

INTERIM MANAGEMENT REPORT

29 August 2014

REGULATED INFORMATION

- ✓ OPERATING RESULT UP BY 9% TO 3,281 KEUR
- ✓ OPERATING RESULT FROM REAL ESTATE OF 2,798 KEUR (+ 22%)
- ✓ CARRIGRES IMPACTED BY THE ECONOMIC SLOWDOWN

TEXAF's Board of Directors approved the company's consolidated accounts (in accordance with the IFRS standards as adopted in the European Union) on 30 June 2014. 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 2014

- The Kinshasa region, which is where the group is active, is experiencing a marked economic slowdown, with business closures and a reduction in activity in most sectors. As for the monetary situation, it remains stable, with inflation under control and an almost unchanged exchange rate.
- Nevertheless, revenue from real estate activity again rose by 8% to 6,502 kEUR thanks to the new buildings placed on the market. The operating result rose by 22% to 2,798 kEUR.
- Turnover from CARRIGRES declined by 17% to 2,513 kEUR and its operating result by 32% to 482 kEUR compared to the first six months of 2013, following the ending of a major road project in April and the general sluggishness of the market.
- The Group's half-yearly operating results reached 3,281 kEUR, which is an increase of 9%. In the absence of specific elements, the recurring operating result also came to 3,281 kEUR (+ 9%), once again the highest in the Group's history. The net result (Group's share) of 2,267 kEUR rose by 3%. Given the new shares issued to the Cha Group, the net result per share remains stable at 0.69 EUR.

	<u>H1 2010</u>	<u>H1 2011</u>	<u>H1 2012</u>	<u>H1 2013</u>	<u>H1 2014</u>
Recurring operating result	1,543	1,671	2,413	3,010	3,281
As % of turnover	18%	26%	28%	32%	35%

ACQUISITION OF STAKE BY THE CHA GROUP AND SPIN-OFF OF IMBAKIN

At the General Meeting of 13 May, **TEXAF's** share capital was increased by 13,746 kEUR with the issue of 354,370 shares to the Hong Kong-based family-owned Cha Group (www.chatextiles.com, www.hkri.com). This capital increase was made by the contribution in kind of the Cha Group's stake in the **IMMOTEX** joint venture. The Cha Group now holds 10% of **TEXAF**. This operation is reflected in the accounts from 13 May which now include 100% of **IMMOTEX** and 3,543,700 **TEXAF** shares. It was accompanied by, among other things, a debt write-off of 362,500 EUR by the Cha Group; this **IMMOTEX** profit was not included in the consolidated profit and loss account but was taken directly in equity.

The same general meeting had previously decided to partially split **TEXAF** and create a new company, **IMBAKIN HOLDING**, the sole assets of which are the **IMBAKIN** company which holds a 51 m EUR claim on the Democratic Republic of Congo and 500,000 EUR cash which enables it to operate. As communicated previously, the effects of this decision have been suspended by a summary ruling of the Commercial Court of Brussels. **TEXAF** has appealed this ruling. The effects of this demerger are therefore not reflected in the accounts as at 30 June; if they had been reflected in the accounts, the profit and loss account would only have been marginally different. However, both equity and cash would have been 500 kEUR lower.

TEXAF had received a letter of intent for the purchase of **IMBAKIN**, but the potential purchaser withdrew.

CONSOLIDATED RESULTS FOR TEXAF GROUP (in EUR thousands)

(unaudited)

	30/06/2012	30/06/2013	30/06/2014
Revenues from ordinary activities	8,076	9,103	9,083
Other recurring operating income	376	250	398
Recurring operating expenses	<u>-5,886</u>	<u>-6,342</u>	<u>-6,200</u>
Recurring operating result	2,566	3,011	3,281
<i>Δ y-1</i>	54%	17%	9%
Other non-recurring operating items	<u>-153</u>	<u>-1</u>	<u>0</u>
Operating result	2,413	3,010	3,281
<i>Δ y-1</i>	25%	25%	9%
Financial results	-175	-92	-137
Other non-operating income	<u>-5</u>	<u>5</u>	<u>0</u>
Result before tax (of continued operations)	2,233	2,923	3,144
<i>Δ y-1</i>	6%	31%	8%
Taxes	-195	-514	-782
Results from discontinued operations	<u>-48</u>	<u>0</u>	<u>0</u>
Net result after tax	1,990	2,409	2,362
Consolidated net result (Group's share)	1,898	2,208	2,267
<i>Δ y-1</i>	27%	16%	3%
Per share			
<i>Recurring operating results in EUR</i>	0.805	0.944	0.926
<i>Operating result in EUR</i>	0.757	0.944	0.926
<i>Consolidated net result (Group's share) in EUR</i>	0.595	0.692	0.691
<i>Number of outstanding shares</i>	3,189,330	3,189,330	3,543,700

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME (in EUR thousands)
(unaudited)

	30.06.2012	30.06.2013	30.06.2014
Result of the financial year	1,990	2,409	2,362
Currency translation adjustments	3	-	-
Comprehensive result	1,993	2,409	2,362
Allocated to:			
TEXAF's shareholders	1,899	2,208	2,267
Minority interests	94	201	95

CONSOLIDATED BALANCE SHEET (in EUR thousands)
(unaudited)

	31/12/2012	31/12/2013	30/06/2014
Non-current assets	89,541	92,749	94,502
Property, plant and equipment	14,377	14,216	14,878
Investment properties	75,081	77,158	79,387
Intangibles	53	42	37
Other financial assets	30	1,333	200
Current assets	11,822	15,213	12,766
Inventories	3,745	4,516	4,648
Receivables	2,087	2,171	1,785
Tax assets	302	634	368
Cash and cash equivalent	4,465	7,216	5,235
Other current assets	1,223	676	730
TOTAL ASSETS	101,363	107,962	107,268
Owners' equity	60,681	66,728	69,014
Capital	7,857	7,857	21,603
Group's reserves	43,854	49,429	47,116
Minority interests	8,970	9,442	295
Non-current liabilities	31,619	30,883	31,993
Deferred income tax liabilities	23,308	22,874	22,697
Other non-current liabilities	8,311	8,009	9,296
Current liabilities	9,063	10,351	6,261
Other current liabilities	9,063	10,351	6,261
TOTAL EQUITY AND LIABILITIES	101,363	107,962	107,268

CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(unaudited)

	30/06/2012	30/06/2013	30.06.2014
Cash and cash equivalents at the beginning of the year	3,574	4,465	7,216
Cash flows from operating activities	2,300	4,085	2,856
Cash flows from investment activities	-1,856	-2,025	-3,141
Cash flows from financing activities	-984	-1,879	-1,695
Net increase (decrease) of cash and cash equivalents	-540	181	-1,980
Currency conversion discrepancies	-	-	-
Cash and cash equivalents at close of financial year	3,034	4,646	5,236
<i>Of which Texaf SA</i>	<i>1,606</i>	<i>2,426</i>	<i>2,478</i>

The following are not included in the above table as they did not generate cash flow: the addition of the Cha Group's stake in **IMMOTEX** and the increase in the capital of **TEXAF** reserved for the Cha Group in the amount of 13,746 kEUR.

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 was up by 8% compared to the first six months of 2013 thanks to the letting of the first complex of buildings in the new "Champ de Coton" project (24 apartments) and new premises for professional use.
- ✚ **CARRIGRES** turnover declined by 17% compared to the same period in 2013, following the end of supplies for the major "Route des Poids Lourds" road construction project and the general sluggishness of the market.
- ✚ "Other recurring operating income" (398 kEUR versus 250 kEUR at the end of June 2013) mostly consisted of the re-invoicing of expenses and of sales by the concession's restaurant.
- ✚ In total, the Group's recurrent turnover increased by 13%. Recurring operating expenses (6.2 M EUR versus 6.34 M EUR in 2013) in turn fell by 2%.
- ✚ The recurring operating result therefore increased by 9% to 3,281 kEUR. In the absence of non-recurring elements, the total operating result was also 3,281 kEUR, up 9%.
- ✚ The Group consolidated the **LA COTONNIERE** company's accounts for the first time on 1 January, after increasing the capital, and now owns 94.1%; this company negatively impacted the result in the amount of -13 kEUR.
- ✚ The Group's share of the net result came to 2,267 kEUR, an increase of 3%, which is 0.691 EUR per share, which is stable given the 11% increase in the number of shares.

REPORT ON CARRIGRES ACTIVITIES

CARRIGRES (000 EUR)	30/06/2009	30/06/2010	30/06/2011	30/06/2012	30/06/2013	30/06/2014
Revenues from ordinary activities	2,926	3,503	2,019	3,075	3,020	2,513
Operating result	751	586	328	829	710	483
Net result	510	81	386	730	754	577
Net result (Group's share)	510	81	386	730	754	577

- ✚ Sandstone production at **CARRIGRES** amounted to 201,000 metric tons, a drop of 4% compared to the first six months of 2013. Production was stopped for several weeks, mainly to permit major refurbishment of several pieces of equipment and the replacement of a large part of the electrical installation.
- ✚ Sales declined noticeably by -17% in value. The reasons for this were the ending of a major road project, the "Route des Poids Lourds", which absorbed a major part of production over the past two years and the marked decline in economic activity, particularly in construction, experienced by the entire Kinshasa region.
- ✚ The net result dropped by 23% to 577 kEUR.
- ✚ To deal with this slowdown in demand, the duration of which is impossible to predict, the company has decided on a plan to cut costs and reduce its fixed expenses, including personnel.

REPORT ON REAL ESTATE ACTIVITIES

REAL ESTATE (000 EUR)	30/06/2009	30/06/2010	30/06/2011	30/06/2012	30/06/2013	30/06/2014
Revenues from ordinary activities	3,403	3,808	4,140	5,001	6,083	6,569
Operating result	1,026	1,079	1,640	1,584	2,300	2,798
Net result	334	587	1,229	1,308	1,655	1,785
Net result (Group's share)	322	618	1,231	1,193	1,454	1,690

- ✚ Sector data for real estate activities must be interpreted while bearing in mind that they include all the costs associated with the holding company, for example for payroll and overhead.
- ✚ Rental income increased by 487 kEUR (+ 8%) thanks to the letting of the first apartment building complex in the new "Champ de Coton" project (24 one-bedroom apartments) and 1,800 m² of office space developed in the former textile factories.
- ✚ The Group's share of the operating result and the net result increased more markedly than rental income at 2,798 kEUR (+ 22%) and 1,690 kEUR (+ 16%), respectively.
- ✚ The Group took delivery, in August, of two small buildings comprising a total of 8 three-bedroom apartments, the second phase of the "Champ de Coton" project and is currently developing several projects:
 - Five buildings comprising a total of 20 two, three and four-bedroom apartments, a continuation of the "Champ de Coton" project which will be delivered progressively during the first six months of 2015
 - 5,500 m² of offices at **IMMOTEX**, available during 2015.

EVENTS SUBSEQUENT TO 30 JUNE 2014 AND OUTLOOK FOR THE REST OF 2014

- ✚ One of the Group's main customers, an international agency, is redeploying a large portion of its employees to the East of the country and has given notice of its intention to vacate around 2/3 of the warehouses that they occupy, from the start of 2015. In the short term, the loss of revenue due to this partial departure is estimated, at this stage, at 1.28 million EUR and will be offset by the new projects mentioned above. Nevertheless, the Group is viewing this departure as an opportunity in the medium term to redevelop significant premises that were rented out at low rates per m².
- ✚ Given the **CARRIGRES** restructuring plan, the consolidated operating result for the second six months should equal that of the first six months, subject to any new elements.
- ✚ **TEXAF** intends to maintain its dividend policy.

FINANCIAL CALENDAR

- ✚ Interim statement: 14 November 2014
- ✚ Statement of 2014 results: 20 February 2015
- ✚ General meeting: 12 May 2015

TEXAF, established in 1925, is the only Euronext-listed industrial, real estate and agricultural investment company with 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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