

INTERIM MANAGEMENT REPORT

September 4th, 2015

REGULATED INFORMATION

- ✓ **RECURRING OPERATING RESULT UP BY 9% TO EUR 3,585 K**
- ✓ **REAL ESTATE IMPACTED BY NON-RECURRING ELEMENTS**
- ✓ **CARRIGRES RESULT BUOYED BY A REDUCTION IN COSTS**

TEXAF's Board of Directors closed the company's consolidated accounts (in accordance with the IFRS standards as adopted in the European Union) on 30 June 2015. These interim accounts have not been audited. The Board wishes to point out that the company's assets are located in the Democratic Republic of Congo (DRC) and that the specific environment of the country entails certain risks. The accounts were drawn up based on the assumption of stability in the social-economic and regulatory environment.

HIGHLIGHTS FOR THE FIRST HALF OF 2015

- The economic slowdown observed over the past year is continuing and is in particular impacting investments in infrastructure. The monetary situation remains highly stable and the Congolese franc has followed the dollar's rise against the euro.
- Income from real estate activity continued to grow by 7% to EUR 7,133 K compared to the 1st half of 2014 thanks to the new buildings placed on the market and in spite of the partial departure of an international agency. However, the recurring operating result declined by 4% to EUR 2,676 K due to the rise in value of the Congolese franc and dollar, tax increases and recruitment.
- **CARRIGRES** turnover was up 6% to EUR 2,674 K, with its recurring operating result up 88% to EUR 909 K compared to the 1st half of 2014, thanks to the impact of the dollar on selling prices and capital expenditure made in 2014.
- The Group's recurring operating result reached EUR 3,585 K, an increase of 9%. A non-recurring net charge of EUR 381 K impacted the six-month period to such an extent that the operating result fell by 2% to EUR 3,204 K. The net result (Group's share) of EUR 2,848 K in turn rose by 26%. In light of the new shares issued in May 2014, net earnings per share increased by 16% to EUR 0.804.

| | <u>H1 2011</u> | <u>H1 2012</u> | <u>H1 2013</u> | <u>H1 2014</u> | <u>H1 2015</u> |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Recurring operating result | 1,671 | 2,413 | 3,011 | 3,281 | 3,585 |
| <i>As% of turnover</i> | 26% | 28% | 32% | 35% | 34% |

CONSOLIDATED RESULTS FOR TEXAF GROUP (in EUR thousands)
(not audited)

| | 30.06.2013 | 30.06.2014 | 30.06.2015 |
|---|-------------------|-------------------|-------------------|
| Revenue from ordinary activities | 9,103 | 9,083 | 9,807 |
| Other recurring operating income | 250 | 398 | 728 |
| Recurring operating expenses | -6,342 | -6,200 | -6,950 |
| Recurring operating result | 3,011 | 3,281 | 3,585 |
| <i>Δ y-1</i> | 17% | 9% | 9% |
| Other non-recurring operating items | -1 | 0 | -381 |
| Operating result | 3,010 | 3,281 | 3,204 |
| <i>Δ y-1</i> | 25% | 9% | -2% |
| Financial results | -92 | -137 | -172 |
| Other non-operating results | 5 | 0 | - |
| Results before tax (for continued operations) | 2,923 | 3,144 | 3,032 |
| <i>Δ y-1</i> | 31% | 8% | -4% |
| Taxes | -514 | -782 | -189 |
| Results from discontinued operations | - | - | - |
| Net result after tax | 2,409 | 2,362 | 2,843 |
| Consolidated net result (Group's share) | 2,208 | 2,267 | 2,848 |
| <i>Δ y-1</i> | 16% | 3% | 26% |
| Per share | | | |
| <i>Recurring operating results in EUR</i> | 0.944 | 0.926 | 1.012 |
| <i>Operating result in EUR</i> | 0.944 | 0.926 | 0.904 |
| <i>Consolidated net result (Group's share) in EUR</i> | 0.692 | 0.691 | 0.804 |
| <i>Number of outstanding shares</i> | 3,189,330 | 3,543,700 | 3,543,700 |

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME (in EUR thousands)
(not audited)

| | 30.06.2013 | 30.06.2014 | 30.06.2015 |
|-------------------------------|-------------------|-------------------|-------------------|
| Result for the financial year | 2,409 | 2,362 | 2,843 |
| Comprehensive result | 2,409 | 2,362 | 2,843 |
| Allocated to: | | | |
| TEXAF shareholders | 2,208 | 2,267 | 2,848 |
| Minority interests | 201 | 95 | -5 |

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(not audited)

| | 31.12.2013 | 31.12.2014 | 30.06.2015 |
|---------------------------------|-------------------|-------------------|-------------------|
| Non-current assets | 92,749 | 97,345 | 101,720 |
| Property, plant and equipment | 14,216 | 14,878 | 14,563 |
| Investment properties | 77,158 | 81,644 | 86,250 |
| Intangibles | 42 | 33 | 51 |
| Other financial assets | 1,333 | 790 | 856 |
| Current assets | 15,213 | 13,128 | 14,395 |
| Assets available for sale | | 1,179 | 1,179 |
| Inventories | 4,516 | 5,026 | 5,263 |
| Receivables | 2,171 | 1,226 | 1,710 |
| Tax assets | 634 | 731 | 1,020 |
| Cash and cash equivalent | 7,216 | 3,984 | 4,697 |
| Other current assets | 676 | 982 | 526 |
| TOTAL ASSETS | 107,962 | 110,473 | 116,115 |
| Equity | 66,728 | 70,964 | 72,106 |
| Capital | 7,857 | 21,508 | 21,508 |
| Group reserves | 49,429 | 49,136 | 50,284 |
| Minority interests | 9,442 | 320 | 314 |
| Non-current liabilities | 30,883 | 31,211 | 34,312 |
| Deferred income tax liabilities | 22,874 | 22,215 | 22,114 |
| Other non-current liabilities | 8,009 | 8,996 | 12,198 |
| Current liabilities | 10,351 | 8,298 | 9,697 |
| Liabilities available for sale | | 337 | 337 |
| Other current liabilities | 10,351 | 7,961 | 9,360 |
| TOTAL LIABILITIES | 107,962 | 110,473 | 116,115 |

CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(not audited)

| | 30.06.2013 | 30.06.2014 | 30.06.2015 |
|---|-------------------|-------------------|-------------------|
| Cash and cash equivalents at the beginning of the year | 4,465 | 7,216 | 3,984 |
| Cash flows from operating activities | 4,085 | 2,856 | 3,835 |
| Cash flows from investment activities | -2,025 | -2,383 | -5,877 |
| Cash flows from financing activities | <u>-1,879</u> | <u>-2,454</u> | <u>2,755</u> |
| Net increase (decrease) of cash and cash equivalents | 181 | -1,981 | 713 |
| Currency conversion discrepancies | - | - | - |
| Cash and cash equivalents at close of reporting period | 4,646 | 5,235 | 4,697 |
| <i>Of which Texaf SA</i> | <i>2,426</i> | <i>2,478</i> | <i>1,599</i> |

Comments on consolidated results

The full half-yearly report drawn up in accordance with IAS 34 is available at www.texaf.be.

- ✚ Rental income rose by 7% compared to the first half of 2014 thanks to the leasing of the second and third phases of the “Champ de Coton” project (28 apartments) and new premises for professional use, and in spite of the partial move of an international organisation.
- ✚ Turnover for **CARRIGRES** grew by 6% compared to the same period in 2014 as a result of an improvement in the average selling price.
- ✚ “Other recurring operating income” (EUR 728 K versus EUR 398 K at the end of June 2014) mostly consisted of the re-invoicing of expenses and of sales by the concession’s restaurant.
- ✚ In total, the Group’s recurring turnover increased by 11%. Recurring operating expenses (EUR 6.95 million versus EUR 6.2 million in 2014) rose by 12% under the combined effect of the rise in the dollar, tax increases and recruitment.
- ✚ The recurring operating result therefore increased by 9% to EUR 3,585 K. Nevertheless, the half-yearly results were impacted by non-recurring elements, principally termination liabilities associated with, among other things, the outsourcing of certain services, and the repayment of operating taxes, so much so that the total operating result only came to EUR 3,204 K, a fall of 2%.
- ✚ The Group’s share of the net result was EUR 2,848 K, an increase of 26% or EUR 0.804 per share. **IMMOTEX** fully contributed to this result over the entire period whereas this was the case for only 6 weeks in the 1st half of 2014.

REPORT ON CARRIGRES ACTIVITIES

| CARRIGRES (EUR 000) | 30/06/2011 | 30/06/2012 | 30/06/2013 | 30/06/2014 | 30/06/2015 |
|----------------------------------|------------|------------|------------|------------|------------|
| Revenue from ordinary activities | 2,019 | 3,075 | 3,020 | 2,514 | 2,674 |
| Operating result | 328 | 829 | 710 | 483 | 1,037 |
| Recurring operating result | 328 | 829 | 711 | 483 | 909 |
| Net result | 386 | 730 | 754 | 577 | 1,050 |
| Net result (Group’s share) | 386 | 730 | 754 | 577 | 1,050 |

- ✚ **CARRIGRES** sandstone production amounted to 162,000 tonnes, a fall of 19% compared to the 1st half of 2014. Specifically, production times were deliberately reduced in order to adapt to sales prospects.
- ✚ Sales declined by 6% in volume but increased by 6% in value. The improvement in the average selling price was attributable to both the rise in the dollar and the product mix.
- ✚ The recurring operating result grew by 88% compared to the 1st half of 2014, which was impacted by production stoppages. It benefitted from the savings yielded by the capital expenditure made in 2014, such as the renovation of the crushers, the replacement of the electrical system and the new drilling machine.
- ✚ The operating result includes a non-recurring repayment of operating taxes and the net result reversals of former tax provisions.

REPORT ON REAL ESTATE ACTIVITIES

| REAL ESTATE (EUR 000) | 30/06/2011 | 30/06/2012 | 30/06/2013 | 30/06/2014 | 30/06/2015 |
|----------------------------------|------------|------------|------------|------------|--------------|
| Revenue from ordinary activities | 4,140 | 5,001 | 6,083 | 6,569 | 7,133 |
| Operating result | 1,640 | 1,584 | 2,300 | 2,798 | 2,167 |
| Recurring operating result | 1,382 | 1,737 | 2,300 | 2,798 | 2,676 |
| Net result | 1,229 | 1,308 | 1,655 | 1,785 | 1,793 |
| Net result (Group's share) | 1,231 | 1,193 | 1,454 | 1,690 | 1,798 |

- ✚ Sectoral data for real estate activities must be interpreted while bearing in mind that it includes all the costs associated with the holding company, for example payroll and overhead.
- ✚ Rental income increased to + EUR 466 K (+ 7%) in spite of the partial move of an international agency to the east of the country and thanks to the leasing of the second and third phases of the "Champ de Coton" project (28 two-, three- and four-bedroom apartments) and offices for a major embassy. Total income rose by 9% to EUR 7,133 K.
- ✚ However, the recurring operating result fell by 4% to EUR 2,676 K, impacted by the rise in local expenses linked to the dollar, the increase in operating taxes and the announced expansion of the management team in the DRC.
- ✚ Non-recurring expenses of EUR 509 K reduced the operating result. These mainly consisted of termination liabilities associated with, among other things, the outsourcing of certain services.
- ✚ Construction of four buildings, with a total of 33 two- and three-bedroom apartments, continued on budget and on time. They are due to be delivered sometime in the 1st half of 2016.

EVENTS TAKING PLACE AFTER 30 JUNE 2015 AND OUTLOOK FOR THE REST OF 2015

- ✚ No significant events took place after 30 June.
- ✚ In light of the leasing over the entire period of the new investments, the recurring operating result for the 2nd half of the year should, excluding any new element and subject to the performance of **CARRIGRES**, be better than that for the first six months.
- ✚ **TEXAF** intends to maintain its dividend policy.

FINANCIAL CALENDAR

- ✚ Friday, 13 November 2015: Quarterly press release
- ✚ Mid-February 2016: Publication of 2015 annual results
- ✚ General meeting: 10 May 2016

TEXAF, established in 1925, is the only Euronext-listed industrial, real estate and agricultural investment company having all of its activities and subsidiaries to date based in the Democratic Republic of Congo. The listing of Congolese activities on the stock exchange and the resulting obligations in terms of good governance and transparency constitute a major asset of the group in the promotion of the formal sector in the DRC.

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