

Financière de Tubize

Half-year financial report

30 June 2018

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

STATEMENT OF THE DIRECTORS

We confirm that, to the best of our knowledge:

- The condensed interim financial statements at 30 June 2018 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 2018, as well as a description of the main risks and uncertainties for the remainder of the year.

Brussels, 25 July 2018

The board of directors

Evelyn du Monceau
Board member

François Tesch
Chairman of the board

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 2018 of Financière de Tubize (the « Company »).

1. Significant events

The following significant events took place during the first half of FY 2018:

- **Dividends** – Dividend received from UCB in relation to FY 2017 (€ 80.331k) and dividend paid by the Company in relation to FY 2017 (€ 24.056k).
- **Debt** – Decrease of outstanding bank borrowings from € 192,0 million at 31 December 2017 to € 139,0 million at 30 June 2018.
- **Cash flow risk management** – A portion of the participating interest in UCB is financed by bank borrowings (€ 139 million at 30 June 2018). Part of these borrowings (€ 57 million) are short term floating rate drawings under a roll-over credit facility. This allowed the Company to benefit from a 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 October, 2, 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 2018 provides further details about the accounting treatment of 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. The credit line has been reimbursed by May, 15th 2018.

2. Evolution of the results and the financial position

2.1. Results (Belgian standards¹)

The profit moves from € 75,339k in the first half of 2017 to € 78,260k in the first half of 2018, an increase of € 2,921k or 3,88%.

The condensed profit or loss accounts for the six months ended 30 June 2018 and 2017 look as follows:

€ 000	2018	2017
Dividend from UCB	80,331	78,289
Cost of borrowing	-1,552	-2,412
Other financial expenses	-1	-39
General expenses	-518	-499
Profit before tax	78,260	75,339
Income taxes	-	-
Profit	78,260	75,339

The dividend received from UCB in 2018 in relation to FY 2017, amounts to € 80,331k (gross dividend of € 1.18 per share) against € 78,289k (€ 1.15 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 € 2,412k for the first semester 2017 to € 1,552k for the same period in 2018. 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 (€ 1k) on swaps, which corresponds to future over-hedging situations, of which the occurrence has become probable as of 30 June 2018, 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 € 499k in the first half of 2017 to € 518k for the same period in 2018. This variance was mainly due to the consultancy fees for the recruitment of a new director.

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; this system foresees that the distributed dividends are taken into consideration in the taxable base of the company that distributes them whereas 100% (as from 1st January 2018) 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 2018 and as per 31 December 2017 look as follows:

€ 000	30/06/2018	31/12/2017
Participating interest in UCB	1.717.992	1.717.992
Current investments and cash at bank and in hand	1.289	1.452
Other assets	213	33
Total assets	1.719.494	1.719.477
Equity	1.579.662	1.501.402
Bank borrowings	139.000	192.000
Other liabilities	832	26.075
Total equity and liabilities	1.719.494	1.719.477

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 2017, and representing a book value per share of € 25.24, whereas the share price at 30 June 2018 was 67.34 (€ 66.18 at 31 December 2017).

Equity moves from € 1,501,402k at 31 December 2017 to € 1,579,662k at 30 June 2018. This increase of € 78,260k comes from the profit of the period. The market capitalisation of Financière de Tubize amounts to € 2,672,916k at 30 June 2018 (44,548,598 shares at € 60.00) against € 2,845,764k at 31 December 2017 (44,548,598 shares at € 63.88) .

The outstanding bank debt amounts to € 139.0 million at 30 June 2018 against € 192.0 million at 31 December 2017.

The dividend received from UCB (€ 80.3 million) in May 2018 has served to reduce bank debt (€ 53.0 million), to pay the dividend of Financière de Tubize (€ 24.0 millions), to pay interest and commission on bank borrowings (€ 1.5 million), to pay general expenses (€ 0.5 million).

The evolution of other liabilities since 31 December 2017 is primarily explained by the payment of the dividend Financière de Tubize (€ -24.0 million).

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

For the six months period ended 30 June 2018

€ 000	30/06/2018
Profit BE GAAP	78.260
Elimination of received dividend from UCB	-80.331
Share of the profit of UCB	199.428
Ineffectiveness hedge accounting	2
Reclassification adjustments, after tax effect, related to derivatives	-586
Re-measurement of fair value of derivatives	746
Profit EU-IFRS	197.519
Cash flow hedge	592
Share of other comprehensive income of UCB	-40.637
Comprehensive income EU-IFRS	157.474
Paid dividend	-24.056
Share of the other changes of net assets of UCB ³	-11.619
Impact of changes in the percentage of the participation in UCB	996
Changes in EU-IFRS equity	122.795
EU-IFRS equity beginning of the period	2.115.676
EU-IFRS equity end of period	2.238.471
Changes in EU-IFRS equity	122.795

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 2018 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.

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 2018, three interest rate swaps are outstanding for notional amounts of respectively € 5 million, € 82 million and € 57 million.

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 EU-IFRS as per 31 December 2017 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 2018 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	3.899.835	8,76%	-	-	3.899.835	8,76%
Jean van Rijckevorsel	11.744	0,03%	-	-	11.744	0,03%
Total voting rights held by the reference shareholders	23.292.065	52,28%	2.015.268	4,52%	25.307.333	56,81%
Other shareholders	-	-	19.241.265	43,19%	19.241.265	43,19%
Total voting rights	23.292.065	52,28%	21.256.533	47,72%	44.548.598	100,00%

4.2. Directors

The general meeting of shareholders of April 25, 2018 has renewed the mandates of the directors Fiona de Hemptinne, Cynthia Favre d'Echallens and Nicolas Janssen and approved the appointment of Mr. Marc Speeckaert as new director.

4.3. UCB

Except 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 2018

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 2018 (with a comparative balance sheet as at 31 December 2017), an income statement for the first six months of 2018 (with a comparative income statement for the first six months of 2017) 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 2018 (with comparative figures as at 31 December 2017), 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 2018 (with comparative figures for the six-month period ended 30 June 2017) 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 2017.

As regards to the EU-IFRS standards, IFRS 9 – Financial instruments came into effect on the 1st of January 2018. Although the company has financial instruments (borrowings and derivatives), the application of this standard has no impact on the Company based on the current accounting methods.

The Belgian standard has not undergone changes which would have significant impact for the Company.

The condensed interim financial information at 30 June 2018 is intended to update the financial statements as at 31 December 2017. The notes therefore do not include all the information that was already included in the financial statements as at 31 December 2017. They must mainly ensure the comparability of the condensed half-year financial statements at 30 June 2018 with the annual accounts as of 31 December 2017 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 2018. This information should therefore be read in conjunction with the annual accounts as at 31 December 2017.

This condensed interim financial information as at 30 June 2018 of Financière de Tubize was prepared by a resolution of the Board of Directors dated 25 July 2018.

Belgian standards

Balance sheet (€ 000)

ASSETS	Note	30/06/2018	31/12/2017
Fixed assets		1.717.992	1.717.992
Financial fixed assets	1.	1.717.992	1.717.992
Current assets		1.502	1.484
Amounts receivable within one year		102	-
Cash at bank and in hand		1.289	1.451
Deferred charges and accrued income		111	33
TOTAL ASSETS		1.719.494	1.719.477

EQUITY AND LIABILITIES	Note	30/06/2018	31/12/2017
Equity		1.579.662	1.501.402
Capital	2.	235.000	235.000
Share premium account		1.225	1.225
Reserves		1.239.821	1.239.821
Legal reserve		23.500	23.500
Not available reserves		456	456
Untaxed reserves		38.567	38.567
Available reserves		1.177.298	1.177.298
Accumulated profits		25.355	25.355
Profit of the period		78.260	-
Liabilities		139.832	218.075
Amounts payable after more than one year		86.500	140.000
Credit institutions	3.	86.500	140.000
Amounts payable within one year		53.332	76.572
Current portion of amounts payable after more than one year falling due within one year	3.	52.500	52.000
Trade debts		119	79
Other amounts payable	4.	436	24.492
Accruals and deferred income		277	1.503
TOTAL EQUITY AND LIABILITIES		1.719.494	1.719.477

Profit and loss statement (€ 000)

Regarding semesters ending	Note	30/06/2018	30/06/2017
Operating charges		-518	-499
Services and other goods		-518	-499
Operating profit		-518	-499
Financial income		80.331	78.289
Recurring financial income		80.331	78.289
Income from financial fixed assets		80.331	78.289
Financial charges		-1.553	-2.451
Recurring financial charges	3.	-1.551	-2.412
Debt charges		-1.551	-2.412
Other financial charges		-2	-39
Gain before taxes		78.260	75.339
Income taxes		-	-
Profit		78.260	75.339

Basic and diluted earnings per share (en €)	1,76	1,69
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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 2017 and 30 June 2018. The annual accounts of UCB SA/NV as at 31 December 2017 show shareholders' equity of € 5,547,316k and net income of € 36,324k.

Fair value

	30/06/18	31/12/17
Number of UCB shares	68.076.981	68.076.981
Share price UCB (€)	67,34	66,18
Fair value of the participating interest in UCB (€ 000)	4.584.304	4.505.335
Carrying value (€ 000)	1.717.992	1.717.992
Excess of fair value over carrying value (€ 000)	2.866.312	2.787.343

2. Capital - capital status - forms of shares

During the first semester of 2018, a number of 4,814,324 shares have been registered.

	01/01/2018	Transfers	30/06/2018
Number of nominal shares	28.811.647	4.814.324	33.625.971
Number of dematerialised shares	15.736.951	-4.814.324	10.922.627
Total number of shares	44.548.598	-	44.548.598

3. Bank borrowings / Debt charges

Evolution of the bank borrowings during the first semester 2018

€ 000		Confirmed lines	Used			Available
			Floating	Fixed	Total	
01/01/2018	Opening	193.000	-192.000		-192.000	1.000
15/05/2018	Repayment and closure of LT advance	-36.000	36.000		36.000	
15/05/2018	Repayment of advances on revolving credit line		17.000		17.000	17.000
30/06/2018	Closing	157.000	-139.000		-139.000	18.000

After repayment of the credit line of €36 million on the date of 15 May 2018, the credit lines confirmed on the date of 30 June 2018 totaled € 157 million and were used up to € 139 million. The margin available on confirmed lines totaled € 18 million on 30 June 2018.

Contractual maturities

€ 000	Confirmed lines	Utilisation		
		Floating	Fix	Total
30/06/2019	52.500	52.500	-	52.500
30/06/2020	52.500	52.500	-	52.500
06/11/2021	52.000	34.000	-	34.000
	157.000	139.000	-	139.000

Borrowing cost

Six months ended 30 June 2018	€ 000
Interest expenses	-1.544
Commitment fee	-7
Total	-1.551

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 2018, the ratio is 254%.

	30/06/2018
Number of UCB pledged shares (A)	5.250.000
Market value per share UCB (€) (B)	67,34
Market value of the pledged shares (€ 000) (A) x (B) = (C)	353.535
Outstanding bank loans (€ 000) (D)	139.000
Ratio (C) / (D)	254%

The accounting value of the pledged shares amounts to € 132.489k.

4. Other debts

€ 000	30/06/2018	31/12/2017
Dividends to be paid	-	-24.056
Unclaimed dividends	-436	-436
Total	-436	-24.492

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 2018, the notional amounts of these swaps amounted to € 144,000k, their accounting value to € -98k and their fair value to € - 1,020k.

The forecasts for future cash flows as at 30 June 2018 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 € 64k as of 30 June 2018, of which € -0,3k has been charged to the income statement for the first semester of 2018).

6. Ratios

The solvency ratio (equity as a % of the balance sheet total) cannot be lower than 70%; at 30 June 2018, the ratio was equal to 91.87%.

	30/06/2018
Equity at 30 June 2018 (€ 000)	1.579.662
Balance sheet total (€ 000)	1.719.494
Solvency ratio	91,87%

The debt ratio (outstanding bank loans as a % of the market value of the shares in UCB) cannot exceed 30%; at 30 June 2018, the ratio amounted to 3.03%.

	30/06/2018
Number of UCB shares (A)	68.076.981
Market value par UCB share (€) (B)	67,34
Market value of the participation in UBC (€ 000) (A) x (B) = C	4.584.304
Outstanding bank loans (€ 000) (D)	139.000
Debt ratio (D) / C	3,03%

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 2018

Introduction

We have reviewed the condensed interim financial information of FINANCIERE DE TUBIZE SA as of June 30, 2018, 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 25, 2018

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

EU-IFRS standards

Statement of financial position

€ 000	Notes	30/06/2018	31/12/2017
Participation interest in UCB	1.1.	2.377.682	2.309.844
Non current assets		2.377.682	2.309.844
Prepayments		111	33
Other receivables		102	-
Cash and cash equivalents		1.289	1.452
Current assests		1.502	1.485
Assets		2.379.184	2.311.329
Equity		2.238.471	2.115.676
Bank borrowings	2.3.	86.500	140.000
Derivatives	2.4.	427	741
Non current liabilities		86.927	140.741
Bank borrowings	2.3.	52.615	52.144
Derivatives	2.4.	616	2.252
Other creditors		555	516
Current liabilities		53.786	54.912
Liabilities		140.713	195.652
Equity and liabilities		2.379.184	2.311.329

Statement of profit and loss and other comprehensive income

For the six months ended 30 June

€ 000	Notes	2018	2017
NET PROFIT OR LOSS			
Share of profit of UCB		199.428	155.570
Borrowing cost	2.3.	-1.391	-2.532
General and administrative expenses		-518	-502
Profit before tax		197.519	152.536
Income tax	3.2.	-	1.480
Profit		197.519	154.016
OTHER COMPREHENSIVE INCOME			
Share, after tax, of other comprehensive income of UCB			
Share of items that will not be reclassified subsequently to profit or loss	1.2.	-388	4.594
Share of items that will be reclassified subsequently to profit or loss when specific conditions are met	1.2.	-40.249	-63.787
Other items of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when specific conditions are met		592	636
Cash flow hedges	2.4.	592	636
Total other comprehensive income		-40.045	-58.557
COMPREHENSIVE INCOME			
		157.474	95.459
Profit attributable to			
Owners of the parent		197.519	154.016
Non-controlling interests		-	-
Comprehensive income attributable to			
Owners of the parent		157.474	95.459
Non-controlling interests		-	-
Earnings per share			
Basic and diluted (in €)		4,43	3,46

Statement of changes in equity

For the six months ended 30 June 2018

€ 000	Capital and share premium	Retained earnings	Treasury Shares	Employee benefits	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
01/01/2018	236.225	2.108.415	-130.844	-56.459	-79.463	10.629	27.173	2.115.676
Dividends		-24.056						-24.056
Comprehensive income								
– Profit		197.519						197.519
– Share of other comprehensive income of UCB				-388	4.964	-11.447	-33.766	-40.637
– Cash flow hedging							592	592
		197.519		-388	4.964	-11.447	-33.174	157.477
Share in other changes in net assets of UCB								
– Share based payments		11.170						11.170
– Reserves transfers		-17.050	17.050					-
– Treasury shares			-22.789					-22.789
		-5.880	-5.739					-11.619
Change in the percentage of the participating interest in UCB resulting from changes in the number of own shares held by UCB								
		1.101	-61	-27	-38	5	16	996
30/06/2018	236.225	2.277.099	-136.644	-56.874	-74.537	-813	-5.985	2.238.471

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 hedges							636	636
Share in other changes in net assets of UCB		154.016		4.594	-91.335	-2.407	30.591	95.459
– Share based payments		-7.062						-7.062
– Transfer to reserves		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

Statement of cash flows

For the six months ended 30 June

€ 000	2018	2017
Expenses related to operating activities	- 554	-511
Cash flows from operating activities	- 554	-511
Dividends received	80.331	78.289
Withholding tax	-	5
Cash flows from investing activities	80.331	78.294
Dividends paid	-24.056	-23.170
Interest and commission paid	-2.558	-1.974
Reimbursement of bank borrowings	-36.000	-52.000
Drawings from the confirmed lines	-17.000	-
Cash flows from financing activities	-79.614	-77.144
Total cash flows	-163	639
Cash and cash equivalents beginning of period	1.452	661
Cash and cash equivalents end of period	1.289	1.300

Selection of explanatory notes

1. Participating interest in UCB

1.1. Carrying value

€ 000	Share of the net assets of UCB	Goodwill	Total
01/01/2018	2.102.405	207.439	2.309.844
Distribution	-80.331		-80.331
Share of the profit of UCB	199.428		199.428
Share of other comprehensive income of UCB (v. 1.2.)	-40.637		-40.637
Share of other changes in net assets of UCB ⁴	-11.618		-11.618
Impact of changes in the percentage of participating interest due to changes in the number of own shares held by UCB	996		996
30/06/2018	2.170.243	207.439	2.377.682

1.2. Share of other comprehensive income of UCB

€ 000	For the 6 months ended 30/06/18		
	Gross	Tax	Net
Items that will not be reclassified subsequently to profit or loss			
- Re-measurement of defined benefit obligations	-388		-388
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
- Translation adjustments	4.964		4.964
- Net result from available-for-sale financial assets	-11.447		-11.447
- Effective portion of cash flow hedges	-33.766		-33.766
Share of other comprehensive income of UCB	-40.637	-	-40.637

1.3. Fair value

	30/06/18	31/12/17
Number of UCB shares	68.076.981	68.076.981
Share price UCB (€)	67,34	66,18
Fair value of the participating interest in UCB (€ 000)	4.584.304	4.505.335
Carrying value (€ 000)	2.377.682	2.309.844
Excess of fair value over carrying value (€ 000)	2.206.622	2.195.491

1.4. Summarised financial information of UCB

Summarised statement of financial position

€ 000 000	30/06/18	31/12/17
Non-current assets	7.630	7.240
Current assets	2.566	2.677
Non-current liabilities	-2.150	-2.232
Current liabilities	-2.104	-1.949
Net assets	5.942	5.736
Non-controlling interests	-53	-77
Net assets attributable to UCB shareholders	5.995	5.813

Summarised statement of profit or loss

For the six months ended 30 June 2018	€ 000 000
Revenue ⁵	2.269
Profit from continuing operations	573
Profit (+) or loss (-) from discontinued operations	1
Profit	574
Non-controlling interests	23
Profit attributable to UCB shareholders	551

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

⁵ When calculating the percentage, the own shares held by UCB are excluded from the denominator

Summarised statement of comprehensive income

For the six months ended 30 June 2018	€ 000 000
Profit	574
Other comprehensive income	-114
Comprehensive income	460
Non-controlling interests	21
Comprehensive income attributable to UCB shareholders	439

Reconciliation of summarised financial information to carrying value

€ 000 000	30/06/2018	31/12/2017
Net assets attributable to UCB shareholders	5.995	5.813
Interest of the Company ⁶	36,1877%	36,1706%
Company's share of net assets of UCB	2.170	2.103
Goodwill sur acquisition	207	207
Carrying value of participating interest in UCB	2.378	2.310

2. Financial instruments

2.1. Financial instruments by category

€ 000	Loan & Receivables		Liabilities at amortized cost		Derivatives	
	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17
Prepayments	111	33	-	-	-	-
Other receivables	102	-	-	-	-	-
Cash & cash equivalents	1.289	1.452	-	-	-	-
Bank borrowings	-	-	-139.116	-192.144	-	-
Derivatives	-	-	-	-	-1.043	-2.993
Other creditors	-	-	-555	-516	-	-
Total	1.502	1.485	-139.671	-192.660	-1.043	-2.993

2.2. Fair value of financial instruments

€ 000	Level of the inputs in the fair value hierarchy	Carrying values		Fair value	
		30/06/18	31/12/17	30/06/18	31/12/17
Prepayments	-	111	33	111	33
Other receivables	-	102	-	102	-
Cash & cash equivalents	-	1.289	1.452	1.289	1.452
Bank borrowings	2	-139.116	-192.144	-139.116	-192.144
Derivatives	2	-1.043	-2.993	-1.043	-2.993
Other creditors	-	-555	-516	-555	-516

2.3. Bank borrowings

Carrying values

€ 000	Non current		Current		Total	
	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17
Floating rate borrowings	-86.500	-140.000	-52.500	-52.000	-139.000	-192.000
Fixed rate borrowings	-	-	-	-	-	-
Restructuring costs	-	-	-	-	-	-
Accrued interest	-	-	-115	-144	-115	-144
Total	-86.500	-140.000	-52.615	-52.144	-139.115	-192.144

Evolution of bank debt during the first half of FY 2018

€ 000		Confirmed lines	Used			Available
			Floating	Fixed	Total	
01/01/2018	Opening	193.000	-192.000	-	-192.000	1.000
15/05/2018	Repayment and closure of LT advance	-	36.000	-	36.000	-
15/05/2018	Repayment of advances on revolving credit line		17.000		17.000	17.000
30/06/2018	Closing	157.000	-139.000	-	-139.000	18.000

Contractual maturities

€ 000	Confirmed lines	Utilisation		
		Floating	Fix	Total
30/06/2019	52.500	52.500	-	52.500
30/06/2020	52.500	52.500	-	52.500
06/11/2021	52.000	34.000	-	34.000
	157.000	139.000	-	139.000

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 2018, this ratio was 254%, based on a pledge on 5,250,000 UCB.
- Borrowings may not exceed 30% of the fair value of the investment in UCB; at 30 June 2018, this ratio was 3,03%.
- The solvency ratio (equity versus balance sheet total under Belgian standards) must exceed 70%; at 30 June 2018, this ratio was 91.87%.

Borrowing cost

Six months ended 30 June 2018	€ 000
Interest expenses	-1.546
Commitment fee	-7
Net gain on derivatives (see note 2.4.)	162
Total	1.391

2.4. Financial derivative instruments

€ 000	IRS désigné comme instrument de couverture		IRS non désigné comme instrument de couverture		Total IRS	
	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17
Notional amounts	139.000	139.000	5.000	55.000	144.000	194.000
Juste valeur totale	-862	-870	-181	-2.193	-1.043	-2.993
Non-current	-427	-532	-	-209	-427	-741
Current	-435	-338	-181	-1.914	-616	-2.252
Accrued interest	-75	-75	-23	-1.219	-98	-1.294
Payable	-75	-75	-23	-1.219	-	-1.294
Receivable	-	-	-	-	-	-
Clean price	-787	-795	-158	-904	-945	-1.699
Clean price at prior year-end	-795	-	-904	-	-	-
Gain (+)/ Loss (-) during the period after tax	8	-	746	-	754	-
Reported in profit or loss	2	-	160	-	162	-
Change in fair value of ineffective portion of hedge swaps	-	-	-	-	-	-
Change in fair value of swaps not designated as hedges	2	-	-	-	2	-
Reclassification adjustment	-	-	746	-	746	-
Reclassification adjustment	-	-	-586	-	-586	-
Reported in other comprehensive income	6	-	586	-	592	-
Change in fair value of hedging swaps	6	-	-	-	6	-
Reclassification adjustment	-	-	586	-	586	-

The derivatives composition has not changed compared to 31 December 2017. The decrease of € 50 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	
	30/06/18	31/12/17	30/06/18	31/12/17	30/06/18	31/12/17
Interest rate swaps	-	502	-	-	258	502
Unused tax credits	-	39.648	-	-	33.554	39.648
Deferred tax assets	-	40.123	-	-	33.812	40.123

As explained in the 2017 annual financial report and following the tax reform which exempts the dividends received to a maximum of 100%, the company has no longer recognized a deferred tax liability for the deferred incomes of UCB.

In accordance with the standard of IAS 12, the Company recognizes deferred tax assets only if the probability exists that it will have taxable profits on which the deductible temporary differences amounts will be offset. It is 'probable' that the Company will have a sufficient taxable profit, when there are sufficient taxable temporary differences that reverse, either during the same period as the asset, or during a period over which the loss resulting from the asset may be deferred. The deferred tax asset relating to unused tax

credits is not recognized in the absence of convincing indications that the Company will have sufficient taxable profits on which unused tax credits will be offset. Tax credits do not have a fixed expiry date.

3.3. Relation between tax expense and profit before tax

Six months ended 30 June 2018	€ 000
Profit before tax	197.519
Theoretical income tax rate	29,58%
Theoretical income tax	-58.426
Reported income tax	-
Difference between theoretical and reported income tax	-58.426
Dividend income	-23.762
Share of the profit of UCB	+58.991
Tax exempt dividend income*	23.149
Net gain on derivatives	48
Total effects of difference between theoretical and reported income tax	58.426

*Limited to statutory results of the company

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 2018

Introduction

We have reviewed the condensed interim financial information of FINANCIERE DE TUBIZE SA as of June 30, 2018, 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 25, 2018

Mazars Réviseurs d'Entreprises SCRL
Statutory auditor

represented by Xavier DOYEN