INTERIM MANAGEMENT REPORT **30 August 2013**

REGULATED INFORMATION

- ✓ **OPERATING RESULTS UP BY 25% TO EUR 3,010 K**
- ✓ **HONG KONG GROUP BECOMES SHAREHOLDER OF TEXAF**
- ✓ **PRIOR SPIN-OFF OF IMBAKIN**

TEXAF's Board of Directors drew up the company's consolidated accounts (in accordance with the IFRS standards as adopted in the European Union) on 30 June 2013. 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 2013

- Despite the armed conflicts underway in the eastern part of the Democratic Republic of Congo that, inevitably, drew all the international community's attention, the rest of the country remained calm. The economic and monetary situation was stable, with controlled inflation and an unchanged exchange rate.
- Revenue from real estate activities once again rose by 20% to EUR 6,002 K thanks to the new buildings placed on the market.
- Turnover for **CARRIGRES** was slightly down by 2% to EUR 3,020 K compared to the first six months of 2012 due to a series of production incidents.
- The Group's half-yearly operating results reached 3,010 K, which is an increase of 25%. The recurring operating results also amounted to EUR 3,011 K (+ 17%) and were not influenced by any negative non-recurring elements as in 2012. The net results (Group share) of EUR 2,208 K were up by 16%.

AGREEMENT WITH THE CHA GROUP

TEXAF and its main shareholder, SFA, have signed an agreement with a Hong Kong family group, the CHA group (www.chatextiles.com, www.hkri.com), under the terms of which the CHA group will contribute its 50% stake less one share in the joint venture **IMMOTEX** to a capital increase of **TEXAF**.

TEXAF and the CHA group became partners in 2005 in both the real estate company **IMMOTEX** and in the textile factory **CONGOTEX**, which has since been put into liquidation. Established in 1919, the CHA group was the largest textile producer in China until its move to Hong Kong in 1948. It has been active in Africa since 1964. The group is well known thanks to, among other things, its real estate developments, i.e. exchange-listed HKRI, which developed the Discovery Bay project, a 650-hectare site on the island of Lantau (Hong Kong).

This operation will lead to the issuing of 354,370 new **TEXAF** shares in favour of the CHA group while the Group will henceforth own 100% of **IMMOTEX**. **IMMOTEX** owns 14 ha of underdeveloped land (derelict industrial zone of the former textile factory) at the heart of the Group's main site in the centre of Kinshasa and 104 ha of undeveloped land in Kinsuka, approximately 15 kilometres from the centre of Kinshasa. The parity, settled upon after lengthy negotiations, takes account not only of the respective surface areas but also of their immediate rental return and the need to simplify the shareholding structure to enable the financing of new constructions.

The operation will enable the Group to accelerate the development of **IMMOTEX's** assets, which are ideally located but have so far generated a per-ha return lower than the Group's average. It will enable the CHA group to exit a minority shareholding position in a closed company in order to participate in the growth and profitability of **TEXAF**. In particular, the Group, having been strengthened in this way, intends, on the one hand, to integrate **IMMOTEX's** land in the city centre into its overall plan for the development of the site and, on the other hand, to push forward with an ambitious vision for the urbanisation of the land in Kinsuka.

IMMOTEX's accounts are already globally integrated into **TEXAF's** consolidated accounts but the operation will lead to a transfer of the profits attributable to minority interests to the Group's share.

The Board of Directors is delighted about the arrival of a first-class international shareholder that will contribute to expanding its vision and open up contacts in China, one of the Democratic Republic of Congo's main trade partners. It will put this operation to the shareholders during an Extraordinary General Meeting, which should be held before the end of the year.

SPIN-OFF OF IMBAKIN

Prior the capital increase reserved for the CHA group, **TEXAF** will be partially split up: a new company will be created, the only assets of which will be **IMBAKIN**, which holds a debt claim of EUR 63 M (excluding interest) on the Democratic Republic of Congo and a cash position of EUR 500,000 enabling it to ensure its operations.

The aim of this split is, on the one hand, to enable the new company to pursue the settlement of this debt claim by all legal means and, on the other hand, to facilitate an objective valuation of **TEXAF** by the stock market.

Besides the sum of EUR 500,000, this split will have no impact on the Group's capital since I**MBAKIN** is included in **TEXAF**'s books with a value of EUR 1.

The company resulting from this split will not be listed on Euronext but it will be possible to trade its shares during the public auctions organised by Euronext.

The Board will propose this split during the same Extraordinary General Meeting mentioned above.

APPOINTMENT OF DIRECTORS

TEXAF's Board of Directors will use the Extraordinary General Meeting to propose the appointment of two additional Directors: Mrs Pascale Tytgat and a representative proposed by the new shareholder. Mrs Pascale Tytgat (1960) is a Solvay MA Business (1983), Company Auditor (1990) and a Managing Partner at BST Réviseurs d'Entreprises. She has specific financial and accounting law expertise and skills (BGAAP, IFRS) as well as experience of the corporate world.

CONSOLIDATED RESULTS FOR TEXAF GROUP (in EUR thousands)

(non-audited)

		30/06/2011	30/06/2012	30/06/2013
Revenue from ordinary activities		6,159	8,076	9,103
Other recurring operating income		325	376	250
Recurring operating expenses		-4,813	-5,886	-6,342
Recurring operating results		**1,671**	**2,566**	**3,011**
	Δ y-1	*-10%*	*+54%*	*+17%*
Other non-recurring operating items		258	-153	-1
Operating results		**1,929**	**2,413**	**3,010**
	Δ y-1	*+6%*	*+25%*	*+25%*
Financial results		174	-175	-92
Other non-operating results		-	-5	5
Results before tax (of continued operations)		**2,103**	**2,233**	**2,923**
	Δ y-1	*+85%*	*+6%*	*+31%*
Tax charges		-418	-195	-514
Results for discontinued operations		-237	-48	-
Net results after tax		1,448	1,990	2,409
Consolidated net results (group share)		**1,497**	**1,898**	**2,208**
	Δ y-1	*+147%*	*+27%*	*+16%*
Per share				
Recurring operating results in EUR		*0.524*	*0.805*	*0.944*
Operating results in EUR		*0.605*	*0.757*	*0.944*
Consolidated net results (group share) in EUR		*0.469*	*0.595*	*0.692*
Number of shares in circulation		*3,189,330*	*3,189,330*	*3,189,330*

STATEMENT OF COMPREHENSIVE CONSOLIDATED RESULTS (in EUR thousands)

(non-audited)

	30/06/2011	30/06/2012	30/06/2013
Results for the financial year	1,448	1,990	2,409
Movements of variations in foreign currencies	-55	3	
Comprehensive results	**1,393**	**1,993**	**2,409**
Allocated to:			
TEXAF shareholders	**1,469**	**1,899**	**2,208**
Minority interests	-76	94	201
	1,393	1,993	2,409

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(non-audited)

	31/12/2011	31/12/2012	30/06/2013
Non-current assets	**87,157**	**89,541**	**90,219**
Property, plant & equipment	15,070	14,377	14,068
Investment properties	72,056	75,081	75,998
Intangible fixed assets		53	48
Other financial assets	**31**	30	105
Current assets	**10,511**	**11,822**	**11,884**
Inventories	1,554	3,745	3,680
Receivables	2,954	2,087	2,588
Tax receivables	1,771	302	366
Cash and cash equivalents	3,573	4,465	4,646
Other current assets	659	1,223	604
TOTAL ASSETS	**97,668**	**101,363**	**102,103**
Equity	**53,885**	**60,681**	**62,147**
Capital	4,744	7,857	7,857
Group reserves	38,231	43,854	45,116
Minority interests	7,797	8,970	9,174
Non-current liabilities	**35,119**	**31,619**	**31,811**
Deferred tax liabilities	26,649	23,308	23,138
Other non-current liabilities	8,470	8,311	8,673
Current liabilities	**8,664**	**9,063**	**8,145**
Other current liabilities	1,732	9,063	8,145
Liabilities held for sale	6,932		
TOTAL LIABILITIES	**97,668**	**101,363**	**102,103**

CONSOLIDATED CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(non-audited)

	30/06/2011	30/06/2012	30/06/2013
Cash and cash equivalents at beginning of year	**4,863**	**3,574**	**4,465**
Cash flows from operating activities	3,176	2,300	4,085
Cash flows from investment activities	-2,687	-1,856	-2,025
Cash flows from financing activities	-866	-984	-1,879
Net increase (decrease) of cash and cash equivalents	**-377**	**-540**	**181**
Currency conversion discrepancies	-72	-	-
Cash and cash equivalents at end of period	**4,414**	**3,034**	**4,646**
Of which TEXAF SA	*3,116*	*1,606*	*2,426*

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

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

- Rental income was up by 20% compared to the first six months of 2012 thanks to the letting of the last "Phase IV" building (18 apartments) and of new premises for professional use.

- Turnover for **CARRIGRES** was down by 2% compared to the corresponding period in 2012 as a result of a series of production incidents.

- "Other recurring operating income" (EUR 250 K versus EUR 376 K at the end of June 2012) mostly consisted of the re-invoicing of expenses and of sales of rubber.

- In total, the Group's recurring turnover increased by 11%. Recurring operating expenses (EUR 6.3 M versus EUR 5.9 M in 2011) in turn grew by 8%.

- Recurring operating results increased by 17% to EUR 3,011 K. Unlike the previous financial year, this half-year was not affected by negative non-recurring elements such that the total operating results also amounted to EUR 3,010 K, an increase of 25%.

- The Group integrated for the first time **ESTAGRICO**, which recovered the full usage of its land plots located in South Kivu and the north of Katanga during the second half of 2012. This company made a negative contribution to the results amounting to EUR -99 K.

- Net results (Group share) came to EUR 2,208 K, or EUR 0.692 per share, an increase of 16%.

REPORT ON INDUSTRIAL ACTIVITIES

CARRIGRES

CARRIGRES (EUR thousands)	30/06/2008	30/06/2009	30/06/2010	30/06/2011	30/06/2012	30/06/2013
Revenue from ordinary activities	3,146	2,926	3,503	2,019	3,075	**3,020**
Operating results	1,391	751	586	328	829	**710**
Net results	1,157	510	81	386	730	**754**
Net results (Group share)	565	510	81	386	730	**754**

- Sandstone production at **CARRIGRES** amounted to 201,000 tonnes, which is a rise of 23% compared to the very low level for the first six months of 2012. However, this rise was not sufficient to bring production back to a normal level owing to several production incidents. The company has taken action in the meantime and is in the middle of a programme to systematically upgrade its facilities. It continues to be affected by electricity outages but to a lesser degree than at the start of 2012. In contrast to 2012, **CARRIGRES** started the year with almost no inventory of finished products and turnover fell by 2% to EUR 3,020 K.

- Salary expenses, tax charges and spare parts costs all increased significantly and operating results fell by 13% to EUR 710 K. Net results were stable at EUR 754 K.

REPORT ON REAL ESTATE ACTIVITIES

IMMO (EUR thousands)	30/06/2008	30/06/2009	30/06/2010	30/06/2011	30/06/2012	30/06/2013
Revenue from ordinary activities	2,774	3,403	3,808	4,140	5,001	**6,002**
Operating results	709	1,026	1,079	1,640	1,584	**2,359**
Net results	540	334	587	1,229	1,308	**1,714**
Net results (Group share)	537	322	618	1,231	1,193	**1,513**

- 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 for payroll and overhead.

- The increase in rental income amounted to EUR 1,001 K (+ 20%) thanks to the letting of the last apartment building in Phase IV (18 two and three-bedroom apartments) and of 6,000 m^2 of warehouse and meeting room spaces recently developed in the former textile factory.

- This rise was significantly reflected in the operating results and in the net results, which respectively amounted to EUR 2,359 K (+ 49%) and EUR 1,714 K (+ 31%). The net result (Group share) was in turn up by 27% to EUR 1,513 K as a result of good performance on the part of **IMMOTEX**, half of the results of which accrue to third parties.

- The Group has just got delivery of three small buildings totalling 24 one-bedroom apartments constituting the first phase of a new “Champ de Coton” project and is currently developing several projects:
  - Two buildings totalling 8 three-bedroom apartments, the next phase of the “Champ de Coton” project, which will be delivered in mid-2014;
  - 2,000 m^2 of offices at **IMMOTEX** and **COTEX**, available at the end of the year.

EVENTS HAVING TAKEN PLACE AFTER 30 JUNE 2013 AND OUTLOOK FOR THE REST OF 2013

- As communicated previously, at the end of July **TEXAF** sold a 7,236 m^2 plot of land adjacent to its main site for the sum of USD 4.1 M, which will generate a net capital gain of EUR 1.8 M in the accounts for the second half of the year.

- Irrespective of this capital gain, operating results for the second half of the year should exceed that for the first six months, barring any new elements.

- Overall and subject to unforeseen events, both the operating results and the pre-tax results for the entire financial year will exceed those of previous financial years. On the other hand, the net results will not benefit, as they did in 2012, from positive non-recurrent results, with no effect on cash, as regards the decrease in deferred taxes following the decrease in the tax rate in the DRC from 40 to 35%. **TEXAF** intends to pursue its policy of dividend growth.

- Furthermore, the Group is delighted that Jean-Philippe Waterschoot, Director and General Manager of the real estate subsidiaries, has been appointed by the Minister for Foreign Affairs as an Economic Diplomacy Adviser to the Belgian Embassy in Kinshasa.

- **TEXAF** plans to move its registered office to Avenue Louise 130, 1050 Brussels, likely sometime in November.

FINANCIAL CALENDAR

- Interim statement: 22 November 2013
- Extraordinary General Meeting: date to be determined
- Publication of 2013 results: 14 February 2014
- General Meeting: 13 May 2014

TEXAF, founded in 1925, is the only investment company with industrial, financial and real estate interests listed on Euronext that 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.

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