

INTERMEDIATE ANNUAL REPORT

5 September 2008

REGULATED INFORMATION

EFFORTS REWARDED BY A REVIVAL OF INDUSTRIAL ACTIVITIES IN THE DRC

The first quarter of 2008 was characterised by the good performance of the group's industrial activities in Congo. This is the result of the group's wish to do everything possible to accelerate the growth of CARRIGRES, the crushed sandstone quarry in Kinshasa and of MECELCO, the metalworking plant in Lubumbashi. The combined recurrent operating result of these two industrial activities for the quarter gone by rose to EUR 1,503K (compared with a loss of EUR 120K in the first quarter of 2007), to which is added the sale of Mécélco's debt, which non-recurrently contributes up to EUR 2,798K to this result.

The revenues from real estate rental did not increase significantly. In the first quarter of 2008, investments in real estate rose to EUR 2 million and will show their results in the future.

CONSOLIDATED RESULTS OF THE TEXAF GROUP (in EUR thousands)

(non-audited)

		30.06.2008	30.06.2007	30.06.2006
Revenue from ordinary activities		3.464	3.057	2.854
Other recurrent operating income		270	135	
Recurrent operating expenses		<u>(2,834)</u>	<u>(2,040)</u>	<u>(2,073)</u>
Reccurent operating result		900	1,152	781
	$\Delta y-1$	-21.9%	+47.5%	
Other non recurrent operating items		<u>2,690</u>	<u>78</u>	<u>78</u>
Operating result		3,590	1,230	859
	$\Delta y-1$	+191.9%	+43.2%	
Finance costs		(51)	(23)	(26)
Other non operating results		83	66	2
Share in the result of equity accounted investments		<u>565</u>	<u>37</u>	<u>(95)</u>
Result before income tax (of continuing operations)		4,187	1,310	740
	$\Delta y-1$	+219.6%	+77.0%	
Income tax expense		<u>(192)</u>	<u>(514)</u>	<u>(59)</u>
Net result after tax		3,995	796	681
	$\Delta y-1$	+401.9%	+16.9%	
Net consolidated result share of the group		2,970	808	693
	$\Delta y-1$	+267.6%	+16.6%	
<i>Per share</i>				
Recurring operating result in EUR		2.82	3.61	2.45
Operating result in EUR		11.26	3.86	2.69
Net consolidated result share of the group in EUR		9.31	2.53	2.17
Number of shares in issue		318,933	318,933	318,933

Commentary on the consolidated results

The 2008 half-year results fully integrate the Immotex accounts, even though these were consolidated using the equity method in the first quarter of 2007.

- The accounts are drawn up according to the IFRS standards
- The full half-yearly report drawn up in accordance with IAS 34 is available on the web site: www.texaf.be
- The revenues from ordinary activities are made up of:
 - Rental revenues (EUR 2.76 million EUR compared to EUR 2.46 million in June 2007), including up to EUR 226K from Immotex.
 - Industrial turnover (Mévelco: EUR 690K compared to EUR 389K in June 2007).
 - Provision of services: EUR 15K compared to EUR 208K in June 2007. The latter figure included management fees to Carrigrès of up to EUR 125K. In addition, in 2008, the intra-group invoicing between Utexaf and Immotex, integrated since the second quarter of 2007, are eliminated.
- The recurrent operational expenses are on the increase due to:
 - The rise in staff expenses (+EUR 121K): strengthening of the teams in the DRC.
 - The rise in depreciation expenses, following the investments made
 - The integration of Immotex's expenses
 - Mévelco's direct costs linked to the rise in turnover
 - The increase in DRC taxes
 - Exchange losses (EUR 74K)

The level of these expenses is nevertheless in line with the recurrent charges of the second quarter of 2007.
- The other non-recurrent operating elements rose to EUR 2,690K. They comprise in particular the transfer of the Gécamines debt by Mévelco. The other elements relate to the collection of the last instalment of a debt from the Congolese State (+EUR 159K), to a provision for restructuring at Mévelco (-EUR 152K) and additional variable remunerations over the previous financial year (-EUR 115K).
- The share in the result of the equity accounted investments only concern Carrigrès in 2008, even though it was also integrating Immotex in 2007.
- The net result share of the group consequently stands at EUR 2,970K (EUR 9.31 per share) compared to EUR 808K (EUR 2.5 per share) in the first quarter of 2007, increasing 268%.
- Barring any unforeseen circumstances the group should be in a position to present a recurrent operating result for the whole financial year that is at least equivalent to that of 2007.

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(non-audited)

		30.06.2008		31.12.2007
NON-CURRENT ASSETS		65,661		63,535
Property, plant and equipment	4,888		4,215	
Investment properties	58,729		57,844	
Investments	2,039		1,474	
Other financial assets	5		2	
CURRENT ASSETS		8,353		6,285
Inventories	377		378	
Receivables	1,778		1,293	
Cash and cash equivalents	5,452		4,104	
Other current assets	746		510	
TOTAL ASSETS		74,014		69,820
EQUITY		46,058		42,542
Capital	4,774		4,744	
Reserves of the group	32,188		29,732	
Minority interest	9,096		8,066	
NON-CURRENT LIABILITIES		23,751		23,689
Deferred income tax liabilities	20,606		20,444	
Other non-current liabilities	3,145		3,245	
CURRENT LIABILITIES		4,205		3,589
TOTAL LIABILITIES		74,014		69,120

CONSOLIDATED CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(non-audited)

	30.06.2008	30.06.2007	30.06.2006
Cash and cash equivalents at beginning of year	4,104	3,650	2,031
Cash flows from operating activities	4,220	1,207	960
Cash flows from investing activities	(2,066)	(840)	(255)
Cash flows from financing activities	(806)	(366)	(319)
Net variation of cash and cash equivalents	1,348	1	386
Cash and cash equivalents at end of year	5,452	3,651	2,417
<i>Texaf head office</i>	3,697	3,376	2,184

REPORT ON INDUSTRIAL ACTIVITIES

EUR thousands	Carrigrès			Mévelco		
	30.06.08	30.06.07	30.06.06	30.06.08	30.06.07	30.06.06
Revenue from ordinary activities	3,416	2,170	2,327	690	389	353
Operating result	1,391	10	434	2,910	(130)	(87)
Net result	1,157	33	320	2,890	(135)	(85)
Net result (share of the group)	565	16	156	1,856	(130)	(86)

Carrigrès

- Unlike in the first quarter of 2007, production was not disrupted during the rainy season. The produce sold during the course of the quarter gone by stands at 220,000 T compared to 412,000 T over the whole of 2007 financial year.
- The growth of Carrigrès's results is significant and is explained by a better commercial approach and a better quality range of products, made possible thanks to a proactive investment policy. The forthcoming setting up of a new tertiary crushing unit, which has been shipped at the beginning of September, will make it possible to meet even more effectively the standards imposed by the large construction companies.
- The beginning of the large-scale works including those of the Chinese is expected shortly. The Chinese equipment and heavy machinery is arriving en masse in Kinshasa. These works raise fears of a shortage of sandstone in the image of the shortage of cement that prevails in the DRC. This sustained demand, combined with a search for higher added value production permits the hope of a growth in sales and profitability.

Mécelco

- For many years, Mécelco which is active in metalwork in Lubumbashi, held a commercial debt over Gécamines. This debt was entirely written off in the Texaf group accounts. During the course of the first quarter Mécelco sold this debt for a sum of EUR 3,026K.
- While the wagon repair and maintenance activity is stagnating compared to the previous financial year, the metal working activity is growing, which explains the significant increase in turnover.
- The financial debts have been repaid in full and staff restructuring is in progress. Furthermore, a programme of investment has been accelerated.
- Mécelco has been able to conclude some significant contracts: these will ensure the growth of sales and the company's results.

REPORT ON REAL ESTATE ACTIVITIES

- Rents have increased slightly compared to the first quarter of 2006 due to a reduction in the space available for rent because of maintenance or renovation works.
- The group's real estate activity benefits from this and this activity contributes considerably to the group's net result.
- Various renovated assets were let from 1 September.
- The works to build a first lot of two apartment buildings began at the end of June. Six buildings housing 48 apartments are planned in total.
- The demand for housing and office space remains very buoyant.
- Texaf has for one year held a 70% stake in Alta-Invest alongside the State, which owns 84 apartments and 8 studios which are illegally occupied. Making this acquisition profitable requires an agreement on the vacation of the buildings and significant renovation. No significant progress has been made on this matter.
- Immotex continues to confront the problem of the totally illegal occupation of lands located in Kinsuka. The irregularity in legal terms of these attempts to fragment the property is blatant and it is unthinkable that the company will not assert its rights.

MISCELLANEOUS

- No significant progress has been made in the negotiations to recuperate the acknowledged debt that Imbakin holds over the State (EUR 64 million).

EVENTS OCCURRING AFTER 30 JUN 2007

- No significant events took place after the end of the quarter.

Texaf, founded in 1925, is the only investment company with industrial, financial and real estate interests that is quoted on the Euronext exchange and which to this day continues to have all its activities and establishments in the Democratic Republic of Congo.

This stock market listing of activities in the Congo, together with the resulting obligations of good governance and transparency, form a major asset of the group in promoting the formal sector in the DRC.

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