

Financière de Tubize

Half-year financial report

30 June 2019

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

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I. STATEMENT OF THE DIRECTORS

We confirm that, to the best of our knowledge:

- The condensed interim financial statements at 30 June 2019 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 2019, as well as a description of the main risks and uncertainties for the remainder of the year.

Brussels, 24 July 2019

The board of directors

Evelyn du Monceau
Board member

François Tesch
Chairman of the board

II. 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 2019 of Financière de Tubize (the « Company »).

1. Significant events

The following significant events took place during the first half of FY 2019:

- **Dividends** – Dividend received from UCB in relation to FY 2018 (€ 82,373k) and dividend paid by the Company in relation to FY 2018 (€ 24,927k).
- **Debt** – Decrease of outstanding bank borrowings from € 142.5 million at 31 December 2018 to € 86 million at 30 June 2019.
- **Cash flow risk management** – A portion of the participating interest in UCB is financed by bank borrowings (€ 86 million at 30 June 2019). All of these borrowings 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 amortized 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 2019 provides further details about the accounting treatment of the swaps.

2. Evolution of the results and the financial position

2.1. Results (Belgian standards¹)

The profit moves from € 78,260k in the first half of 2018 to € 81,018k in the first half of 2019, an increase of € 2,758k or 3.52%.

The condensed profit or loss accounts for the six months ended 30 June 2019 and 2018 look as follows:

€ 000	30/06/2019	30/06/2018
Dividend from UCB	82,373	80,331
Cost of borrowing	-759	-1,552
Other financial expenses	-10	-1
General expenses	-586	-518
Profit before tax	81,018	78,260
Income taxes	-	-
Profit	81,018	78,260

The dividend received from UCB in 2019 in relation to FY 2018, amounts to € 82,373k (gross dividend of € 1.21 per share) against € 80,331k (€ 1.18 per share) for the prior year.

The cost of borrowing decreases from € 1,552k for the first semester 2018 to € 759k for the same period in 2019. This decrease is mainly due to a significant annual reimbursement.

Other financial expenses include the variation of the portion of unrealized losses (€ 8k) on swaps, which corresponds to future over-hedging situations, of which the occurrence has become probable as of 30 June 2019, 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 € 518k in the first half of 2018 to € 586k for the same period in 2019. This variance was mainly due to the directors compensation and Diligent Boardbooks portal fees.

After application, in accordance with Belgian tax law and regulation, of the system of tax credits for dividends received, which benefits, as from 1st January 2018, of a 100% exemption, the Company has no taxable basis.

2.2. Financial situation (Belgian standards)

The condensed balance sheet as per 30 June 2019 and as per 31 December 2018 look as follows:

€ 000	30/06/2019	31/12/2018
Participating interest in UCB	1,717,992	1,717,992
Current investments and cash at bank and in hand	1,023	3,653
Other assets	51	133
Total assets	1,719,066	1,721,778
Equity	1,632,345	1,553,451
Bank borrowings	86,000	142,500
Other liabilities	721	25,827
Total equity and liabilities	1,719,066	1,721,778

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 2018, and representing a book value per share of € 25.24, whereas the share price at 30 June 2019 was 72.92 (€ 71.30 at 31 December 2018).

Equity moves from € 1,553,451k at 31 December 2018 to € 1,632,345k at 30 June 2019. This increase of € 78,894k comes from the profit of the period (€ 81,018), partially offset by the cancellation of the reserve for own shares during the period. The market capitalisation of Financière de Tubize amounts to € 2,737,525k at 30 June 2019 (44,512,598 shares at € 61.50) against € 2,704,100k at 31 December 2018 (44,548,598 shares at € 60.70).

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 outstanding bank debt amounts to € 86.0 million at 30 June 2019 against € 142.5 million at 31 December 2018.

The dividend received from UCB (€ 82,373 million) in May 2019 has served to reduce bank debt (€ 56.5 million), to pay the dividend of Financière de Tubize (€ 24,927 million), to pay interest and commission on bank borrowings (€ 0.759 million), to pay general expenses (€ 0.586 million).

The evolution of other liabilities since 31 December 2018 is primarily explained by the payment of the dividend Financière de Tubize (€ -24,927 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 2019

€ 000	30/06/2019
Profit BE GAAP	81,018
Elimination of received dividend from UCB	-82,373
Share of the profit of UCB	148,483
Ineffectiveness hedge accounting	-27
Reclassification adjustments, after tax effect, related to derivatives	-
Re-measurement of fair value of derivatives	67
Profit EU-IFRS	147,168
Cash flow hedge	80
Share of other comprehensive income of UCB	18,765
Comprehensive income EU-IFRS	166,013
Paid dividend	-24,927
Share of the other changes of net assets of UCB ³	-22,509
Impact of changes in the percentage of the participation in UCB	6,539
Changes in EU-IFRS equity	125,116
EU-IFRS equity beginning of the period	2,339,563
EU-IFRS equity end of period	2,464,679
Changes in EU-IFRS equity	125,116

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 2019 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 2019, two interest rate swaps are outstanding for notional amounts of respectively € 54.5 million and € 36.5 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'.

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

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 2018 have not significantly changed.

On the basis of the transparency and directors' declarations notified to the Company, the shareholders structure at 30 June 2019 can be summarised as follows:

	In concert		Outside concert		Total	
	Number	%	Number	%	Number	%
Financière Eric Janssen SPRL	8,525,014	19.15%	1,988,800	4.47%	10,513,814	23.62%
Daniel Janssen	5,881,677	13.21%	-	-	5,881,677	13.21%
Altai Invest SA	4,969,795	11.16%	26,468	0.06%	4,996,263	11.22%
Barnfin SA	3,903,835	8.77%	-	-	3,903,835	8.77%
Jean van Rijckevorsel	11,744	0.03%	-	-	11,744	0.03%
Total voting rights held by the reference shareholders	23,292,065	52.33%	2,015,268	4.53%	25,307,333	56.85%
Other shareholders	-	-	19,205,265	43.15%	19,205,265	43.15%
Total voting rights	23,292,065	52.33%	21,220,533	47.67%	44,512,598	100.00%

4.2. Directors

The general meeting of shareholders of April 24, 2019 has renewed the mandates of the directors Evelyn du Monceau, Cyril Janssen and Charles-Antoine Janssen and approved the appointment of AVO Mgmt BVBA, represented by Mrs. Annick van Overstraeten.

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.

III. CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2019

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 2019 (with a comparative balance sheet as at 31 December 2018), an income statement for the first six months of 2019 (with a comparative income statement for the first six months of 2018) 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 2019 (with comparative figures as at 31 December 2018), 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 2019 (with comparative figures for the six-month period ended 30 June 2018) 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 2018.

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.

Regarding the EU-IFRS standards, IFRS 16 – Leases came into effect on the 1st of January 2019. The Company is not a party to any lease agreement and accordingly the application of this standard did not impact the Company.

The Belgian accounting rules were not subject to any changes which would have a significant impact for the Company.

The condensed interim financial information at 30 June 2019 is intended to update the financial information as at 31 December 2018. The notes therefore do not include all the information that was already included in the financial statements as at 31 December 2018. The main purpose is to ensure the comparability of the condensed half-year financial statements at 30 June 2019 with the annual accounts as of 31 December 2018 and to inform the user of any significant changes in the amounts presented in the accounts and any changes during the first semester of 2019. This information should therefore be read in conjunction with the annual accounts as at 31 December 2018.

This condensed interim financial information as at 30 June 2019 of Financière de Tubize was prepared by a resolution of the Board of Directors dated 24 July 2019.

Belgian standards

Balance sheet (€ 000)

ASSETS	Note	30/06/2019	31/12/2018
Fixed assets		1,717,992	1,717,992
Financial fixed assets	1.	1,717,992	1,717,992
Current assets		1,074	3,786
Amounts receivable within one year		-	102
Current investments and Cash at bank and in hand		1,023	3,653
Deferred charges and accrued income		51	31
TOTAL ASSETS		1,719,066	1,721,778

EQUITY AND LIABILITIES	Note	30/06/2019	31/12/2018
Equity		1,632,345	1,553,451
Capital	2.	235,000	235,000
Share premium account		1,225	1,225
Reserves		1,282,697	1,284,821
Legal reserve		23,500	23,500
Not available reserves		456	2,580
Untaxed reserves		38,567	38,567
Available reserves		1,220,174	1,220,174
Accumulated profits		32,405	32,405
Profit of the period		81,018	-
Liabilities		86,721	168,327
Amounts payable after more than one year		33,500	90,000
Credit institutions	3.	33,500	90,000
Amounts payable within one year		53,033	77,967
Current portion of amounts payable after more than one year falling due within one year	3.	52,500	52,500
Trade debts		96	104
Other amounts payable	4.	437	25,363
Accruals and deferred income		188	360
TOTAL EQUITY AND LIABILITIES		1,719,066	1,721,778

Profit and loss statement (€ 000)

Regarding semesters ending	Note	30/06/2019	30/06/2018
Operating charges		-586	-518
Services and other goods		-586	-518
Operating profit		-586	-518
Financial income		82,373	80,331
Recurring financial income		82,373	80,331
Income from financial fixed assets		82,373	80,331
Financial charges		-769	-1,553
Recurring financial charges	3.	-759	-1,551
Debt charges		-759	-1,551
Other financial charges		-10	-2
Gain before taxes		81,018	78,260
Income taxes		-	-
Profit		81,018	78,260

Basic and diluted earnings per share (en €)	1.82	1.76
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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 2018 and 30 June 2019. The annual accounts of UCB SA/NV as at 31 December 2018 show shareholders' equity of € 5,336,753k and net income of € 22,403k.

Fair value

	30/06/19	31/12/18
Number of UCB shares	68,076,981	68,076,981
Share price UCB (€)	72.92	71.30
Fair value of the participating interest in UCB (€ 000)	4,964,173	4,853,889
Carrying value (€ 000)	1,717,992	1,717,992
Excess of fair value over carrying value (€ 000)	3,246,181	3,135,897

2. Capital - capital status – forms of shares

During the first semester of 2019 a number of 7,050 shares have been registered and 36,000 own shares were canceled, reducing the number of dematerialised shares.

	01/01/2019	Annulation	Transfers	30/06/2019
Number of nominal shares	33,751,038		7,050	33,758,088
Number of dematerialised shares	10,797,560	-36,000	-7,050	10,754,510
Total number of shares	44,548,598		-	44,512,598

3. Bank borrowings / Debt charges

Evolution of the bank borrowings during the first semester 2019

€ 000		Confirmed lines	Used			Available
			Floating	Fixed	Total	
01/01/2019	Opening	157,000	-142,500		-142,500	14,500
15/02/2019	Repayment and closure of LT advance	-27,500	27,500		27,500	
15/05/2019	Repayment of advances on revolving credit line	-29,000	29,000		29,000	
30/06/2019	Closing	100,500	-86,000		-86,000	14,500

After repayment of the credit line of €27.5 million on the date of 15 February 2019 and €29 million on the date of 15 May 2019, the credit lines confirmed on the date of 30 June 2019 totaled € 100.5 million and were used up to € 86 million. The margin available on confirmed lines totaled € 14.5 million on 30 June 2019.

Contractual maturities

€ 000	Confirmed lines	Utilisation		
		Floating	Fix	Total
30/06/2020	52,500	52,500	-	52,500
06/11/2021	48,000	33,500	-	33,500
	100,500	86,000	-	86,000

Debt charges

Six months ended 30 June 2019	€ 000
Interest expenses	-733
Commitment fee	-10
Other debt cost	-16
Other Financial cost	-10
Total	-769

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 2019, the ratio is 343%.

	30/06/2019
Number of UCB pledged shares (A)	4,050,000
Market value per share UCB (€) (B)	72.92
Market value of the pledged shares (€ 000) (A) x (B) = (C)	295,326
Outstanding bank loans (€ 000) (D)	86,000
Ratio (C) / (D)	343%

The accounting value of the pledged shares amounts to € 102,206k.

4. Other debts

€ 000	30/06/2019	31/12/2018
Dividends to be paid	-	-24,056
Unclaimed dividends	-437	-436
Others	0	0
Total	-437	-25,363

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 2019, the notional amounts of these swaps amounted to € 91,000k, their accounting value to € -48k and their fair value to € - 630k.

The forecasts for future cash flows as at 30 June 2019 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 € 68k as of 30 June 2019, of which € -8k has been charged to the income statement for the first semester of 2019).

6. Ratios

The solvency ratio (equity as a % of the balance sheet total) cannot be lower than 70%; at 30 June 2019, the ratio was equal to 94.96%.

	30/06/2019
Equity at 30 June 2019 (€ 000)	1,632,345
Balance sheet total (€ 000)	1,719,066
Solvency ratio	94.96%

The debt ratio (outstanding bank loans as a % of the market value of the shares in UCB) cannot exceed 30%; at 30 June 2019, the ratio amounted to 1.73%.

	30/06/2019
Number of UCB shares (A)	68,076,981
Market value per UCB share (€) (B)	72.92
Market value of the participation in UBC (€ 000) (A) x (B) = C	4,964,173
Outstanding bank loans (€ 000) (D)	86,000
Debt ratio (D) / C	1.73%

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 2019

Introduction

We have reviewed the *condensed interim financial information* of FINANCIERE DE TUBIZE SA as of June 30, 2019, 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 24, 2019

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

EU-IFRS standards

Statement of financial position

€ 000	Notes	30/06/2019	31/12/2018
Participation interest in UCB	1.1.	2,550,844	2,481,939
Non current assets		2,550,844	2,481,939
Prepayments		51	31
Other receivables		-	102
Cash and cash equivalents		1,023	1,529
Current assets		1,074	1,662
Assets		2,551,918	2,483,601
Equity		2,464,679	2,339,563
Bank borrowings	2.3.	33,500	90,000
Derivatives	2.4.	197	318
Non current liabilities		33,697	90,318
Bank borrowings	2.3.	52,571	52,613
Derivatives	2.4.	433	571
Other creditors		538	536
Current liabilities		53,542	53,720
Liabilities		87,239	144,038
Equity and liabilities		2,551,918	2,483,601

Statement of profit and loss and other comprehensive income

For the six months ended 30 June

€ 000	Notes	2019	2018
NET PROFIT OR LOSS			
Share of profit of UCB		148,483	199,428
Borrowing cost	2.3.	-728	-1,391
General and administrative expenses		-587	-518
Profit before tax		147,168	197,519
Income tax	3.2.	-	-
Profit		147,168	197,519
OTHER COMPREHENSIVE INCOME			
Share, after tax, of other comprehensive income of UCB		18,765	-40,637
Share of items that will not be reclassified subsequently to profit or loss	1.2.	-2,069	-388
Share of items that will be reclassified subsequently to profit or loss when specific conditions are met	1.2.	20,834	-40,249
Other items of other comprehensive income, after tax, that will be reclassified subsequently to profit or loss when specific conditions are met		80	592
Cash flow hedges	2.4.	80	592
Total other comprehensive income		18,845	-40,045
COMPREHENSIVE INCOME		166,013	157,474
Profit attributable to			
Owners of the parent		147,168	197,519
Non-controlling interests		-	-
Comprehensive income attributable to			
Owners of the parent		166,013	157,474
Non-controlling interests		-	-
Earnings per share			
Basic and diluted (in €)		3.31	4.43

Statement of changes in equity

For the six months ended 30 June 2019

€ 000	Capital and share premium	Retained earnings	Treasury Shares	Employee benefits	Translation adjustments	Assets held for sale	Cash flow hedges	Total equity
01/01/2019	236,225	2,362,890	-126,808	-53,048	-54,583	-2,053	-23,060	2,339,563
Dividends		-24,927						-24,927
Annulation own shares		-2,124	2,124					-
Comprehensive income								
– Profit		147,168						147,168
– Share of other comprehensive income of UCB				-2,069	9,148	1,952	9,734	18,765
– Cash flow hedging							80	80
		147,168		-2,069	9,148	1,952	9,814	166,013
Share in other changes in net assets of UCB								
– Share based payments		11,253						11,253
– Reserves transfers		-18,280	18,280					-
– Treasury shares			-33,762					-33,762
		-7,027	-15,482					-22,509
Change in the percentage of the participating interest in UCB resulting from changes in the number of own shares held by UCB		7,263	-354	-153	-159	-6	-52	6,539
30/06/2019	236,225	2,483,243	-140,520	-55,270	-45,594	-107	-13,298	2,464,679

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
01/01/2017	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 hedges							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
– Transfer to reserves		-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
30/06/2017	236,225	2,277,099	-136,644	-56,874	-74,537	-813	-5,985	2,238,471

Statement of cash flows

For the six months ended 30 June

€ 000	2019	2018
Expenses related to operating activities	- 608	-554
Cash flows from operating activities	- 608	-554
Dividends received	82,373	80,331
Cash flows from investing activities	82,373	80,331
Dividends paid	-24,927	-24,056
Withholding tax collected	101	
Interest on withholding tax	-16	
Interest and commission paid	-924	-2,558
Bank cost	-5	
Reimbursement of bank borrowings	-	-36,000
Drawings from the confirmed lines	-56,500	-17,000
Cash flows from financing activities	-82,271	-79,614
Total cash flows	-506	-163
Cash and cash equivalents beginning of period	1,529	1,452
Cash and cash equivalents end of period	1,023	1,289

Selection of explanatory notes

1. Participating interest in UCB

Carrying value

€ 000	Share of the net assets of UCB	Goodwill	Total
01/01/2019	2,274,500	207,439	2,481,939
Distribution	-82,373		-82,373
Share of the profit of UCB	148,483		148,483
Share of other comprehensive income of UCB (v. 1.2.)	18,765		18,765
Share of other changes in net assets of UCB ⁴	-22,509		-22,509
Impact of changes in the percentage of participating interest due to changes in the number of own shares held by UCB	6,539		6,539
30/06/2019	2,343,405	207,439	2,550,844

Share of other comprehensive income of UCB

€ 000	For the 6 months ended 30/06/19		
	Gross	Tax	Net
Items that will not be reclassified subsequently to profit or loss			
- Re-measurement of defined benefit obligations	-2,069		-2,069
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
- Translation adjustments	9,148		9,148
- Net result from available-for-sale financial assets	1,952		1,952
- Effective portion of cash flow hedges	9,734		9,734
Share of other comprehensive income of UCB	18,765	-	18,765

Fair value

	30/06/2019	31/12/2018
Number of UCB shares	68.076.981	68.076.981
Share price UCB (€)	72.92	71.3
Fair value of the participating interest in UCB (€ 000)	4,964,173	4,853,889
Carrying value (€ 000)	2,550,844	2,481,939
Excess of fair value over carrying value (€ 000)	2,413,329	2,371,950

Summarised financial information of UCB

Summarised statement of financial position

€ 000 000	30/06/2019	31/12/2018
Non-current assets	7,697	7,564
Current assets	2,819	2,950
Non-current liabilities	-1,678	-2,021
Current liabilities	-2,382	-2,238
Net assets	6,456	6,255
Non-controlling interests	-28	-54
Net assets attributable to UCB shareholders	6,484	6,309

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

Summarised statement of profit or loss

For the six months ended 30 June 2019	€ 000 000
Revenue ⁵	2,323
Profit from continuing operations	436
Profit (+) or loss (-) from discontinued operations	1
Profit	437
Non-controlling interests	26
Profit attributable to UCB shareholders	411

Summarised statement of comprehensive income

For the six months ended 30 June 2019	€ 000 000
Profit	437
Other comprehensive income	53
Comprehensive income	490
Non-controlling interests	25
Comprehensive income attributable to UCB shareholders	465

Reconciliation of summarised financial information to carrying value

€ 000 000	30/06/2019	31/12/2018
Net assets attributable to UCB shareholders	6,484	6,309
Interest of the Company ⁶	36,1407%	36,0370%
Company's share of net assets of UCB	2,344	2,275
Goodwill sur acquisition	207	207
Carrying value of participating interest in UCB	2,551	2,482

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

2. Financial instruments

Financial instruments by category

€ 000	Loan & Receivables		Liabilities at amortized cost		Derivatives	
	30/06/19	31/12/18	30/06/19	31/12/18	30/06/19	31/12/18
Prepayments	51	31	-	-	-	-
Other receivables	-	102	-	-	-	-
Cash & cash equivalents	1,023	1,529	-	-	-	-
Bank borrowings	-	-	-86,071	-142,613	-	-
Derivatives	-	-	-	-	-630	-889
Other creditors	-	-	-538	-536	-	-
Total	1,074	1,662	-86,609	-143,149	-630	-889

Fair value of financial instruments

€ 000	Level of the inputs in the fair value hierarchy	Carrying values		Fair value	
		30/06/19	31/12/18	30/06/19	31/12/18
Prepayments	-	51	31	51	31
Other receivables	-	-	102	-	102
Cash & cash equivalents	-	1,023	1,529	1,023	1,529
Bank borrowings	2	-86,071	-142,613	-86,071	-142,613
Derivatives	2	-630	-889	-630	-889
Other creditors	-	-538	-536	-538	-536

Bank borrowings

Carrying values

€ 000	Non current		Current		Total	
	30/06/19	31/12/18	30/06/19	31/12/18	30/06/19	31/12/18
Floating rate borrowings	-33,500	-90,000	-52,500	-52,500	-86,000	-142,500
Fixed rate borrowings	-	-	-	-	-	-
Restructuring costs	-	-	-	-	-	-
Accrued interest	-	-	-71	-113	-71	-113
Total	-33,500	-90,000	-52,571	-52,613	-86,071	-142,613

Evolution of bank debt during the first half of FY 2019

€ 000		Confirmed lines	Used			Available
			Floating	Fixed	Total	
01/01/2019	Opening	157,000	-142,500		-142,500	14,500
15/02/2019	Repayment and closure of LT advance	-27,500	27,500		27,500	
15/05/2019	Repayment of advances on revolving credit line	-29,000	29,000		29,000	
30/06/2019	Closing	100,500	-86,000		-86,000	14,500

Contractual maturities

€ 000	Confirmed lines	Utilisation		
		Floating	Fix	Total
30/06/2020	52,500	52,500	-	52,500
06/11/2021	48,000	33,500	-	33,500
	100,500	86,000	-	86,000

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 2019, this ratio was 343%, based on a pledge of 4,050,000 UCB shares.
- Borrowings may not exceed 30% of the fair value of the investment in UCB; at 30 June 2019, this ratio was 1.73%.
- The solvency ratio (equity versus balance sheet total under Belgian standards) must exceed 70%; at 30 June 2019, this ratio was 94.96%.

Debt charges

Six months ended 30 June 2019	€ 000
Interest expenses	-734
Other debt cost	-16
Commitment fee	-10
Net gain on derivatives (see note 2.4.)	40
Other financial cost	-8
Total	728

Financial derivative instruments

€ 000	IRS désigné comme instrument de couverture		IRS non désigné comme instrument de couverture		Total IRS	
	30/06/19	31/12/18	30/06/19	31/12/18	30/06/19	31/12/18
Notional amounts	91,000	139,000		5,000	91,000	144,000
Juste valeur totale	-630	-709		-180	-630	-889
Non-current	-197	-318		-	-197	-318
Current	-433	-391		-180	-433	-571
Accrued interest	-48	-74		-113	-48	-187
Payable	-48	-74		-113	-48	-187
Receivable	-	-		-	-	-
Clean price	-582	-635		-67	-582	-702
Clean price at prior year-end	-635			-67	-702	
Gain (+)/ Loss (-) during the period after tax	53			67	120	
Reported in profit or loss	-27			67	40	
Change in fair value of ineffective portion of hedge swaps	-27			67	40	
Change in fair value of swaps not designated as hedges						
Reclassification adjustment	-			-	-	
Reported in other comprehensive income	80			-	80	
Change in fair value of hedging swaps	80			-	80	
Reclassification adjustment	-			-	-	

The decrease of € 48 million in the notional amount of the swap not designated as a hedging instrument was foreseen in the amortization table included in the contract.

The derivative, not designated as a hedging instrument, with a notional amount of € 5 million expired in May 2019.

3. Income taxes

Deferred tax assets and liabilities

€ 000	Total		Recognised		Unrecognised	
	30/06/19	31/12/18	30/06/19	31/12/18	30/06/19	31/12/18
Interest rate swaps	154	176		-	154	176
Unused tax credits	35,153	34,814		-	35,153	34,814
Deferred tax assets	35,307	34,990		-	35,307	34,990

As explained in the 2018 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.

Relation between tax expense and profit before tax

Six months ended 30 June 2019	€ 000
Profit before tax	147,168
Theoretical income tax rate	29.58%
Theoretical income tax	-43,532
Reported income tax	-
Difference between theoretical and reported income tax	-43,532
Dividend income	-24,366
Share of the profit of UCB	43,921
Tax exempt dividend income*	23,965
Net gain on derivatives	12
Total effects of difference between theoretical and reported income tax	43,532

*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 2019

Introduction

We have reviewed the *condensed interim financial information* of FINANCIERE DE TUBIZE SA as of June 30, 2019, 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 24, 2019

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