix	Total
30/09/2017	100.000	40.000	60.000	100.000
30/06/2019	52.500	27.500	-	27.500
30/06/2020	52.500	27.500	-	27.500
06/11/2021	52.000	34.000	-	34.000
	257.000	129.000	60.000	189.000

Borrowing cost

Six months ended 30 June 2017	€ 000
Interest expenses	-2.350
Commitment fee	-62
Total	-2.412

Real guarantees

A number of UCB shares are pledged to the banks. The total market value of these shares must be greater than 158% of the outstanding bank loans; as per 30 June 2017, the ratio is 175%.

	30/06/2017
Number of UCB pledged shares (A)	5.500.000
Market value per share UCB (€) (B)	60,23
Market value of the pledged shares (€ 000) (A) x (B) = (C)	331.265
Outstanding bank loans (€ 000) (D)	189.000
Ratio (C) / (D)	175%

The accounting value of the pledged shares amounts to € 138.798k.

4. Other debts

€ 000	30/06/17	31/12/16
Dividends to be paid		-23.165
Unclaimed dividends	-437	-442
Total	-437	-23.607

5. Interest rate swaps

The Company uses interest rate swaps to hedge (partially) its exposure to cash flow risks arising from floating rate bank loans. At 30 June 2017, the notional amounts of these swaps amounted to € 194,000k, their accounting value to € -240k and their fair value to € - 2,799k.

The forecasts for future cash flows as at 30 June 2017 show a smaller funding requirement than expected at the time of entering into swap contracts. As a result, the Company is, over certain periods, in an over-hedged position. The unrealized loss relating to the portion of the over-hedge is taken into account (cumulative amount of € 58k as of 30 June 2017, of which € 36k has been charged to the income statement for the first semester of 2017).

6. Ratios

The solvency ratio (equity as a % of the balance sheet total) cannot be lower than 70%; at 30 June 2017, the ratio was equal to 84.49%.

	30/06/2017
Equity at 31 December 2016 (€ 000)	1.452.770
Balance sheet total (€ 000)	1.719.367
Solvency ratio	84,49%

The debt ratio (outstanding bank loans as a % of the market value of the shares in UCB) cannot exceed 30%; at 30 June 2017, the ratio amounted to 4.61%.

	30/06/2017
Number of UCB shares (A)	68.076.981
Market value par UCB share (€) (B)	60,23
Market value of the participation in UBC (€ 000) (A) x (B) = C	4.100.277
Outstanding bank loans (€ 000) (D)	189.000
Debt ratio (D) / C	4,61%

Auditor's report

Company number: BE 0403.216.429

STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION (BELGIAN STANDARDS) OF FINANCIERE DE TUBIZE SA FOR THE PERIOD ENDED 30 JUNE 2017

Introduction

We have reviewed the *condensed interim financial information* of FINANCIERE DE TUBIZE SA as of June 30, 2017, and for the period of six months ended on that date, including a balance sheet, a profit and loss statement and explanatory notes.

The board of directors is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the financial reporting standards applicable in Belgium and with the periodic disclosure obligations of Belgian issuers whose securities are admitted to trading on a regulated market. Our responsibility is to express a conclusion on this condensed 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 interim financial information is not prepared, in all material respects, in accordance with the financial reporting standards applicable in Belgium and with the periodic disclosure obligations of Belgian issuers whose securities are admitted to trading on a regulated market.

Brussels, July 26, 2017

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

EU-IFRS standards

Statement of financial position

€ 000	Notes	30/06/2017	31/12/2016
Participating interest in UCB	1.1.	2.233.021	2.222.130
Non current assets		2.233.021	2.222.130
Prepayments		74	27
Cash and cash equivalents		1.300	662
Current assets		1.374	689
Assets		2.234.395	2.222.819
Equity		2.022.652	1.957.555
Bank borrowings	2.3.	89.000	141.000
Derivatives	2.4.	688	1.765
Deferred taxes	3.1.	17.984	19.464
Non current liabilities		107.672	162.229
Bank borrowings	2.3.	101.411	99.997
Derivatives	2.4.	2.111	2.562
Other creditors		549	476
Current liabilities		104.071	103.035
Liabilities		211.743	265.265
Equity and liabilities		2.234.395	2.222.819

Statement of profit and loss and other comprehensive income

For the six months ended 30 June 2017

€ 000	Notes	2017	2016
NET PROFIT OR LOSS			
Share of profit of UCB		155.570	108.730
Borrowing cost	2.3.	-2.532	-3.745
General and administrative expenses		-502	-373
Profit before tax		152.536	104.612
Income tax	3.3.	1.480	1.742
Profit		154.016	106.354
OTHER COMPREHENSIVE INCOME			
Share, after tax, of other comprehensive income of UCB		-59.193	-99.547
Share of items that will not be reclassified subsequently to profit or loss	1.2.	4.594	-40.117
Share of items that will be reclassified subsequently to profit or loss when specific conditions are met	1.2.	-63.787	-59.430
Other items of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when specific conditions are met		636	-436
Cash flow hedges	2.4.	636	-436
Total other comprehensive income		-58.557	-99.983
COMPREHENSIVE INCOME		95.459	6.371
Profit attributable to			
Owners of the parent		154.016	106.354
Non-controlling interests		-	-
Comprehensive income attributable to			
Owners of the parent		95.459	6.371
Non-controlling interests		-	-
Earnings per share			
Basic and diluted (in €)		3,46	2,39

Statement of changes in equity

For the six months ended 30 June 2017

€ 000	Capital and share premium	Retained earnings	Treasury Shares	Employee benefits	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
01/01/2017	236.225	1.833.036	-102.256	-59.596	47.726	15.099	-12.679	1.957.555
Dividends		-23.165						-23.165
Comprehensive income								
– Profit		154.016						154.016
– Share of other comprehensive income of UCB				4.594	-91.335	-2.407	29.955	-59.193
– Cash flow hedging							636	636
		154.016		4.594	-91.335	-2.407	30.591	95.459
Share in other changes in net assets of UCB								
– Share based payments		-7.062						-7.062
– Reserves transfers		17.163	-17.163					-
– Treasury shares			-503					-503
		10.101	-17.666					-7.565
Change in the percentage of the participating interest in UCB resulting from changes in the number of own shares held by UCB		382	-13	-8	6	2	-1	368
30/06/2017	236.225	1.974.370	-119.935	-55.010	-43.603	12.694	17.911	2.022.652

For the six months ended 30 June 2016

€ 000	Capital and share premium	Subordinated 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

Statement of cash flows

For the six months ended 30 June 2017

€ 000	2017	2016
Expenses related to operating activities	-511	-358
Cash flows from operating activities	-511	-358
Dividends received	78.289	74.884
Withholding tax	5	5
Cash flows from investing activities	78.294	74.889
Dividends paid	-23.170	-22.272
Interest and commission paid	-1.974	-3.686
Reimbursement of bank borrowings	-52.000	-49.000
Drawings from the confirmed lines	-	672
Repurchase of own shares	-	-
Cash flows from finance activities	-77.144	-74.286
Total cash flows	639	245
Cash and cash equivalents beginning of period	661	565
Cash and cash equivalents end of period	1.300	810

Selection of explanatory notes

1. Participating interest in UCB

1.1. Carrying value

€ 000	Share of the net assets of UCB	Goodwill	Total
01/01/2017	2.014.691	207.439	2.222.130
Distribution	-78.289		-78.289
Share of the profit of UCB	155.570		155.570
Share of other comprehensive income of UCB (v. 1.2.)	-59.193		-59.193
Share of other changes in net assets of UCB ⁴	-7.565		-7.565
Impact of changes in the percentage of participating interest due to changes in the number of own shares held by UCB	368		368
30/06/2017	2.025.582	207.439	2.233.021

1.2. Share of other comprehensive income of UCB

€ 000	For the 6 months ended 30/06/17		
	Gross	Tax	Net
Items that will not be reclassified subsequently to profit or loss			
- Re-measurement of defined benefit obligations	5.217	-623	4.594
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
- Translation adjustments	-91.335		-91.335
- Net result from available-for-sale financial assets	-2.407		-2.407
- Effective portion of cash flow hedges	45.298	-15.343	29.955
Share of other comprehensive income of UCB	-43.227	-15.966	-59.193

⁴ See statement of changes in equity for a breakdown by component of equity

1.3. Fair value

	30/06/17	31/12/16
Number of UCB shares	68.076.981	68.076.981
Share price UCB (€)	60,23	60,91
Fair value of the participating interest in UCB (€ 000)	4.100.277	4.146.569
Carrying value (€ 000)	2.233.021	2.222.130
Excess of fair value over carrying value (€ 000)	1.867.256	1.924.439

1.4. Summarised financial information of UCB

Summarised statement of financial position

€ 000 000	30/06/17	31/12/16
Non-current assets	7.606	7.881
Current assets	2.200	2.330
Non-current liabilities	-2.528	-2.567
Current liabilities	-1.745	-2.167
Net assets	5.533	5.477
Non-controlling interests	-80	-107
Net assets attributable to UCB shareholders	5.613	5.584

Summarised statement of profit or loss

For the six months ended 30 June 2017	€ 000 000
Revenue ⁵	2.230
Profit from continuing operations	450
Profit (+) or loss (-) from discontinued operations	1
Profit	451
Non-controlling interests	20
Profit attributable to UCB shareholders	431

Summarised statement of comprehensive income

For the six months ended 30 June 2016	€ 000 000
Profit	451
Other comprehensive income	-157
Comprehensive income	294
Non-controlling interests	27
Comprehensive income attributable to UCB shareholders	267

Reconciliation of summarised financial information to carrying value

€ 000 000	30/06/17	31/12/16
Net assets attributable to UCB shareholders	5.613	5.584
Interest of the Company ⁶	36,0858%	36,0812%
Company's share of net assets of UCB	2.026	2.015
Goodwill sur acquisition	207	207
Carrying value of participating interest in UCB	2.233	2.222

2. Financial instruments

2.1. Financial instruments by category

€ 000	Loans & Receivables		Liabilities at amortised cost		Derivatives	
	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16
Prepayments	74	27				
Cash & cash equivalents	1.300	662				
Bank borrowings			-190.411	-240.997		
Derivatives					-2.799	-4.327
Other creditors			-549	-476		
Total	1.374	689	-190.960	-241.473	-2.799	-4.327

⁵ UCB's revenues are presented in accordance with IFRS 15 "Revenue from contracts with customers". More information is available on the impact of this standard, in UCB's 2016 annual report or on the UCB website www.ucb.com

⁶ When calculating the percentage, the own shares held by UCB are excluded from the denominator

2.2. Fair value of financial instruments

€ 000	Level of the inputs in the fair value hierarchy	Carrying values		Fair values	
		30/06/17	31/12/16	30/06/17	31/12/16
Prepayments	-	74	27	74	27
Cash & cash equivalents	-	1.300	662	1.300	662
Bank borrowings	2	-190.411	-240.997	-190.913	-242.399
Derivatives	2	-2.799	-4.327	-2.799	-4.327
Other creditors	-	-549	-476	-549	-476

2.3. Bank borrowings

Carrying values

€ 000	Non current		Current		Total	
	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16
Floating rate borrowings	-89.000	-141.000	-40.000	-40.000	-129.000	-181.000
Fixed rate borrowings	-	-	-60.000	-60.000	-60.000	-60.000
Restructuring costs	-	-	-	393	-	393
Accrued interest	-	-	-1.367	-356	-1.367	-356
Accrued commitment fee	-	-	-44	-34	-44	-34
Total	-89.000	-141.000	-101.411	-99.997	-190.411	-240.997

Evolution of bank debt during the first half of FY 2017

€ 000		Confirmed lines	Utilised			Available
			Floating	Fix	Total	
01/01/2017	Opening	257.000	-181.000	-60.000	-241.000	16.000
May 2017	Reimbursements of advances		52.000		52.000	52.000
30/06/2017	Closing	257.000	-129.000	-60.000	189.000	68.000

Contractual maturities

€ 000	Confirmed lines ⁷	Utilisation		
		Floating	Fix	Total
30/09/2017	100.000	40.000	60.000	100.000
30/06/2019	52.500	27.500	-	27.500
30/06/2020	52.500	27.500	-	27.500
06/11/2021	52.000	34.000	-	34.000
	257.000	129.000	60.000	189.000

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 158% of the outstanding debt; at 30 June 2017, this ratio was 175%, based on a pledge on 5,500,000 UCB with a carrying value of € 180.5 million.
- Borrowings may not exceed 30% of the fair value of the investment in UCB; at 30 June 2017, this ratio was 4,60%.
- The solvency ratio (equity versus balance sheet total under Belgian standards) must exceed 70%; at 30 June 2017, this ratio was 84.49%.

Borrowing cost

Six months ended 30 June 2017	€ 000
Interest expenses	-2.350
Commitment fee	-62
Amortisation of debt restructuring costs	-394
Net gain on derivatives (see note 2.4.)	274
Total	-2.532

⁷ In addition to the € 257 million a line of € 36 million confirmed in November 2016 will be available during the period from 1 October 2017 to 15 May 2018.

2.4. Financial derivative instruments

€ 000	IRS designated as hedging instrument		IRS not designated as hedging instrument		Total IRS	
	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16
Notional amounts	139,000	139,000	55,000	40,000	194,000	179,000
Full fair value	-681	-881	-2,118	-3,446	-2,799	-4,327
Non-current	-511	-881	-177	-884	-688	-1,765
Current	-170	-	-1,941	-2,562	-2,111	-2,562
Accrued interest		-	-240	-858	-240	-858
Payable		-	-231	-855	-231	-855
Receivable		-	-9	-3	-9	-3
Clean price	-681	-881	-1,878	-2,588	-2,559	-3,469
Clean price, after tax, at prior year-end	-881		-2,588		-3,469	
Gain (+) / Loss (-) during the period after tax	200		710		910	
Reported in profit or loss	-16		290		274	
Change in fair value of ineffective portion of hedge swaps	-16		-		-16	
Change in fair value of swaps not designated as hedges	-		710		710	
Reclassification adjustment	-		-420		-420	
Reported in other comprehensive income	216		420		636	
Change in fair value of hedging swaps	216		-		216	
Reclassification adjustment	-		420		420	

The derivatives composition has not changed compared to 31 December 2016. The increase of € 40 million to € 55 million in the notional amount of the swap not designated as a hedging instrument was foreseen in the amortization table included in the contract .

3. Income taxes

3.1. Deferred tax assets and liabilities

€ 000	Total		Recognised		Unrecognised	
	30/06/17	31/12/16	30/06/17	31/12/16	30/06/17	31/12/16
Reserves UCB SA	-17.984	-19.464	-17.984	-19.464	-	-
Unamortised balance of debt restructuring costs	-	-134	-	-134	-	-
Deferred tax liabilities	-17.984	-19.598	-17.984	-19.598	-	-
Interest rate swaps	951	1.179	-	134	951	1.045
Unused tax credits	45.366	45.621	-	-	45.366	45.621
Deferred tax assets	46.317	46.800	-	134	46.317	46.666
Net deferred tax liabilities			-17.984	-19.464		

3.2. Changes in net deferred tax liabilities

	€ 000
Net deferred tax liabilities at 01 January 2017	-19.464
- Changes in the reserves of UCB SA	1.480
Total taxes in profit or loss	1.480
Net deferred tax liabilities at 30 June 2017	-17.984

3.3. Relationship between tax expense and accounting profit

Six months ended 30 June 2017	€ 000
Profit before tax	152.536
Theoretical income tax rate	33,99%
Theoretical income tax	-51.847
Reported income tax	1.480
Difference between theoretical and reported income tax	-53.327
Dividend income	-26.610
Share of the profit of UCB	52.878
Tax exempt dividend income	25.280
Changes in reserves of UCB SA	1.480
Amortisation of debt restructuring costs	-134
Net gain on derivatives	93
Use of deferred tax deductions	340
Total effects of difference between theoretical and reported tax	53.327

Auditor's report

Company number: BE 0403.216.429

STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION (EU-IFRS STANDARDS) OF FINANCIERE DE TUBIZE SA FOR THE PERIOD ENDED 30 JUNE 2017

Introduction

We have reviewed the *condensed interim financial information* of FINANCIERE DE TUBIZE SA as of June 30, 2017, and for the period of six months ended on that date, including the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and a selection of explanatory notes.

The board of directors is responsible for the preparation and fair presentation of this condensed 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 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 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 26, 2017

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