

INTERIM MANAGEMENT REPORT

31 August 2012

REGULATED INFORMATION

INCREASE IN

- ✓ **REVENUE FROM ORDINARY ACTIVITIES OF 31% TO kEUR 8,076**
- ✓ **RECURRING OPERATING RESULTS OF 54% TO kEUR 2,566**
- ✓ **NET RESULT (GROUP SHARE) OF 27% TO kEUR 1,898**

TEXAF's Board of Directors drew up the company's statutory accounts (in accordance with Belgian law on annual accounts) and consolidated accounts (in accordance with the IFRS standards as adopted in the European Union) on 30 June 2012. 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 an outlook involving stability in the social-economic and regulatory environment.

HIGHLIGHTS FOR THE FIRST HALF OF 2012

- Despite the serious worsening of security in the east of the country, the political and economic situation in DR Congo remained stable. Following the presidential and legislative elections at the end of 2011, a new government took office focused on maintaining the macroeconomic balances. The Group welcomes the entry into force of the Treaty of Accession to the Organisation for the Harmonisation of Business Law in Africa ("OHADA"), which is vital to companies' legal security. On 1 January, Value-Added Tax was introduced, which is pushing the Group to adapt its legal structures.
- Real-estate activities are benefiting from their recent investments and their revenue has risen by 20% compared with the first six months of 2011 to kEUR 5,001.

After the first difficult months, the situation of **CARRIGRES** returned to normal at the end of the half-year and the company achieved a turnover of kEUR 3,075, up 52% compared with the abnormally low level of the first six months of last year.

- The half-early operating results reached kEUR 2,413, up 25%, of which kEUR 2,566 (+54%) is recurring, and the net result (Group share) kEUR 1,898, up 27%.

CONSOLIDATED RESULTS FOR TEXAF GROUP (in EUR thousands)

(unaudited)

	30.06.2012	30.06.2011 (adjusted)
Revenue from ordinary activities	8,076	6,159
Other recurring operating income	376	325
Recurring operating expenses	<u>-5,886</u>	<u>-4,813</u>
Recurring operating results	2,566	1,671
Δ y-1	+54%	
Other non-recurring operating items	<u>-153</u>	<u>258</u>
Operating results	2,413	1,929
Δ y-1	+25%	
Financial results	-175	174
Other non-operating income	-5	-
Results before tax (of continued operations)	2,233	2,103
Δ y-1	6%	
Taxes	-195	-418
Results from discontinued operations	<u>-48</u>	<u>-237</u>
Net results after tax	1,990	1,448
Consolidated net results (group share)	1,898	1,497
Δ y-1	+27%	
Per share		
Recurring operating results in EUR	0.805	0.524
Operating results in EUR	0.757	0.605
Consolidated net results (group share) in EUR	0.595	0.469
Number of issued shares	3,189,330	3,189,330

N.B.: The presentation of the results to 30.06.2011 was adjusted to present the results of Mécélco on a single line "Results from discontinued operations".

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME (in EUR thousands)

(unaudited)

	30.06.2012	30.06.2011 (adjusted)
Results for the half-year	1,990	1,448
Movements of variations in foreign currencies	3	-55
Comprehensive results	1,993	1,393
Allocated to:		
TEXAF shareholders	1,899	1,469
Minority interests	94	-76
	1,993	1,393

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(unaudited)

	30.06.2012	31.12.2011
Non-current assets	87,231	87,157
Property, plant and equipment	14,838	15,070
Investment properties	72,367	72,056
Other financial assets	26	31
Current assets	10,870	10,511
Assets available for sale	1,338	1,554
Inventories	3,128	2,954
Receivables	1,738	1,771
Cash and cash equivalents	3,034	3,573
Other current assets	1,632	659
TOTAL ASSETS	98,101	97,668
Owners' equity	54,986	53,885
Capital	7,857	4,744
Group reserves	39,239	38,231
Minority interests	7,890	7,797
Non-current liabilities	35,304	35,119
Deferred income tax liabilities	26,396	26,649
Other non-current liabilities	8,908	8,470
Current liabilities	7,811	8,664
Liabilities available for sale	1,517	1,732
Other current liabilities	6,294	6,932
TOTAL LIABILITIES	98,101	97,668

CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(unaudited)

	30.06.2012	30.06.2011 (adjusted)
Cash and cash equivalents at beginning of year	3,574	4,863
Cash flows from operating activities	2,300	3,176
Cash flows from investing activities	-1,856	-2,687
Cash flows from financing activities	-984	-866
Net increase (decrease) of cash and cash equivalents	-540	-377
Currency conversion discrepancies	-	-72
Cash and cash equivalents at close of financial year	3,034	4,414
Of which Texaf SA	1,606	3,116

Comments on consolidated results (accounts drawn up in accordance with IFRS standards)

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

- ✚ Rental income is up 20% compared with the first six months of 2011, thanks to the letting of two buildings of 6 and 9 apartments and of new office space.
- ✚ The turnover of **CARRIGRES** is up 52% compared with the corresponding period of 2011, which had been affected by serious production problems.
- ✚ “Other recurring operating income” (kEUR 376 versus kEUR 325 in June 2011) mostly consists of the re-invoicing of water, electricity and transport.
- ✚ Overall, the group’s recurring turnover is up 30%. Recurring operating expenses (EUR 5.9 million versus EUR 4.8 million in 2011) in turn are up 22%.
- ✚ Recurring operating results have therefore risen sharply by 54% to kEUR 2,566. However, negative non-recurring elements (provision for doubtful debts and value adjustments on stocks) affect the total operating results to the tune of kEUR 153, whereas in the first six months of 2011 the results were increased by kEUR 258 due to positive non-recurring elements. Overall, operating results are up 25% to kEUR 2,413.
- ✚ The net result (Group share) is kEUR 1,898, or EUR 0.595 per share, an increase of 27%. For the first time, this result has benefited from the elimination of double taxation of rental income of **TEXAF** thanks to the new taxation agreement between DR Congo and Belgium.

REPORT ON INDUSTRIAL ACTIVITIES

CARRIGRES

CARRIGRES (000 EUR)	30/06/2007	30/06/2008	30/06/2009	30/06/2010	30/06/2011	30/06/2012
Revenue from ordinary activities	2,170	3,146	2,926	3,503	2,019	3,075
Operating results	10	1,391	751	586	328	829
Net result	33	1,157	510	81	386	730
Net result (Group share)	16	565	510	81	386	730

- ✚ The sandstone production of **CARRIGRES** amounted to 163,000 metric tons, a level far below the norm. Electricity outages continued to seriously affect the beginning of the period. As of May, the quarry was able to benefit from a new power line and a new excavator, and production returned to its historic averages. Thanks to stocks built up at the end of 2011, we were able to supply customers for the entire six months and as a result, turnover rose by 52% to kEUR 3,075.
- ✚ Furthermore, thanks to the steadiness of prices and to cost control, the operating results could be multiplied by 2.5 to kEUR 820. The net result rose by 89% to kEUR 730 compared with the first six months of 2011, which had been disappointing.

MECELCO

- ✚ **TEXAF** sold its stake in **MECELCO** at the beginning of July to an industrial operator active in Katanga. This operation will generate a capital gain in excess of EUR 1 million in the accounts for the second half-year.
- ✚ In the first six months, the integration of the accounts of **MECELCO** led to a loss of kEUR 24 in the consolidated accounts.

REPORT ON REAL ESTATE ACTIVITIES

IMMO (000 EUR)	30/06/2007	30/06/2008	30/06/2009	30/06/2010	30/06/2011	30/06/2012
Revenue from ordinary activities	2,668	2,774	3,403	3,808	4,140	5,001
Operating results	1,360	709	1,026	1,079	1,640	1,584
Net result	918	540	334	587	1,229	1,308
Net result (Group share)	894	537	322	618	1,231	1,193

- ✚ Present sector information on real-estate activities includes all of the holding costs such as remunerations and structural expenses.
- ✚ The increase in rental income amounts to +kEUR 861 (+21%) thanks to the letting of two properties totalling 15 apartments and of 4,000 m² of new offices.
- ✚ This increase does not appear in the result, which was affected by write-downs and provisions both for accounts receivable and stock movements for a net amount of kEUR 153. Furthermore, depreciation rose by kEUR 179, which is the counterpart to the new investments. As a consequence, the operating results and the net result (group share) are down 3% to kEUR 1,584 and kEUR 1,193 respectively.
- ✚ To adapt to the new fiscal provisions relating to VAT, the Group has created a subsidiary specialising in property development, **PROMOTEX**, and another dedicated to property services, **AGENCE IMMOBILIERE DU FLEUVE**. This will allow the existing companies to concentrate on the sole activity of property letting. However, the tax treatment of these changes is still being discussed with the administration.
- ✚ **PROMOTEX** is currently developing two projects:
 - A property called "Vivaldi" consisting of 18 3-bedroom apartments
 - Three small buildings totalling 24 1-bedroom apartments, first phase of a new "Cotton Field" project

These two projects should be available for rent at the start of 2013 and will generate EUR 0.5 million a year in revenue. It is worth noting that for the first time, the "Cotton Field" project was able to be largely funded by a European bank. The current credit for a 5 year term makes it possible to align reimbursements with the cash flows generated by the project. It also demonstrates the group's intention to be an access route for Congo to international capital markets.
- ✚ The office complex project for an international organisation, already mentioned several times in previous press releases, is still under discussion with that organisation and its consultants.
- ✚ Furthermore, **ESTAGRICO**, a 100% subsidiary of the Group, has recovered the full usage of land plots in South Kivu and the north of Katanga, that had been brought in two 50% subsidiaries, Compagnie Cotonnière Congolaise and Cotonnière du Lac, which have been dissolved.

SUBSEQUENT EVENTS AND OUTLOOK FOR THE REST OF 2012

- ✚ As indicated above, **TEXAF** sold its stake in **MECELCO**, which will generate capital gains in excess of EUR 1 million in the accounts for the second half-year.
- ✚ Bearing in mind the non-recurring elements that affected the result, the operating result for the second half-year should exceed that of the first, subject to any new elements.
- ✚ Overall and subject to unforeseen events, both the pre-tax result and the net result (Group share) for the entire financial year should be much higher than those of previous years. This will allow **TEXAF** to pursue its policy of dividend growth.

FINANCIAL CALENDAR

- ✚ Intermediate statement: 16 November 2012
- ✚ Statement of 2012 results: 15 February 2013
- ✚ General Meeting: 14 May 2013

Texaf, founded in 1925, is the only investment company with industrial, financial and real estate interests listed on Euronext which currently has all its activities and subsidiaries in the Democratic Republic of Congo. This stock market listing of activities in DRC, along with the associated good governance and transparency requirements, constitutes one of the group's major assets in promoting the formal sector in the country.

Contact persons: Philippe Croonenberghs, CEO: +32 495 24 32 64
Christophe Evers, CFO: + 32 495 24 32 60