

REGULATED INFORMATION

THE DRC IS EXPERIENCING AN EXCEPTIONAL SITUATION, THE LIKES OF WHICH HAVE BASICALLY NEVER BEEN KNOWN.

DESPITE THIS, REAL ESTATE ACTIVITY CONTINUES TO EXPAND, SUPPORTED BY A CONTINUOUS INVESTMENT POLICY. HOWEVER, THE ENVIRONMENT IS NEGATIVELY IMPACTING THE ACTIVITIES OF CARRIGRES.

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 2017. These interim accounts have not been audited. The Board of Directors points 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 2017

- Following political uncertainty and the deterioration of the security situation, the decline in the DRC's economy is intensifying. This is primarily affecting the quarry activity following the drop in the volume of investments in the city of Kinshasa. At the same time, the Congolese franc has fallen sharply against the euro (- 34% since the beginning of the year), generating an inflation rate of 45% YOY.
- Despite this environment, income from **REAL ESTATE ACTIVITY** benefited from the continuous and long-term investment policy and increased again by 8% to EUR 8,941 K compared with the first half of 2016. The same applies for the recurring operating result, which increased by 25% to EUR 4,055 K.
- Turnover for the **QUARRY ACTIVITY (CARRIGRES)** was, on the other hand, directly impacted by a lack of investments and collapsed by 47% to EUR 960 K. Its recurring operating result yielded a loss at EUR -458 K compared with the 1st half of 2016 due to the contraction of its market.
- The combination of these two divergent developments yielded a modest increase in the recurring operating result to EUR 3,597 K (+ 4%).
- In the absence of visibility regarding the recovery of the crushed sandstone market, the Board of Directors decided to book an exceptional depreciation charge of EUR 3,360 K on the sandstone deposit, as announced in the press release issued on 5 May. This eliminates almost the entire net result (Group's share), which amounts to EUR 326 K (-88%).

	<u>H1 2013</u>	<u>H1 2014</u>	<u>H1 2015</u>	<u>H1 2016</u>	<u>H1 2017</u>
Recurring operating result	3,011	3,281	3,585	3,451	3,597
<i>As% of turnover</i>	32%	35%	34%	37%	40%
Net result (Group's share)	2,208	2,267	2,848	2,711	326

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

		30/06/2015	30/06/2016	30/06/2017
Revenue from ordinary activities		9,807	9,270	9,079
Other recurring operating income		728	792	876
Recurring operating expenses		<u>-5,469</u>	<u>-5,157</u>	<u>-4,959</u>
Recurring EBITDA ⁽¹⁾		5,066	4,905	4,996
	Δ y-1	5%	-3%	2%
Depreciation		<u>-1,481</u>	<u>-1,454</u>	<u>-1,399</u>
Recurring operating result (recurring EBIT) ⁽¹⁾		3,585	3,451	3,597
	Δ y-1	9%	-4%	4%
Other non-recurring operating items		<u>-381</u>	<u>-158</u>	<u>-3,417</u>
Operating result (EBIT) ⁽¹⁾		3,204	3,293	180
	Δ y-1	-2%	3%	-95%
Financial result		-172	-299	-772
Result before tax		3,032	2,994	-592
	Δ y-1	-4%	-1%	n.a.
Taxes		-189	-282	922
Net result after tax		2,843	2,712	330
Consolidated net result (Group's share)		2,848	2,711	326
	Δ y-1	26%	-5%	-88%
Per share				
Recurring operating result in EUR		1.012	0.974	1.015
Operating result in EUR		0.904	0.929	0.051
Consolidated net result (Group's share) in EUR		0.804	0.765	0.093
Number of outstanding shares		3,543,700	3,543,700	3,543,700

(1) EBITDA: EBIT to which depreciation is added but not variations in provisions and write-downs and reversals of write-downs on current assets. EBIT: Net result to which current and deferred taxes and financial costs and incomes (including exchange rate differences) are added. Non-recurring items: income or expenses that are not expected to be repeated in each accounting year, such as: gain or loss on disposals of non-current assets, write-down or reversal of write-down on non-current assets, costs relating to major restructuring, purchase or disposal of a business (e.g. redundancy or plant closure costs, commissions paid to third parties to acquire or dispose of an activity, etc.)

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

	30/06/2015	30/06/2016	30/06/2017
Result for the financial year	2,843	2,712	330
Comprehensive result	2,843	2,712	330
Allocated to:			
TEXAF shareholders	2,848	2,711	326
Minority interests	-5	1	4

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(not audited)

	31/12/2015	31/12/2016	30/06/2017
Non-current assets	103,995	107,866	105,522
Property, plant and equipment	14,830	13,728	10,186
Investment properties	87,880	93,867	95,253
Intangibles	43	41	31
Other financial assets	1,242	230	52
Current assets	16,395	13,156	13,001
Assets available for sale	1,179	1,179	1,179
Inventories	6,585	4,905	4,613
Receivables	1,491	1,114	1,269
Tax assets	1,190	1,518	820
Cash and cash equivalent	5,461	3,911	4,887
Other current assets	489	529	233
TOTAL ASSETS	120,390	121,022	118,523
Equity	74,587	78,099	75,999
Capital	21,508	21,508	21,508
Group's reserves	52,765	56,278	54,175
Minority interests	314	313	316
Non-current liabilities	34,531	32,240	30,546
Deferred tax liabilities	21,866	21,756	20,636
Other non-current liabilities	12,665	10,484	9,910
Current liabilities	11,272	10,683	11,978
Liabilities available for sale	337	337	337
Other current liabilities	10,935	10,346	11,641
TOTAL LIABILITIES	120,390	121,022	118,523

CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(not audited)

	30/06/2015	30/06/2016	30/06/2017
Cash and cash equivalents at the beginning of the year	3,984	5,461	3,911
Cash flows from operating activities	3,835	5,392	5,744
Cash flows from investment activities	-5,877	-4,638	-2,418
Cash flows from financing activities	<u>2,755</u>	<u>-2,466</u>	<u>-2,350</u>
Net increase (decrease) of cash and cash equivalents	713	-1,712	976
Cash and cash equivalents at year's end	4,697	3,749	4,887
<i>Of which Texaf SA</i>	<i>1,599</i>	<i>1,745</i>	<i>1,471</i>

Comments on consolidated results

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

- As in 2016, there were divergent trends for **CARRIGRES**, which was sharply down, and the real estate activity, which continued to grow. In total, the group's turnover dropped by 1%. In turn, recurring operating expenses (EUR 6.36 M as opposed to EUR 6.61 M in 2016 including depreciation) fell by 3%, leading to the recurring operating result increasing by 4% to EUR 3,597 K.
- Given the lack of visibility regarding the recovery of the quarry activity, the Board of Directors decided to charge an exceptional depreciation on the sandstone deposit of EUR 3,360 K, i.e. a reduction of 36% on the net value, as announced in the press release issued on 5 May. This entry almost cancels out the operating result, taking it to EUR 180 K.

- ✚ The financial result was impacted by a foreign exchange loss of EUR 361 K on the VAT credits held by the Group and which are expressed in Congolese francs. The total foreign exchanges losses amounted to 465 k EUR (vs 122 k EUR in 2016). The write-down on the sandstone deposit resulted in a decrease in deferred tax liabilities of EUR 1,176 K. In total, the net result (Group's share) amounted to EUR 326 K.

REPORT ON REAL ESTATE ACTIVITIES

Contribution of the real estate activity to the consolidated result

REAL ESTATE (EUR 000)	30/06/2013	30/06/2014	30/06/2015	30/06/2016	30/06/2017
Revenue from ordinary activities	6,002	6,501	6,973	7,485	8,166
Recurring operating result	2,359	2,884	2,663	3,239	4,055
Operating result	2,359	2,884	2,154	3,098	4,055
Net result	1,714	1,871	1,776	2,462	2,868
Net result (Group's share)	1,513	1,776	1,781	2,461	2,864

- ✚ Sectoral data for the real estate activity includes all the costs associated with the holding company, for example payroll and overhead.
- ✚ Turnover rose by 8% to EUR 8,941 K, mainly coming from rents, which were up 9% to EUR 8,124 K compared to the first half of 2016 thanks to the rental of the new apartments at Clos des Musiciens. However, it also includes other operating income of EUR 790 K consisting primarily of re-invoicing of expenses as well as sales by the private restaurant in our compound.
- ✚ The recurring operating result increased by 25% to EUR 4,055 K and the operating result increased by 31% to EUR 4,055 K. The group is thus reaping the benefits of its long-term investment policy.
- ✚ The net result was in part affected by a foreign exchange loss on the VAT claim that the Group holds on the Congolese State and which is expressed in Congolese francs.
- ✚ The rental vacancies referred to in the February press release have been completely eliminated.
- ✚ The construction of the 36 housing units making up the first phase of the so-called "Bois nobles" project has started and delivery is planned for the 2nd half of 2018.

REPORT ON QUARRY ACTIVITIES

Contribution of the quarry activity to the consolidated result

CARRIGRES (EUR 000)	30/06/2013	30/06/2014	30/06/2015	30/06/2016	30/06/2017
Revenue from ordinary activities	3,020	2,514	2,674	1,785	960
Recurring operating result	711	483	909	212	-458
Operating result	710	483	1,037	195	-3,875
Net result	754	577	1,050	250	-2,538
Net result (Group's share)	754	577	1,050	250	-2,538

- ✚ Sales amounted to 60,000 tonnes, a drop of 38% in terms of volume and 47% in terms of value compared to the 1st half of 2016, which was already low. The market continued to contract strongly and **CARRIGRES** had to restructure once again to reduce costs as much as possible and lower its break-even point.
- ✚ **CARRIGRES** decreased production to 60,000 tonnes of sandstone, down 46% compared with the 1st half of 2016, to adjust to sales prospects.

- ✚ The recurring operating result went from a profit of EUR 212 K for the 1st half of 2016 to a loss of EUR 458 K, and it was not possible to offset the drop in turnover with an equivalent reduction in costs.
- ✚ Given the write-down of EUR 3,360 K on the sandstone deposit decided upon by the Board of Directors, the operating result posted a loss of EUR 3,875 K and the net result one of EUR 2,538 K. The difference between the two figures is primarily attributable to a reversal of deferred tax liabilities further to the write-down.

EVENTS TAKING PLACE AFTER 30 JUNE 2017 AND OUTLOOK FOR THE REST OF 2017

- ✚ In order to protect all the depositors and stakeholders of the microfinance institution **i-FINANCE**, in which **TEXAF** has a 10% stake, most of the shareholders granted it a loan enabling it to transfer its depositors to another institution and organise the winding-up of its activities. **TEXAF** took part in this loan for an amount of USD 120,000 along with other shareholders.
- ✚ Barring an exceptional event, the recurring operating result for the 2nd half of the year should be of the same order of magnitude as that for the first six months (i.e. EUR 3,597 K). At this stage, there is no reason to call the dividend policy into question.

FINANCIAL CALENDAR

- ✚ Friday, 10 November 2017: Quarterly press release
- ✚ 23 February 2018: Publication of 2017 annual results
- ✚ General meeting: 08 May 2018

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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