

INTERMEDIATE ANNUAL REPORT

27 August 2010

REGULATED INFORMATION

❖ GROWTH IN RECURRENT OPERATING INCOME

❖ CASH FLOWS FROM OPERATING ACTIVITIES RISE

❖ FOREIGN EXCHANGE LOSS ON DEFERRED TAX

HIGHLIGHTS OF THE FIRST HALF OF 2010

- At the end of June 2010, 90% of the DRC's external debt was cancelled, i.e. approximately USD 10 billion, and the annual burden of this debt is therefore considerably reduced.
- If this trend is confirmed, the DRC's inflation rate should reach 7.5% at the end of December 2010, whereas the 'Banque Centrale du Congo's' target is 15%. The IMF is forecasting GDP to grow by 6.5% in 2010 (2.5% in 2009) and 8.8% in 2011 as a consequence of investment flows.
- The Congolese franc, whose value is strongly correlated to the US dollar's, gained 13% in relation to the euro over the last half-year. This appreciation is causing foreign exchange losses on provisions for future taxes. Since these volatile elements make it difficult to interpret and compare operating results, all differences in exchange rates will from now on be grouped under an item in the financial results.
- CARRIGRES sales have picked up significantly but this is not yet apparent in the results.
- At MECELCO, the wagon construction activity, which had been growing in the second quarter of 2009 and in the first quarter of 2010, slowed down considerably in April. The positive results recorded during the first quarter were wiped out and the company's income is identical to that of the same quarter in 2009.
- Rental income increased by 12% compared with the first semester of 2009.
- The group's half-yearly operating results amount to EUR 1,543 k and the net result (group's share) to EUR 607 k, declining by respectively 8% and 18%.
- An international body is expressing its intent to bring together all of its departments on the IMMOTEX site in Kinshasa (former textile plants). The surface will amount to 23,000 square metres of office buildings. Discussions initiated during the second half-year are ongoing.

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(non-audited)

	30.06.2010	31.12.2009
Non-current assets	80,771	80,248
Property, plant and equipment	16,192	16,477
Investment properties	64,557	63,750
Other financial assets	22	21
Current assets	12,746	11,831
Inventories	1,546	1,546
Receivables	2,501	3,178
Tax Asset	2,069	1,845
Cash and cash equivalents	5,556	4,702
Other current assets	1,074	560
TOTAL ASSETS	93,517	92,079
Equity	50,854	50,863
Capital	4,744	4,744
Group reserves	37,692	37,648
Minority interests	8,418	8,471
Non-current liabilities	34,303	32,605
Deferred income tax liabilities	26,625	26,765
Other non-current liabilities	7,678	5,840
Current liabilities	8,360	8,611
TOTAL LIABILITIES	93,517	92,079

CONSOLIDATED RESULTS OF THE TEXAF GROUP (in EUR thousands)

(non-audited)

	30.06.2010	30.06.2009
Revenue from ordinary activities	8.144	7.162
Other recurrent operating income	312	263
Recurrent operating expenses	<u>-6.935</u>	<u>-5.846</u>
Recurrent operating result	1.521	1.579
<i>Δ y-1</i>	-4%	
Other non-recurrent operating items	<u>22</u>	<u>100</u>
Operating result	1.543	1.679
<i>Δ y-1</i>	-8%	
Finance costs	-558	-789
Other non operating results	<u>14</u>	<u>154</u>
Result before income tax (of continuing operations)	999	1.044
<i>Δ y-1</i>	-4%	
Income tax expense	<u>-515</u>	<u>-383</u>
Net result after tax	484	661
Net consolidated result share of the Group	607	740
<i>Δ y-1</i>	-18%	
Per share		
<i>Recurring operating result in EUR</i>	4.77	4.95
<i>Operating result in EUR</i>	4.84	5.27
<i>Net consolidated result share of the Group in EUR</i>	1.90	2.32
<i>Number of shares in circulation</i>	318,933	318,933

STATEMENT OF THE OVERALL CONSOLIDATED RESULT (in EUR thousands)

(non-audited)

	30.06.2010	30.06.2009
Net result of the period	484	661
Movements of the variations in foreign currencies	160	(30)
Movements (after tax) of the reserves for financial assets available for sale	(40)	
Movements (after tax) of the revaluation reserves linked to the change of scope		3,335
Overall result	604	3,966
Going to:		
TEXAF's shareholders	648	4,059
Minority interests	(44)	(93)
	604	3,966

CONSOLIDATED CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(non-audited)

	30.06.2010	30.06.2009
Cash and cash equivalents at beginning of year	4.702	5.382
Cash flows from operating activities	3.101	1.951
Cash flows from investing activities	-3.128	-3.863
Cash flows from financing activities	<u>893</u>	<u>878</u>
Net variation of cash and cash equivalents	866	-1.034
Conversion rate adjustments	28	16
Fair-value adjustment of cash and cash equivalents	-40	
Cash and cash equivalents at end of year	5.556	4.364
<i>TEXAF head office</i>	<i>551</i>	<i>1.213</i>

Commentary on the consolidated results (drawn up according to the IFRS standards)

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

- The turnover for industrial activities (CARRIGRES and MECELCO) has increased by 15% and accounts for 53% of the revenue from the group's ordinary activities.
- Rental income has risen by 12% compared with the first half of 2009 as 15 new apartments were put up for rent end 2009.
- 'Other recurrent operating income' (EUR 312 k versus EUR 263 k in June 2009) mostly consists of the re-invoicing of water and electricity to tenants and of various sales.

The half-yearly results do not reflect the increase in recurrent operating income because of external factors (foreign exchange losses) and internal factors (CARRIGRES commercial policy and rise in various expenses).

- Foreign exchange losses: The Congolese franc, whose value is strongly correlated to the US dollar's, gained 13% in relation to the euro over the last half-year. This appreciation is leading to significant foreign exchange losses on provisions for future taxes (EUR 514 k in the previous half-year, reduced to EUR 350 k at the exchange rate on 18 August). Since these volatile elements make it difficult to interpret and compare operating results, all differences in exchange rates will from now on be grouped under an item in the financial results. The 2009 were reclassified to make it possible to compare the accounts.
- CARRIGRES adopted an aggressive price policy in 2010, which made it possible for new clients, including China, to re-establish commercial contacts with the company. As a result, the operating margin declined from 26% to 17%.

- ✚ Recurrent operating expenses (EUR 6.9 million against EUR 5.8 million in 2009) are rising as a consequence of the increase in CARRIGRES's sales. Furthermore, various expenses are rising:
 - A increase in personnel costs (+ EUR 125 k).
 - An increase in amortisation costs (+ EUR 147 k) as a result of the investments that were made.
- ✚ The recurrent operating result amounts to EUR 1,520 k (EUR 4.77 per title), down by 4% in relation to the comparable result for 2009. This decline is due to the points below.
- ✚ The *non-recurrent* operating result is made up of severance pay (EUR 93 k), the reversal of a stock provision (EUR 78 k) and the reversal of a tax provision (EUR 68 k).
- ✚ The net result of the group share amounts to EUR 607 k, i.e. EUR 1.90 per share, which is an 18% decrease.

REPORT ON INDUSTRIAL ACTIVITIES

EUR thousands	CARRIGRES		MECELCO	
	30.06.10	30.06.09	30.06.10	30.06.09
Revenue from ordinary activities	3.503	2.926	833	845
Operating result	586	751	(122)	(98)
Net result	81	510	(184)	(183)
Net result (Group share)	81	510	(92)	(92)

CARRIGRES

- ✚ CARRIGRES's sandstone sales have increased strongly since February 2010. As a result, turnover increased by 20% and tonnage by 76% compared with the first half-year of 2009. These commercial endeavours made it possible to attract new clients. However, a technical incident with the primary crusher and a loss on the sale of stock had an impact on the operating result. Furthermore, foreign exchange losses on provisions for taxes (EUR 412 k) had a strong impact on the net result.
- ✚ A non-recurrent loss was recorded on sales of available stock. On 31.12.09, this amounted to EUR 186 k. A stock provision of EUR 78 k established end 2009 was reversed. On 30 June, stocks decreased by half in terms of quantity (sales higher than production).
- ✚ Irrespective of a positive or negative impact of a new variation in the Congolese franc's exchange rate, the annual results (EBT) should be substantially higher than this half-year's.

MECELCO

- ✚ MECELCO's wagon construction activity, which was resumed in the second half-year of 2009, gained momentum during the second quarter of 2010 (maintenance of 28 wagons against 11 during the first quarter of 2009 and 44 during the whole of 2009). This activity considerably slowed down during the second quarter, to 13 wagons. However, in July, 11 wagons were maintained by MECELCO. This variation is due to the orderbook of their main client, Gécamines.
- ✚ The structure construction and metalworking activities generated a turnover of USD 569 k (i.e. 65% of MECELCO's turnover). A contract for the construction of 2,000 square metres of hangars worth USD 740 k was signed with a Chinese company in August. The share of the provision of the structure by the workshop amounts to USD 456 k.
- ✚ Over the whole half-year, the turnover and the results have been almost identical to those of the first half-year of 2009.
- ✚ It is difficult to predict the result for 2010 in view of the excessive uncertainty regarding the development of the wagon construction activity.

REPORT ON REAL ESTATE ACTIVITIES

EUR thousands	REAL ESTATE ACTIVITY	
	30.06.10	30.06.09
Revenue from ordinary activities	3,808	3,403
Operating result	1,079	1,026
Net result	587	334
Net result (share of the Group)	618	322

- ✚ Sector-wide information on real-estate activities has to be interpreted while taking into consideration that it includes all of the holding costs such as remunerations and structural expenses.
- ✚ Demand for rented premises remains high, in residential terms and for office areas. The increase in rental income amounts to + EUR 416 k (+12%). The addition of new apartment buildings at the end of 2009 contributed EUR 350 k to the rents of the previous half-year.
- ✚ Real-estate operating expenses are rising once more. A significant proportion of this increase is directly related to amortisations (EUR 174 k) and remunerations (EUR 84 k). Furthermore, the group has been bearing the costs of running a clubhouse made available to the tenants since July 2009. These costs are offset by various types of revenue.
- ✚ Building works for the construction of the third and fourth apartment blocks are proceeding. The 15 new apartments will be put on the market during the first half-year of 2011;

EVENTS OCCURRING AFTER 30 JUNE 2010 AND FORECAST FOR 2010

- ✚ Apart from the negotiations entered into to bring together the departments of an international body on the group's sites, no significant event has taken place since the closure of the half-yearly accounts.
- ✚ Barring any new element and depending on expected developments at CARRIGRES, the operating result should significantly increase in the course of the second half-year, whereby this result for 2010 should be higher than 2009's. Any new currency conversion discrepancies may have a positive or negative impact on the result before tax.

FINANCIAL AGENDA

- ✚ Intermediate statement 26 November 2010
- ✚ Statement of results for 2010: 25 February 2011
- ✚ General meeting: 26 April 2011

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.

Contact: Philippe Croonenberghs, CEO: +32 495 24 32 64