Annual Report
2017

TEXAF

PHILIPPE CROONENBERGHS
Chairman

TEXAF is working in an environment marked by political uncertainty, which may motivate some leaders to make reckless decisions. The Group has regularly had to overcome difficult situations during nearly a century of activities in the Democratic Republic of Congo and has always done so while respecting the values of integrity and professionalism.

We use this period to invest in promising projects, which will yield results as soon as the political situation allows further growth. The needs are indeed enormous and our beliefs that we are able to play an important role in the DRC while respecting our values remains intact.

My gratitude, and that of the entire Board, goes out to the CEO and his management who, each day, in these difficult circumstances, stay on course for development and profitability.

JEAN-PHILIPPE WATERSCHOOT
CEO

My daily challenge, and that of our operational teams in the DRC, is to not lower the demands that we impose on ourselves and that we request from our partners, despite the current context of uncertainty and arbitrariness.

The specificity of TEXAF's stock market listing requires us, even more than others, to act in the interests of shareholders, to promote good governance and to encourage interest of new investors for the DRC.

It is also a guarantee for our clients of high quality services, in the maintenance of our compounds the level of finishes of our constructions and the quality and diversity of our sports, cultural and leisure offerings.

We apply the same care to comply with quality and quantity standards for our crushed stone deliveries.

CONTENTS

2017 IN SUMMARY

KEY FIGURES

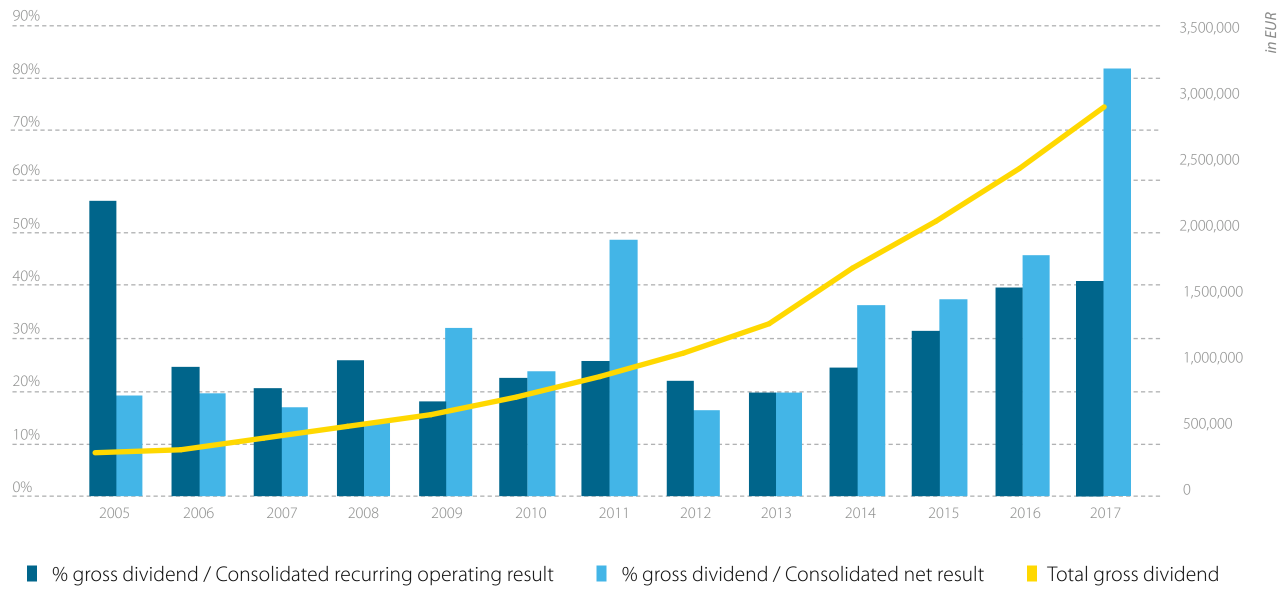
RESULT (IN EUR k)	2013	2014	2015	2016	2017	Average growth
Revenue	18,619	18,927	19,648	18,392	18,208	
Growth	8%	2%	4%	(6%)	(1%)	(1%)
Recurring EBITDA*	9,440	10,019	9,598	9,740	10,038	
Growth	25%	6%	(4%)	1%	3%	2%
Recurring operating result**	6,457	6,938	6,486	6,953	7,020	
Growth	33%	7%	(7%)	7%	1%	2%
Net result (share of the Group)	6,479	4,685	5,456	5,454	4,542	
Growth	(1%)	(28%)	16%	0%	(17%)	(8%)

(*) Recurring EBITDA: recurring operating result before interest, taxes, depreciation and amortization.
(**) Recurring operating result: operating result minus
income or expenses that are not expected to be repeated in each accounting year, such as:
- Gain or loss on disposals of fixed assets
- Allocations (or reversals) to write-downs on fixed assets
- Costs relating to major restructuring, purchase or disposal of a business (such as redundancy costs, plant closure and commissions paid to third parties to acquire or dispose of an activity)

CASH FLOWS (IN EUR k)	2013	2014	2015	2016	2017	Average growth
Cash flow from operating activities	7,099	6,243	6,819	8,666	8,706	5%
Cash flow from investing activities	(3,275)	(7,326)	(9,401)	(7,149)	(6,421)	18%
Cash flow from financing activities	(1,081)	(1,649)	4,061	3,067	(2,532)	-
CASH AND CASH EQUIVALENT AS AT 31 DECEMBER	**7,216**	**3,984**	**5,461**	**3,911**	**3,674**	

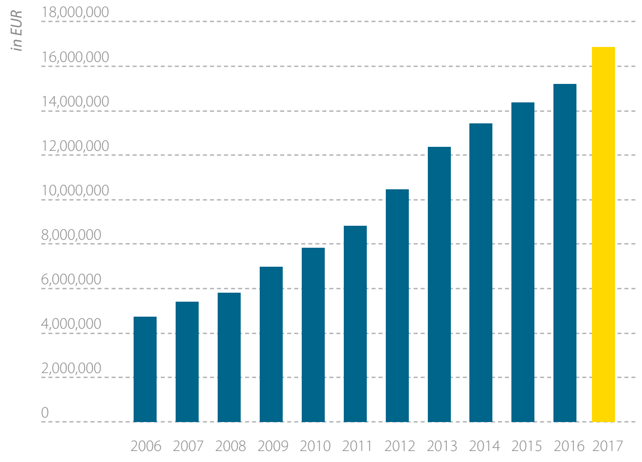
TEXAF dividend

PAYOUT RATIOS



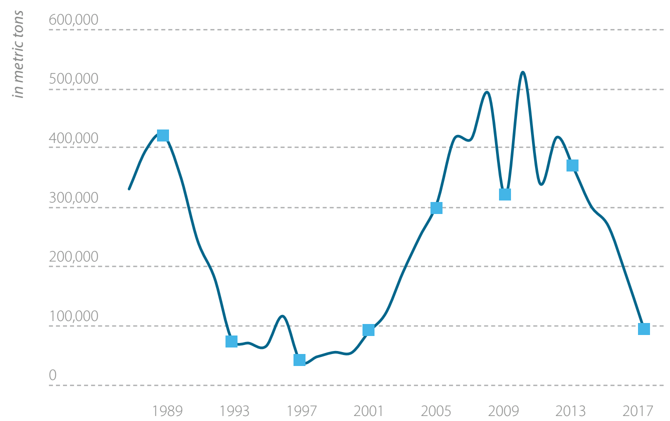
Real estate

RENTAL REVENUE

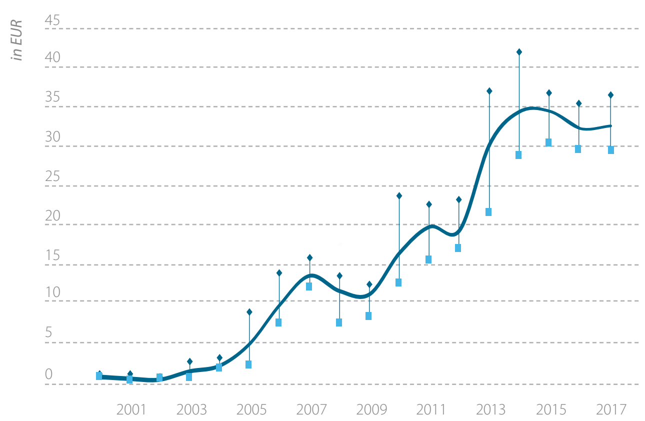


Carrigrès

SALES



AVERAGE TEXAF PRICE + MAX & MIN



Highlights

RENTAL REVENUE
+10%

VIRTUALLY
100%
OCCUPATION RATE

INVESTMENT
41
HOMES

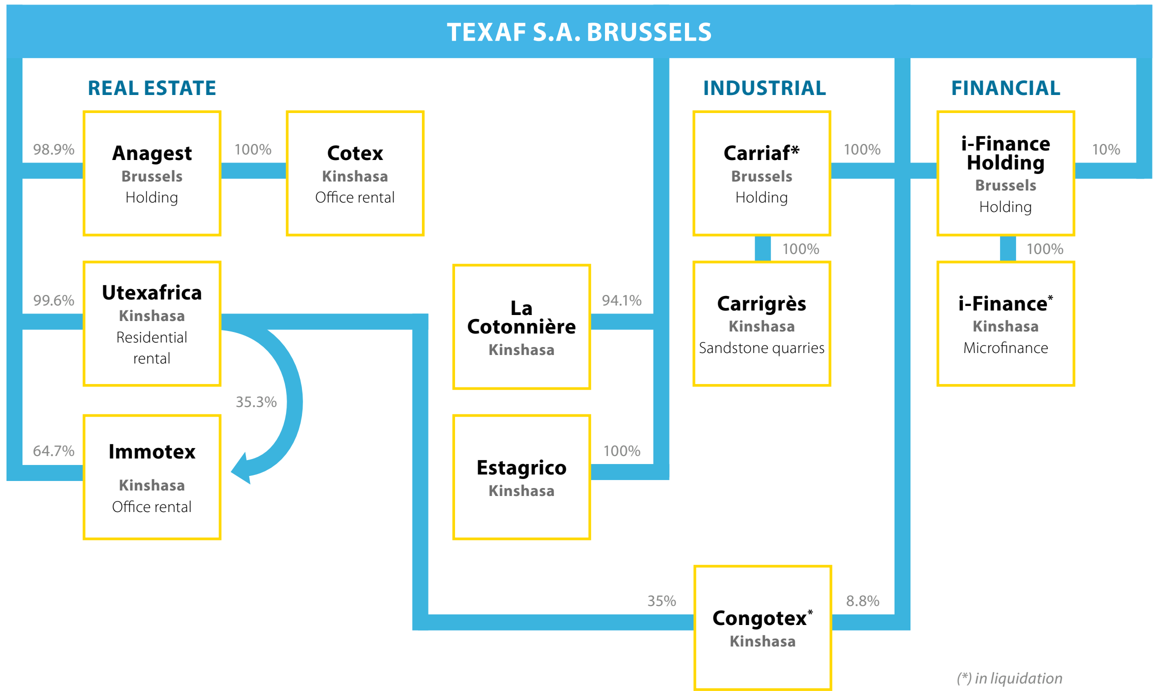
CARRIGRÈS SALES
-52%

EXCEPTIONAL DEPRECIATION
ON SANDSTONE DEPOSITS OF
EUR 3,36 M

01 Profile

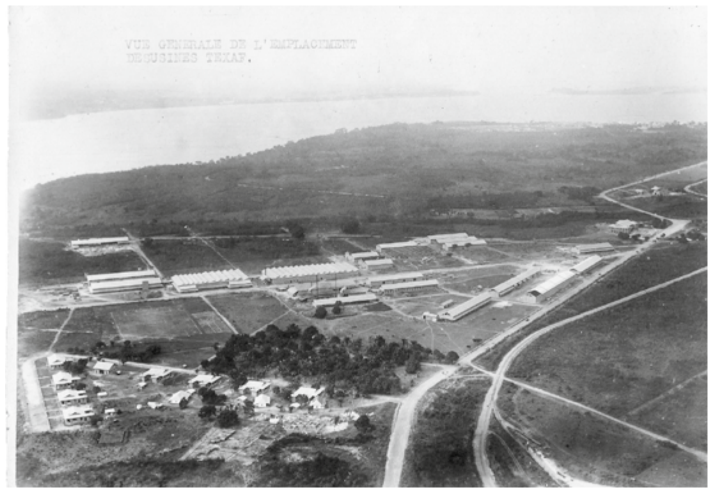
WHO ARE WE?

Organigram



Our history

TEXAF is a public company registered and domiciled in Belgium. Its registered office is at Avenue Louise 130A, 1050 Brussels. TEXAF was formed on August 14, 1925. Uniquely, it has been a listed company since formation and all of its assets are located in the Democratic Republic of Congo.



Factory in Kinshasa in 1926.

TEXAF has been active in DRC for more than 90 years. Founded by entrepreneurs from Ronse in Belgium, TEXAF's ambition was to build Africa's biggest textile plant. It did so a few years later, on the back of huge financial and logistical efforts. The plant in Kinshasa (formerly Léopoldville) opened in 1928. Within two years the plant was producing 4.4 million meters of fabric. TEXAF group was involved in cotton production in several provinces (the two Kasaï provinces, the two Kivu provinces, Maniema and Katanga). At its apogee, the group had more than 100,000 cotton planters in the interior of the country and employed 6,000 people at its Kinshasa plants, which produced more than 30 million meters of fabric, primarily for Africa prints. The plant buildings covered an area of 10ha.

In addition to its textile business, the group diversified, developing many agricultural and industrial activities in Congo. TEXAF endured many crises in Congo, but the pillages of 1991 and 1993 marked the beginning of economic decline. Problems soon piled up, including the impossibility of getting the cotton from the interior of the country to the processing plants, political instability, runaway inflation, a failing banking system and fraudulent imports of copies of the fabrics designed by the UTEXAFRICA textile plant.

The fall in 1997 of the regime headed by Mobutu, who was replaced by Laurent-Désiré Kabila, and the wars that followed put TEXAF group in such a difficult situation that BNP Paribas group sold its majority shareholding to Philippe Croonenberghs, the present-day chairman of TEXAF, in 2002.

Along with Albert Yuma and Jean-Philippe Waterschoot, the two managers leading the group in Congo, he made every effort to save the textile business but the factory was forced to close in 2007.

For more about the history of TEXAF, see www.texaf.be.

Our recent developments

The TEXAF group opted for a radical transformation, centering its business on real estate development of its properties, which are ideally located along the Congo river in Kinshasa. An ambitious program was launched to build new homes and convert the offices and residential buildings for rental. TEXAF now sets the benchmark on the property market in Kinshasa, a city of more than 10 million inhabitants.

Through CARRIGRES, TEXAF owns the biggest sandstone quarry in Congo.

Through former cotton producers LA COTONNIERE and ESTAGRICO, the group owns many properties in today's provinces of South Kivu, Sankuru, Maniema, Tanganyika, Lomami and East Kasai.

Our ambitions

While TEXAF is currently primarily a real estate business, the group continues to harbor ambitions of pursuing its historical status as an industrial and agricultural investment company, when the economic situation in the DRC becomes conducive to this. The group operates on the African continent, which is expected to experience strong growth.

TEXAF wishes to play a major role in the revival of Congo by initiating new investment projects.

Aware of the difficulties of the environment in which it operates, TEXAF gives special attention to its corporate social responsibility, with the opening of a cultural center (TEXAF-BILEMBO www.texaf-bilembo.org) and targeted aid to the health sector, education and agricultural activities.

Drawing on its knowledge of the local situation and its ability to deal with successive events that have shaken Congo, TEXAF wishes to offer investors majority or minority financial stakes in productive industries (such as infrastructure, agroindustry, power, finance and services).

TEXAF is the only listed group (Euronext) devoted to doing business in DRC. If necessary, TEXAF can draw on its ability to raise funds on the capital market.

Our values

TEXAF wishes to realize its ambitions as follows:

- by purposefully working within the formal economy;
- by pursuing a good governance policy toward all economic and social stakeholders;
- by communicating transparently;
- by preferring partnerships with Congolese operators and including its performing Congolese and expatriate managers in its business success;
- by maintaining the listing of TEXAF shares on Euronext and favoring measures that help improve the liquidity of shares to give the largest number of savers the opportunity to participate in the anticipated growth of DRC.

District Champ de Coton.

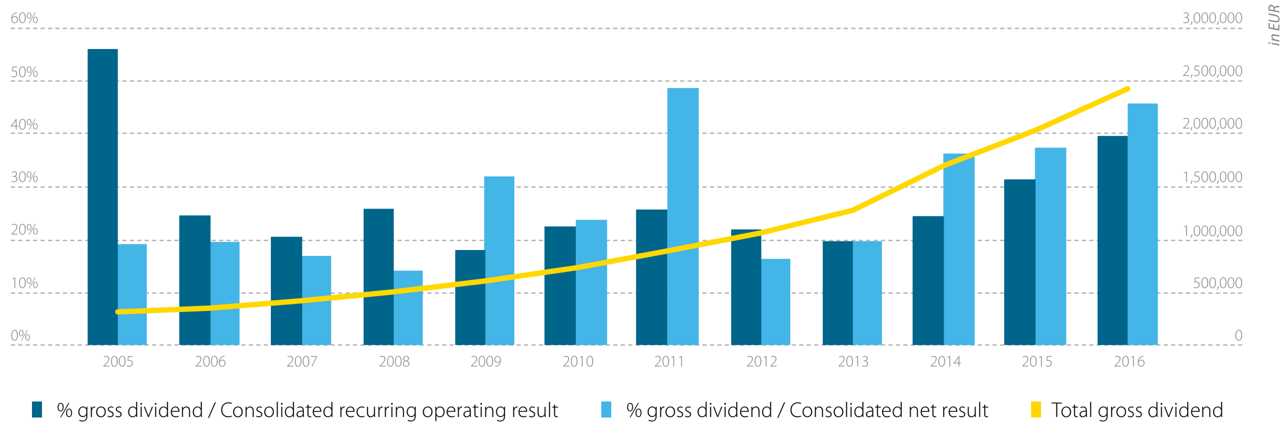
INFORMATION FOR SHAREHOLDERS

Dividend

TEXAF HAS DISTRIBUTED A DIVIDEND SINCE 2005.

IN EUR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross dividend par share	0.16	0.19	0.23	0.28	0.33	0.40	0.48	0.58	0.69	0.81
Net dividend per share	0.12	0.14	0.17	0.21	0.25	0.30	0.36	0.42	0.48	0.57
TOTAL GROSS DIVIDEND (IN EUR k)	**506**	**612**	**736**	**893**	**1,063**	**1,276**	**1,701**	**2,039**	**2,430**	**2,886**
Difference	20%	21%	20%	21%	19%	20%	33%	20%	19%	19%

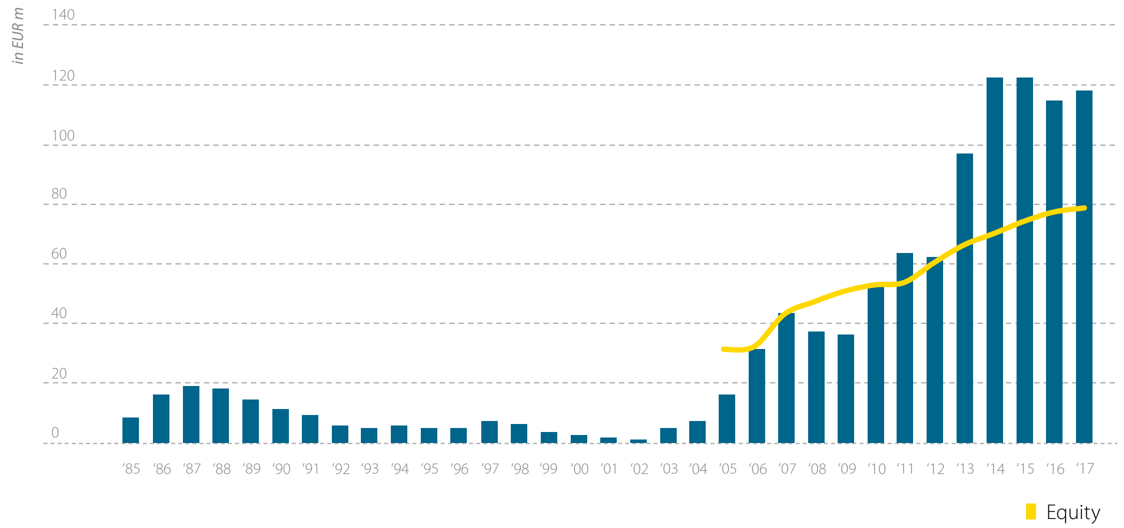
PAYOUT RATIOS



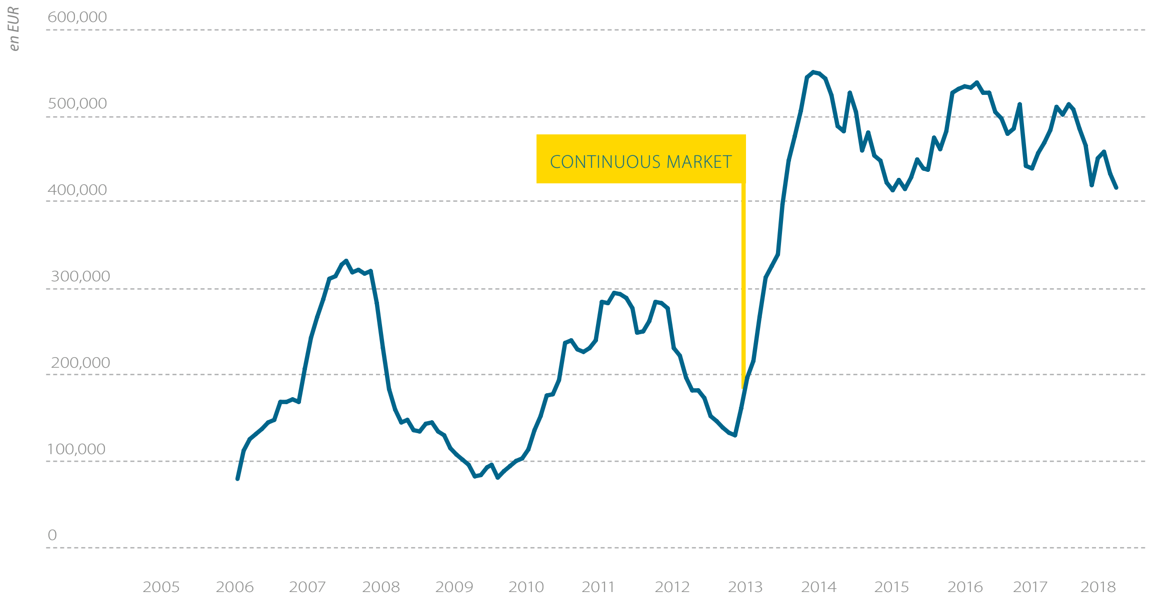
The TEXAF share

The TEXAF share has been listed on the continuous market since December 12, 2012. It was added to the BEL Small index on March 18, 2013, which has led to an improvement in the liquidity of the share. On February 21, 2017, Euronext launched a new index to highlight European family companies: Euronext Family Business Index. TEXAF is part of this index, which comprises 90 family companies from France, Belgium, the Netherlands and Portugal.

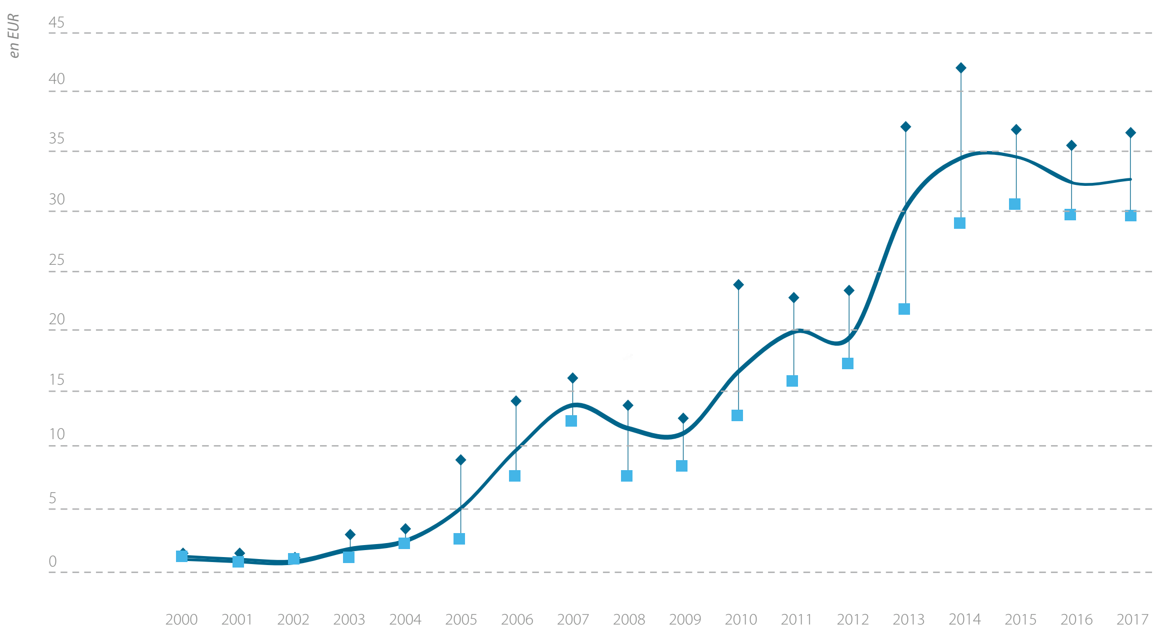
MARKET CAPITALIZATION (AVERAGE PRICE) EQUITY



VOLUME OF SHARES TRANSACTIONS
12-month mobile average



AVERAGE TEXAF PRICE + MAX & MIN



Shareholding structure

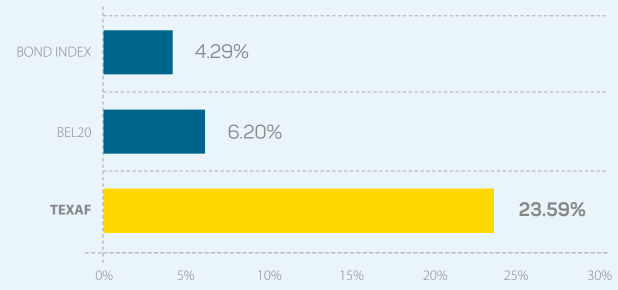
TOTAL SHARES ISSUED	3,543,700	100%
Holders:		
Société Financière Africaine	2,212,765	62.42%
Middle Way Ltd	354,370	10.00%

Société Financière Africaine is controlled by Chagawirald SCS, which in turn is controlled by Mr. Philippe Croonenberghs.

Middle Way Ltd is wholly owned by Member Investments Ltd. The ultimate beneficiary of Member Investments Ltd is CCM Trust (Cayman) Ltd, a trust of the Cha family in Hong Kong.

Market return

20-YEAR MARKET RETURN



Clos des Musiciens.

Shareholders' calendar

Tuesday **08** **May 2018** (11am): Annual General Meeting	Friday **11** **May 2018** Quarterly press release	Friday **18** **May 2018** Dividend payment	Friday **07** **September 2018** Publication of the half-yearly results
Friday **19** **November 2018** Quarterly press release	**End of February** **2019** Publication of 2017 annual results	Friday **12** **April 2019** Publication of the 2018 Annual Report	Tuesday **14** **May 2019** (11am): Annual General Meeting

The TEXAF website is at www.texaf.be.
This website contains all information useful to shareholders.

Gardens of Kinsuka.

OUR ACTIVITIES IN DRC

At the end of Boulevard du 30 Juin, Kinshasa's main thoroughfare, next to the French embassy there is a large green compound, home to 800 people of 30 different nationalities. The three metal gates each bear the TEXAF name and logo.

The majestic Congo river runs the full length of the grounds, offering unparalleled panoramas in Kinshasa.

The 48ha site, which is protected by a security service, is known as the UTEXAFRICA compound, which formerly comprised 14ha of buildings housing the textile factories and now consists of residential buildings and offices. This exclusive site is located next to the popular Gombe district, which is home to most embassies and international hotels.

TEXAF's economic model is unique, distinguishing it from traditional property developers, as the group builds and renovates housing and offices not for sale but for rent, ensuring a recurring revenue stream. This integrated management enables to offer tenants many services that contribute to their wellbeing: a very large number of green spaces, guaranteed power if the public grid goes down, WiFi, refuse collection and management, a security service to protect the site from intruders and maintenance service looking after the buildings, parks and roads (around 30 people with 24-hour availability). Everything is done to free our tenants from day-to-day cleaning, maintenance and safety concerns once their enter the private site.

To make the lives of our residents even more agreeable, the group has built sports grounds (tennis courts, multifunctional grounds, playgrounds for children and a fitness room in the near future). Those tenants that do not have a private pool have access to a 25m pool next to a space with a restaurant for the exclusive use of tenants and their guests, a bar and a lounge.

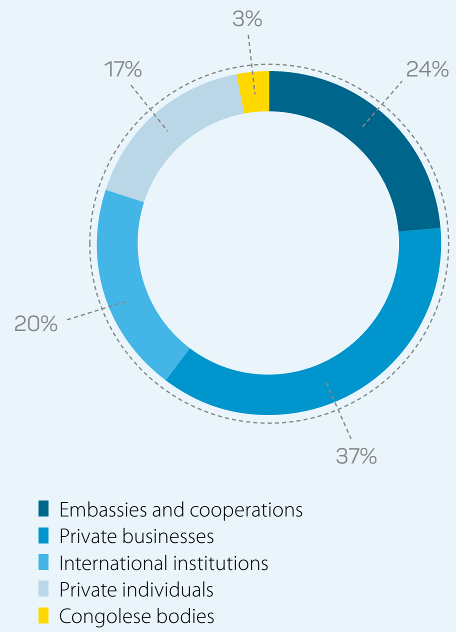
The concession is firmly oriented to families and sports activities are organized for our residents' children.

At the end of the day and over the weekend, the site is transformed into a huge playpark where children, cyclists, joggers and walkers can move about freely, because what distinguishes this site from other developments in the city is the abundance of vegetation and the higher ratio of green public space to built land.

The homes are in various architectural styles and designed to meet different expectations: villas (2-4 bedrooms) and apartments (1-4 bedrooms).

Pool and restaurant.

2017 REVENUE BY CLIENT CATEGORY



As well as the renovation of existing properties, every year thousands of square meters of old industrial buildings make way for new build.

TEXAF invests in a lasting way. For instance, due to a dearth of local suppliers able to meet our standards, we have specially trained local staff to produce window and door frames in our aluminum workshop. They also install the finished products.

The UTEXAFRICA compound also includes offices space. Almost 20,000m² are leased primarily to international bodies, including UN agencies and NGOs, as well as some private companies. TEXAF has constructed buildings for the Japanese embassy, which is housed on the site. TEXAF certainly benefits from its reputation as a transparent listed company. Unlike housing, new office space is built on request.

The UTEXAFRICA compound still has 16ha of land immediately available for new projects, as well as built land that is earmarked for more modern projects.

	2014	2015	2016	2017
Average occupation rate*	99.5%	100.0%	95.9%	97.6%

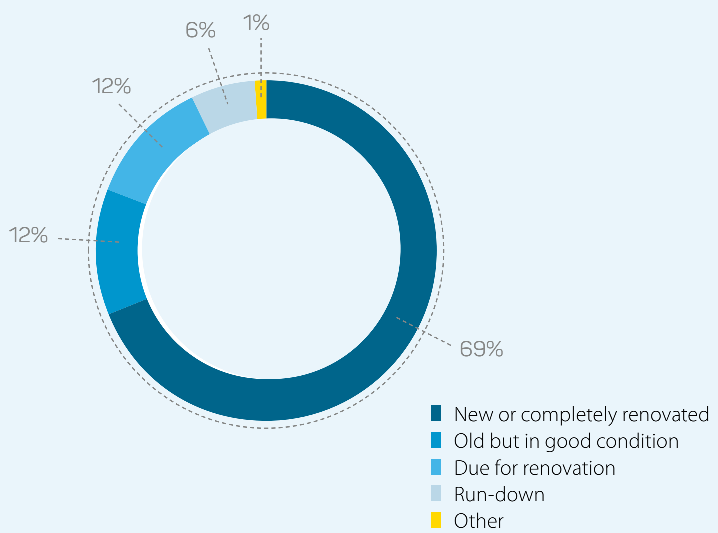
** Occupation rate: total rent billed over the period versus total billable rent*

Additionally, there is a 3,500m² property known as "Petit Pont", located a couple of hundred meters from the Utexafrica compound, overlooking the big intersection at the end of Boulevard du 30 Juin.

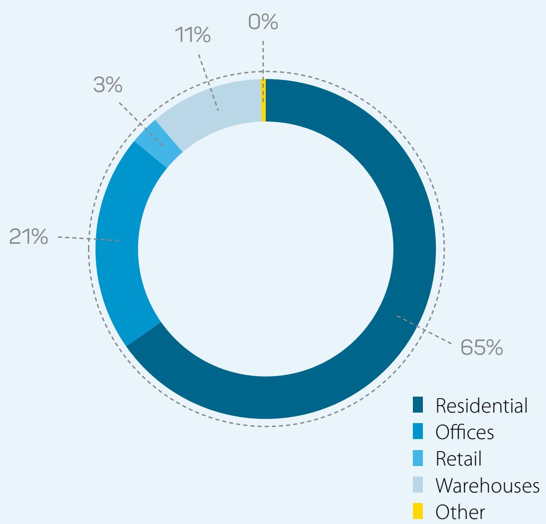
Opposite the UTEXAFRICA compound, on the site of the COTEX plant, TEXAF has another 3.2ha, half of which is covered by disused warehouses and the other half by buildings converted into offices. Bearing in mind the real estate projects currently under examination at UTEXAFRICA, the group does not intend to prioritize development here and the ground may be divided up and sold to help finance real estate and other projects elsewhere.

Management in RDC is overseen by Mr. Jean-Philippe Waterschoot, who can count on a team of high-quality people. These include Olivier Pirotton and Pino Mbutu at finance and accounts, Monina Kiadi at administration, legal and general secretariat, Roger Akala and Baudouin Masumbuku at security and human resources, Olivier Polet, Jean-Pierre Badila, Marcel Baré and Ziko Mbidiamabu at development projects and maintenance, Jessica de Laveleye and Ambroise Nsenda at sales and customers service and many other members of staff, too numerous to mention here. All told, 93 managers, employees and workers contribute to the success of the TEXAF real estate business. This provides employment to hundreds of people in Kinshasa (including construction companies, security firms and suppliers).

RENT IN DECEMBER 2017 BY CONDITION



RENT IN DECEMBER 2017 BY PROPERTY TYPE



> TEXAF ensures the wellbeing and safety of its residents.

Ongoing projects

TEXAF is developing a new contemporary design project, "Bois Nobles", comprising 82 homes - 22 villas and 60 apartments - on a site adjoining the "historical compound".

The project will be completed in two stages. The first, which comprises 36 units - 12 villas and 24 apartments spread over 3 three-story buildings - began in April 2017. Given the demand, the construction of 6 additional villas, which were scheduled for the second phase, has already begun.

To meet developing demand and the constraints of our clients' budget, while maintaining the quality of finish and facilities we demand, the homes will be built to smaller dimensions, primarily by rationalizing the space taken up by hallways and stairways.

New services are incorporated in the design of this project, including connection to the fiber-optic network and the installation of a protected water supply.

We are also considering new office projects. The goal is to offer pleasant office spaces for businesses and homes for their managers on the same site.

A gym/fitness room will be built for the exclusive use of our tenants.

Kinsuka

Ten or so kilometers west of downtown Kinshasa, a very attractive 104ha site jutting out over the Congo river has been earmarked for "Les Jardins de Kinshasa" project, which comprises more than a thousand homes as well as various shared (retail, educational, sporting and leisure) facilities.

We began thinking about how to develop this site last year. The business model differs from that for other Group's projects, as this one is a sale promotion project aimed at the emerging middle class in Congo.

For these studies, TEXAF has engaged the services of the internationally renowned ORGANIZATION FOR PERMANENT MODERNITY, a research group for urban design and architecture headed by Alexander D'Hooghe (who curates the project to cover the Antwerp ring road). Our ambition is to design a sustainable development project that fits in with the surrounding area.

The site is located in an urban area that, while highly developed, is not served by an adequate road network. In the absence of public transport, one of the main factors determining the success of this project is the proposal of solutions that improve access to the site.

Bois Nobles.

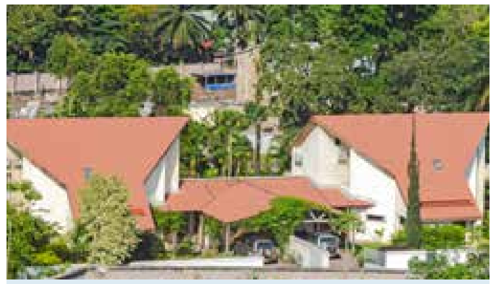
Congo river
Gombe river
PETIT PONT
Boulevard du 30 Juin
Avenue Colonel Mondjiba

8 LEISURE
POOL
RESTAURANT
TENNIS
FITNESS

9 CULTURAL AREA
TEXAF-BILEMBO

7 District
OFFICES
- loft offices on industrial wasteland (2011-2015) – 5,300 m²
- gradual development of offices in former COTEX industrial buildings (2007-2013) – 3,500m²

4 District
LES MUSICIENS
- 81 apartments, with the last 33 units rented in October 2016.

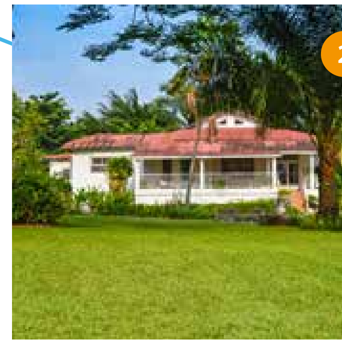


5 District
NEW COMPOUND
- 18 villas (new build) and apartments (duplexes in the former clothes workshops of the textile factory)
- first real estate developments between 2003 and 2005

3 District
LES BOIS NOBLES
- 82 villas and apartments – under construction

1 District
CHAMP DE COTON
- 52 apartments
- Contemporary style
- Three-phase project put on the market between 2013 and 2015.

6 District
COTEX
- 3,200m² office development



2 District
HISTORICAL COMPOUND
- 99 villas and apartments, 51 of which renovated.
- "Garden neighborhood" architectural style from the end of the 1920s.
- Currently being renovated

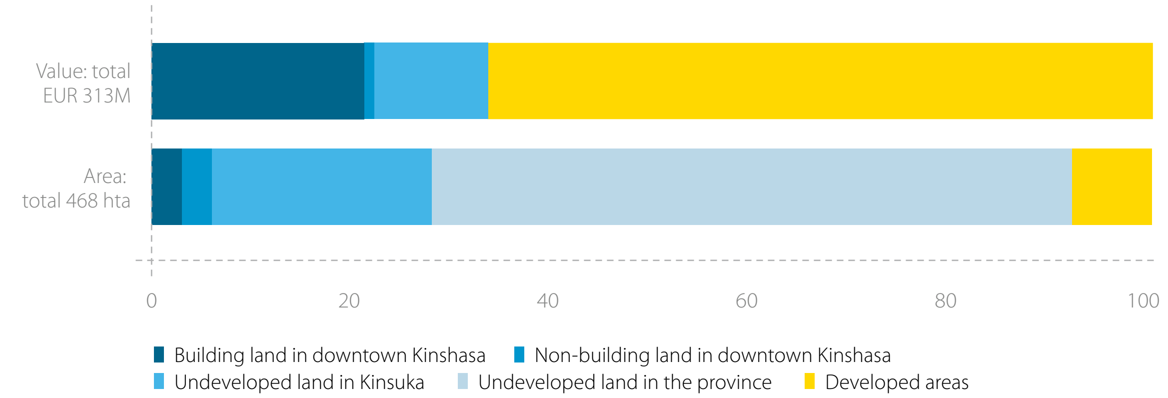
UTEXAFRICA and COTEX compounds
51ha, developed as various districts

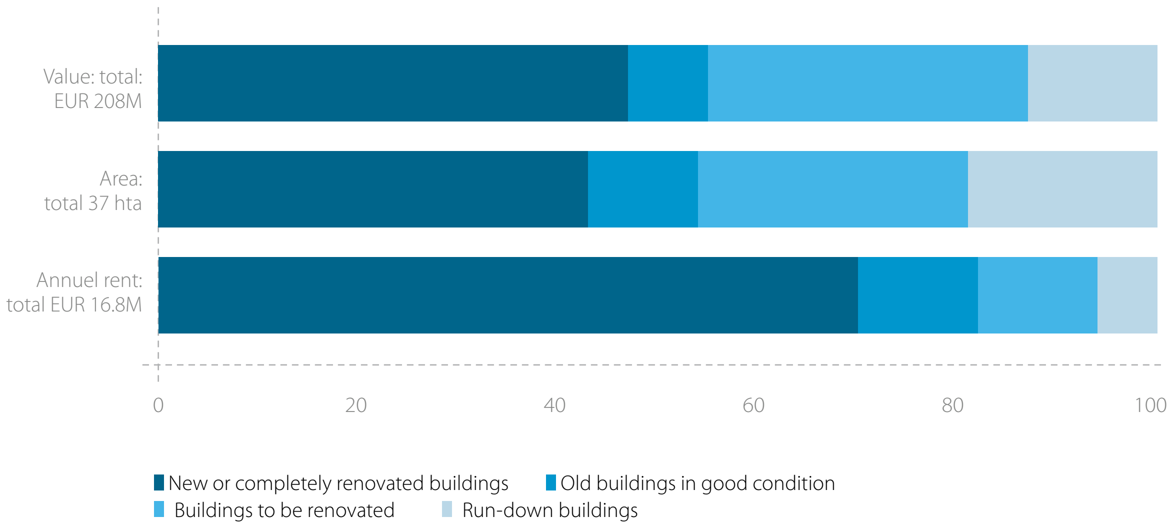
Valuation of the real estate portfolio

The Board of Directors calculated the value of the Group's investment property. The detail of this calculation and the underlying assumptions are provided in appendix 7 to the consolidated financial statements.

The main points are as follows:

> Real estate assets valued at 313 million euros.





The group holds 468ha, valued at EUR 313m, the greater part of which - EUR 208M - relates to built land in the compounds in downtown Kinshasa.

These built zones cover 37ha, but 82% of the EUR 16.8M in rent is generated by new buildings or old buildings that are in good condition, which cover only 46% of this area.

In other words, the development potential of the Group solely in its downtown compounds includes not only 10ha of building land, but also 14ha of old industrial buildings that are to be renovated or are run-down and are currently rented at very low rents per m^2.

CARRIGRES employs 37 people and is headed by operations manager Hilarion Mwayesi and sales manager Paolo Barril. For all other aspects (finance, legal, administration, human resources, safety), it relies on the services of TEXAF's real estate business.

Since 2015, business has fallen away sharply due to the absence of public building and infrastructure projects. However, CARRIGRES continues to be an actor to be reckoned with, as the biggest production unit in the industry and the most accessible, bearing in mind its proximity to the city. We therefore expect work to scale up when the country's political situation stabilizes.

Sandstone quarry

CARRIGRES set up at an unused site on the outskirts of Kinshasa in the early 1950s.

Annual production capacity at the quarry is 600,000 metric tons, primarily due to an Allis Chalmer primary crusher that can get through 400 metric tons per hour.

This open-air quarry exploits an Inkisi pink sandstone deposit, with estimated reserves of up to 25 million metric tons, and produces all types of gravel for civil engineering projects, roadworks and the production of concrete and coatings.

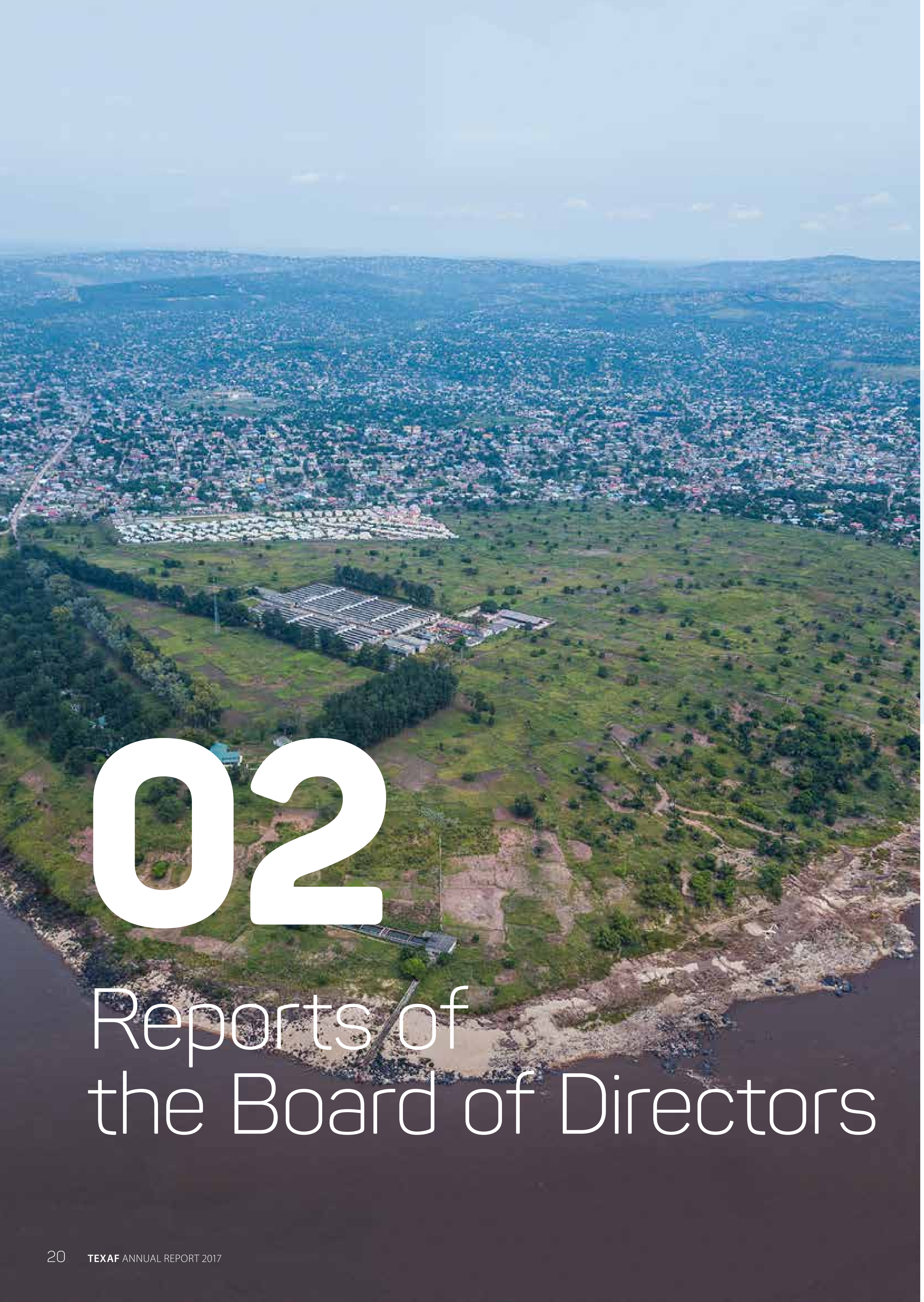
This production unit, the biggest in the region, meets the strictest product quality standards. It sets itself apart from competitors by checking the size, purity and quantity of the gravel produced.

Quarry.

Corporate social responsibility

Aware of the difficult situation the people of Congo find themselves in and recognizing the opportunities the success of TEXAF will bring to the country, our group attaches increasing importance to developing activities that, while not necessarily directly connected to its corporate purpose, do contribute to the image that it wishes to project.

A chapter of this annual report is devoted to this activity.



02

Reports of the Board of Directors

DIRECTORS' REPORT

General context of the DRC

The political tensions weigh heavily on the economic situation. There are few investments in the Kinshasa region and several international groups are pulling out of the country. Multilateral bodies and bilateral partnerships no longer financed new large-scale infrastructure projects in 2017. The Congolese franc continued to decline against the dollar (-24% in 2017) and inflation accelerated (40% year-on-year). The rise in the copper and cobalt price leads to a rally in Katanga, but the effects are yet to be felt in Kinshasa where the Group does business. At the moment, unlike the quarry TEXAF's real estate business is not affected by the deterioration of the economic situation.

TEXAF has begun its 93rd year in the Congo.

TEXAF's history wasn't plain sailing. The crisis of the 1930s, the Second World War when the Congolese subsidiaries were isolated from their parent company in Brussels, the troubles following independence in 1960 and again in 1964, the Zairianization of foreign companies in 1974, the major factory modernization program begun at the end of the 1980s and immediately followed by pillages in 1991 and 1993, the wars that subsequently deprived the textile factory of its cotton supplies and the massive smuggled imports of copies of UTEXAFRICA textiles are events that demanded a great adaption capacity and continual reassessments, but that ultimately forced the Group to cease its historical textile activity in 2007. This painful decision did allow us to write a new page in our history, with the successful development over the past decade of a new real estate business.

Real estate business

Our Group drew on its experience of the country to launch, in 2007, a unique real estate concept that meets the needs of a demanding clientele in terms of high-quality housing and office space.

We develop apartments, villas, offices and other work spaces on an approximately 50ha site in downtown Kinshasa. We offer several exclusive services, with safety a prime concern. The management and maintenance of the site are fully taken care of by our own teams and our approved partners to ensure the high quality and comforts for the tenants, which come from almost thirty different nations.

Our real estate business has not been affected by the political and economic situation, as a growing number of tenants (currently 43%) are international institutions (multilateral bodies, embassies, cooperation agencies).

251 homes and almost 20,000m^2 of office space and warehouses are currently being rented. Our site, which is much in demand, owes its development to the systematic reinvestment of revenue to limit the need for bank loans. Over the past 13 years, TEXAF has invested EUR 66m in DRC.

Revenue from the real estate business grew by 10% in 2017, with rents amounting to EUR 16.7m due to the inclusion of a full year of the Clos des Musiciens homes, which went on the market in the autumn of 2016.

The real estate business also generated other recurring operating income of EUR 1.4M, mainly consisting of the re-invoicing of expenses and turnover from the compound's restaurant.

Clos des Musiciens
This project, comprising 33 apartments spread over four buildings, was handed over at the end of 2016 and fully rented in 2017. Rental income from this investment is EUR 1.7M per year.

Bois Nobles
At the beginning of 2015, an international agency moved out of the old warehouses that it had been renting for a decade and relocated to the east of the country. The Group began developing this site as part of the Bois Nobles project. In time, it will comprise 82 apartments and villas. Work on the first phase, consisting of 12 villas and 24 apartments with between one and four bedrooms, began in 2017. The hand-over is scheduled for summer 2018. Rental income from this first phase is EUR 1.6M per year.

Jardins de Kinsuka
The project, provisionally known as "Jardins de Kinsuka", will consist of homes and the associated collective facilities. It will be completed in phases, ultimately resulting in some 2000 homes, which will be offered for sale, primarily to the emerging middle classes in DRC. This will enable TEXAF to develop a second real estate growth hub based on a different business model to the current rental one.

ORG2 URBANISM
ORG2 URBANISM (www.orgpermod.com) is headed by Alexander D'Hooghe, associate professor at MIT, and Marcel Smets, professor at KU Leuven and the Harvard Graduate School of Design. ORG2 URBANISM is best known in Belgium for the plan to cover the Antwerp ring road but has also worked on projects in Africa.

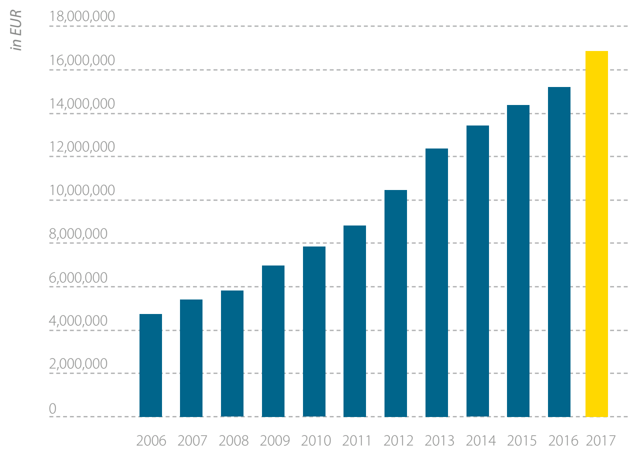
Bois Nobles

In spite of the sluggish climate, which weighs heavily on the economy, TEXAF remains confident of the medium-to long-term prospects of DRC and continues its investment program. To back this up, in 2017 it launched a new project, Bois Nobles, comprising 82 homes. The first phase of 36 villas and apartments will be rented out in the third quarter of 2018. Almost half of these properties have already been reserved, given that the occupancy rate of the existing properties is at 100%.

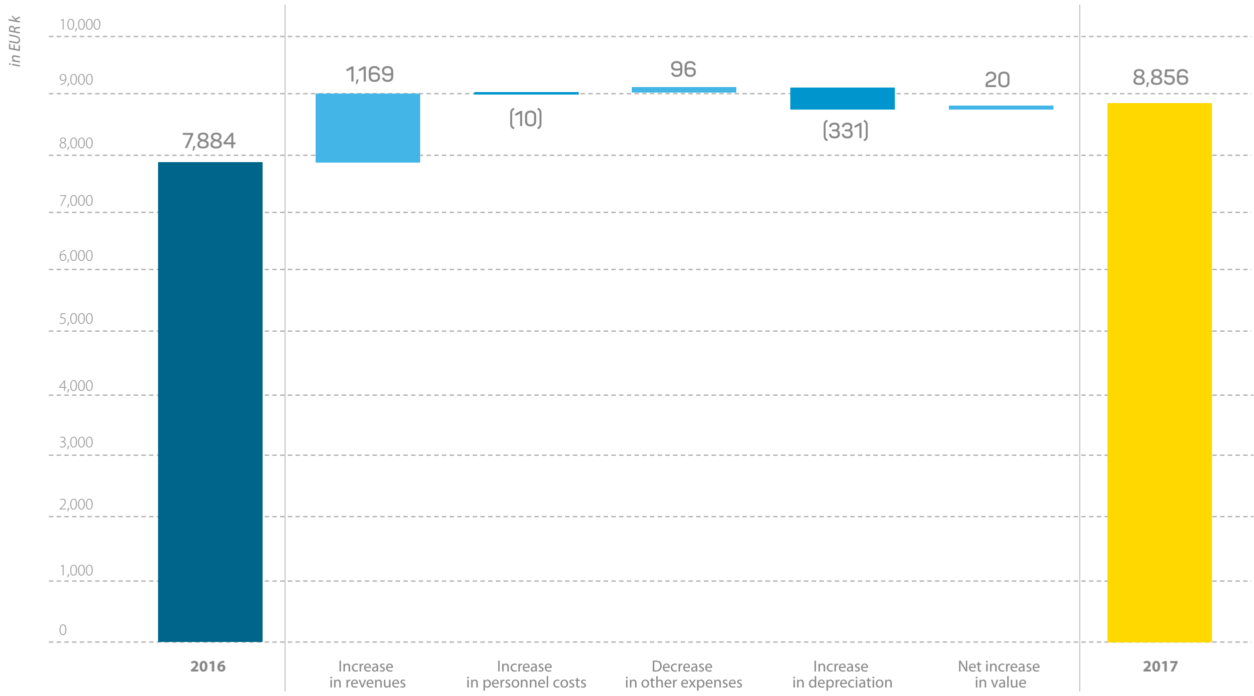
During 2016 the group started thinking about the development of a 104ha site around 10km from its downtown sites. Lacking the wherewithal to develop such a project in house, TEXAF contracted ORG2, a Belgo-American architectural firm with an international reputation, to conduct the urban development and architectural studies for this ambitious project. Several phases of these studies have already been completed and the master plan is currently being drawn up. Work on this project will continue in 2018.

> 251 homes fully rented, 98% of 20.000 m² of office space rented.

RENTAL REVENUE



REAL ESTATE OPERATING RESULT TREND



Operating expenses increased by just 1% to EUR 9.3M, including a 14% rise in depreciations to EUR 2.6M due to the new Clos des Musiciens buildings.

The recurring operating result increased by 10% to EUR 8.9M.

The net operating result (share of the group) increased by 23% to EUR 7.6M. It is positively impacted by the reversal of a tax provision, but negatively impacted by an exchange rate loss on VAT credits as detailed below.

In spite of Bois Nobles being put on the market in the second part of 2018, the group remains cautious about the short-term prospects and expects revenues and results in 2018 to be similar to those posted in 2017.

Results of the real estate business

REAL ESTATE (EUR k)	2013	2014	2015	2016	2017	Diff.
Revenue from ordinary activities	12,165	13,588	14,534	15,268	16,730	9.6%
Recurring operating result	5,741	7,158	6,183	7,884	8,856	12,3%
Operating result	5,693	7,130	5,679	8,032	8,856	10.3%
Net result (share of the group)	4,785	4,043	4,256	6,181	7,599	22,9%

Office loft.

Villa in the historical compound.

Fair value of investment properties

The Board of Directors invested efforts to determine the fair value of its real estate assets. To complete this task, rendered difficult by a lack of transparency on the real estate market in Kinshasa, among other things the Board drew on the biennial Africa Report 2017/2018, published at the beginning of 2018 by Knight Frank, a London-based real estate expert that operates in 59 countries and employs 14,000 people. This document analyses the real estate market in Africa. Page 20 of this report is dedicated to DRC, particularly the real estate market in Kinshasa.

Knight Frank sees a slowing down of demand for office space due to the political unrest and the absence of high-quality buildings. For security reasons, the bigger companies are concentrated in the Gombe district. The Group's office space are rented at competitive rates compared to those stated in the Knight Frank report.

For residential use, Knight Frank mentions a strong increase of demand in the neighborhoods considered safe in Kinshasa (like Gombe), stressing that the supply is limited in these neighborhoods.

The residential and office properties of the TEXAF Group in Kinshasa are located next to the in-demand neighborhood of Gombe. The UTEXAFRICA site is unanimously deemed to be a very well protected site, the greenest in the city with the largest number of leisure opportunities.

In spite of the continued lack of transparency in Kinshasa, management was able to find concrete figures to allow the Board of directors to cautiously estimate a fair value. The details are stated in appendix 7 to the notes to the financial statements.

Based on certain assumptions, the gross fair value of investment property on December 31, 2017 is the equivalent of EUR 313M (EUR 220m after deduction of deferred tax), compared with a net book value of EUR 99M or EUR 81M after deduction of deferred tax.

" Rents
+10%

Carrigrès

While the board is confident about how the real estate business will develop, the same cannot be said for the sandstone mining business in Kinshasa.

CARRIGRES, the main sandstone quarry in Kinshasa, with an annual installed capacity of 600,000 tons, operates in the cyclical construction materials industry. It supplies concrete producers and road builders. The company made a loss for the first time since it was incorporated in the Group accounts. It is worth noting that this business generated annual EBITDA* of EUR 2M up until 2015.

It has felt the full force of the economic and political situation, with the absence of road works following the withdrawal of international backers and a very strong slowdown in private investment. It has also been hit harder than in the past by competition from informal quarries that do not apply the same quality standards and are not subject to the same labor-law and tax constraints.

Sales volumes barely reached 102,000 tons (vs. 188,000 tons in 2016), comparable to sales figures in the years following periods of major political turbulence in 1991, 1993 and 1997. Turnover declined by 52% to EUR 1.6M.

This has prompted the Board of Directors to recognize, in the 2017 expenses, an exceptional depreciation on the sandstone deposit of EUR 3.4M, reducing the residual value of the deposit to EUR 6M and reflecting the prospect of reduced cash flow over the coming years.

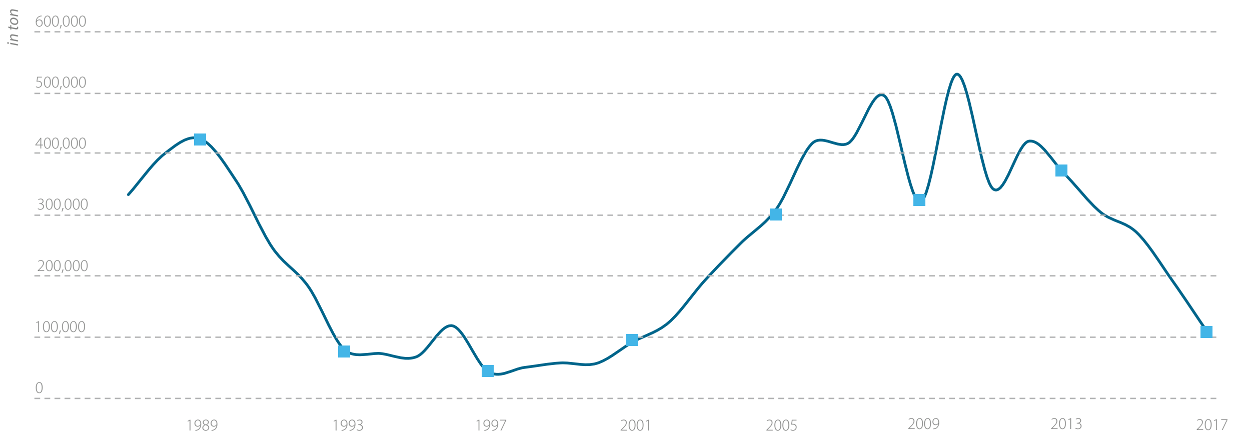
Recurring expenses decreased by only 20% to EUR 2.5M, resulting in a recurring operating loss of EUR 0.9M (vs. a profit of EUR 0.2M in 2016). Two non-recurring expenses were also recognized: EUR 0.2M in redundancy costs to further reduce the workforce and the exceptional depreciation on the sandstone deposit as stated above.

CARRIGRES (EUR k)	2013	2014	2015	2016	2017	Diff.
Revenue from ordinary activities	6,260	5,327	5,071	3,266	1,584	(52%)
Recurring operating result	1,770	1,105	1,451	154	(894)	(681%)
Operating result	1,769	863	1,359	74	(4,454)	(6119%)
Net result (share of the group)	1,754	935	1,554	614	(2,762)	(550%)

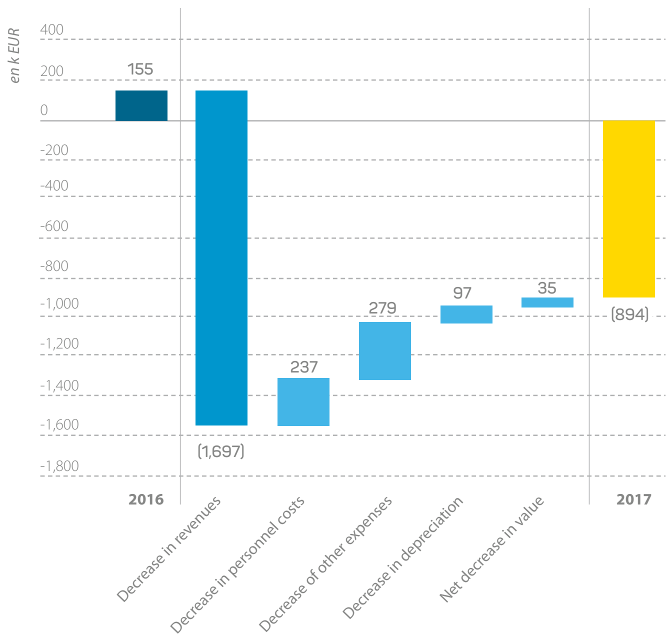
Carrigrès - Screens.

Carrigrès - Loading zone.

SALES



CARRIGRÈS OPERATING RESULT TREND



As a consequence, the operating result is a loss of EUR 4.5M and the net result is a negative EUR -2.8M, as the exceptional depreciation on the sandstone deposit leads to a proportional reversal of the deferred tax relating to the deposit of EUR 1.2M.

In spite of these losses, with a reduction in working capital requirements, cash outflow from CARRIGRES could be limited to less than EUR 0.1M.

Although it does not foresee any improvement in 2018, the Board of Directors has decided to keep the quarry in operation with reduced fixed costs of around EUR 0.4M per year, counting on a recovery it will be able to respond to.

For 2018, it is banking on turnover and result close to 2017.

REPORTS OF THE BOARD OF DIRECTORS

Holding

To better reflect the presentation used by management and the Board, for the first time and retroactively the expenses of the holding are presented separate from those of the real estate business.

These expenses, which include the expenses of the Brussels office and those related to the consolidation of the financial statements and the stock market listing, total up to EUR 1M, which is lower than they were in 2016. There was one non-recurring charge in 2016. In 2016, there was a non-recurring impairment charge of EUR 0.8M on the i-FINANCE stake (vs EUR 0.1M on the claim on i-FINANCE in 2017).

" Sandstone sales
-52%

HOLDING (EUR k)	2013	2014	2015	2016	2017	Diff.
Revenue from ordinary activities	195	12	43	5	0	(100%)
Recurring operating result	(1,055)	(1,326)	(1,149)	(1,085)	(942)	(13%)
Operating result	(1,055)	(1,326)	(1,149)	(1,927)	(992)	(49%)
Net result (share of the group)	(60)	(293)	(354)	(1,341)	(295)	(78%)

Clos des Musiciens.

Consolidated result

All told, in spite of the loss by CARRIGRES, the operating result before non-recurring items of the Group was stable at EUR 7M (+1%).

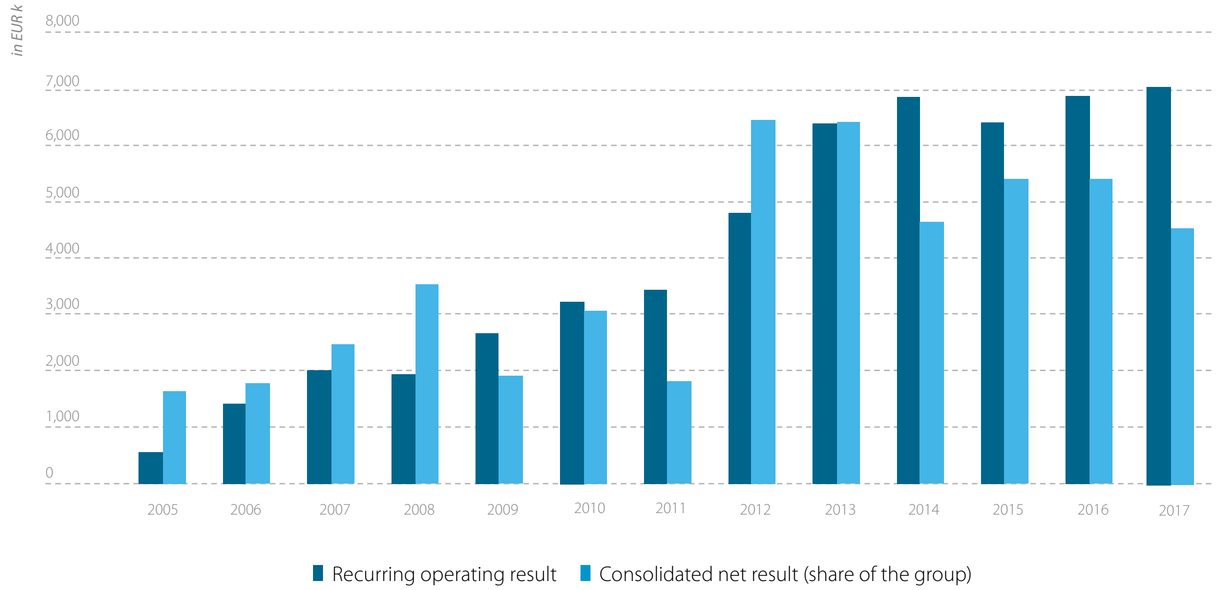
After adjustment for non-recurring items, that is the exceptional depreciation on the sandstone deposit and the CARRIGRES restructuring expenses, the operating result decreased by 45% to EUR 3.4M and the net result (share of the group) by 17% to EUR 4.5M.

This net result is negatively impacted by the financial expenses and positively by the reversal of tax provisions. Financial expenses include exchange losses of EUR 0.6M, primarily on VAT credits in Congolese francs. Current tax includes a reversal of a EUR 1.1M provision, while deferred tax includes a reduction of the provision for deferred tax on the deposit following its exceptional depreciation, of EUR 1.2M and a EUR 1.0M decrease in the provision for deferred tax on the property to bring it in line with their tax value in Congolese francs.

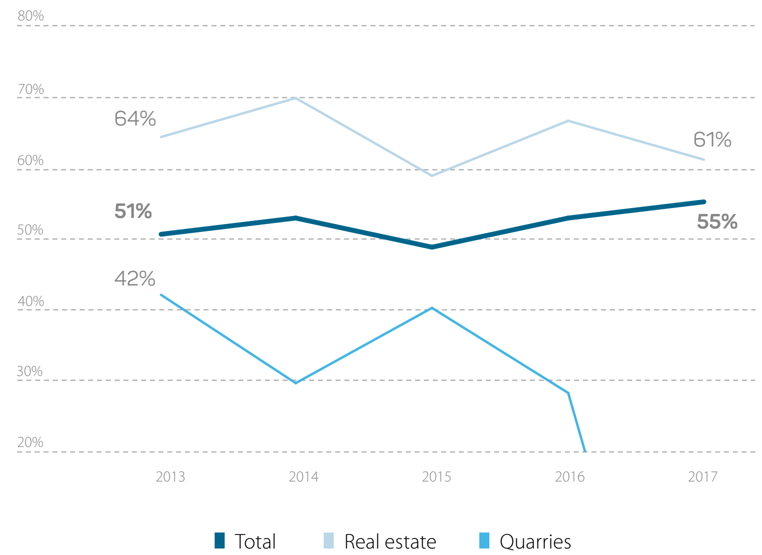
EUR k	2013	2014	2015	2016	2017
Revenue from ordinary activities	18,619	18,927	19,648	18,392	18,208
Other operating income	960	1,167	1,451	1,844	1,493
Recurring operating expenses	(10,139)	(10,075)	(11,501)	(10,496)	(9,663)
Recurring EBITDA	**9,440**	**10,019**	**9,598**	**9,740**	**10,038**
y-1	25%	6%	(4%)	1%	3%
Depreciation allocation	(2,983)	(3,081)	(3,112)	(2,787)	(3,018)
Recurring operating result	**6,457**	**6,938**	**6,486**	**6,953**	**7,020**
y-1	33%	7%	(7%)	7%	1%
Non-recurring operating items	(50)	(271)	(597)	(774)	(3,610)
Operating result	**6,407**	**6,667**	**5,889**	**6,179**	**3,410**
y-1	36%	4%	(12%)	5%	(45%)
Financial expenses	(194)	(593)	(470)	(754)	(1,190)
Other non-operating income	2,799	6	4	3	0
Result before tax	**9,012**	**6,080**	**5,423**	**5,428**	**2,220**
y-1	98%	(33%)	(11%)	0%	(59%)
Current taxes	(2,496)	322	(255)	(73)	75
Deferred taxes	433	(1,610)	282	101	2,255
Net result after tax	**6,949**	**4,792**	**5,450**	**5,456**	**4,550**
y-1	(8%)	(31%)	14%	0%	(17%)
Consolidated net result (share of the group)	**6,479**	**4,685**	**5,456**	**5,454**	**4,542**
y-1	(1%)	(28%)	16%	0%	(17%)
PER SHARE					
Operating result in EUR	2.01	1.88	1.66	1.74	0.96
Consolidated net result (share of the group) in EUR	2.03	1.32	1.54	1.54	1.28
Number of outstanding shares	3,189,330	3,543,700	3,543,700	3,543,700	3,543,700

(*) Recurring EBITDA: recurring operating result before interest, taxes, depreciation and amortization.

CONSOLIDATED RESULT



RECURRING EBITDA
as a % of revenue from ordinary activities



> Recurring operating result stable

Consolidated statement of comprehensive income

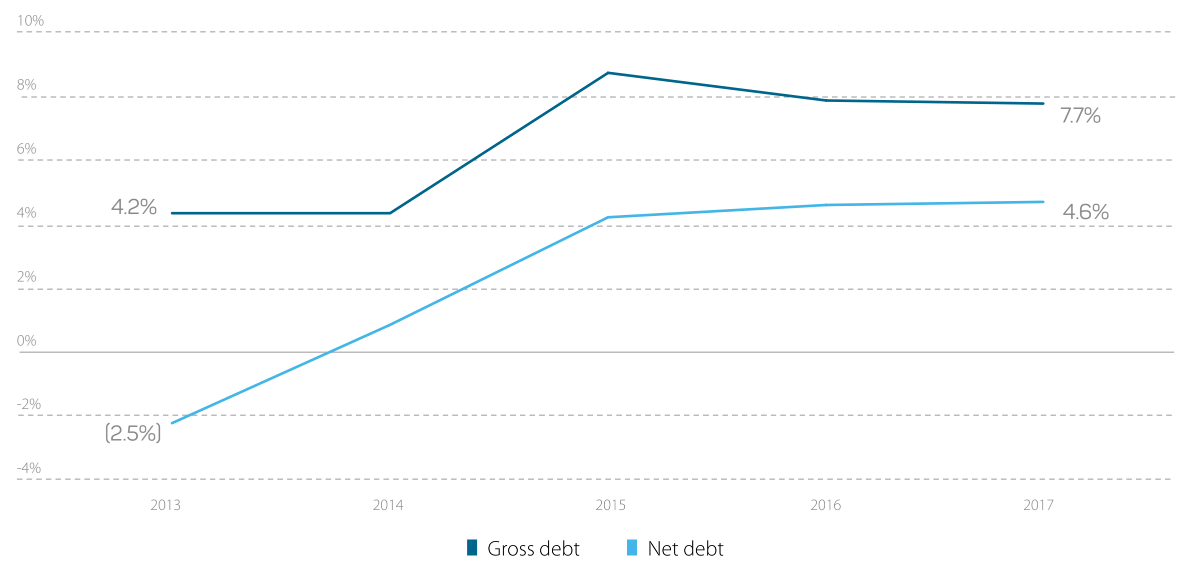
EUR k	2013	2014	2015	2016	2017
Result for the financial year	**6,949**	**4,792**	**5,450**	**5,456**	**4,550**
Variations (after tax) in revaluation reserves	-	-	-	117	0
Variations (after tax) in pension provisions	-	-	(126)	(16)	(52)
COMPREHENSIVE INCOME	**6,949**	**4,792**	**5,324**	**5,557**	**4,498**
ALLOCATED TO:					
TEXAF shareholders	**6,479**	**4,685**	**5,330**	**5,549**	**4,490**
Per share (in EUR)	2.03	1.32	1.50	1.57	1.27
Minority interests	470	107	(6)	8	8

Consolidated balance sheet
(before appropriation of the result)

There is little change in the structure of the consolidated balance sheet. It is characterized by a modest financial debt ratio for a company primarily dealing in real estate. Financial debt* net of cash and cash equivalents was EUR 5.6M as at December 31, 2017, or 7.1% of equity, compared with EUR 5.4M at the end of 2016.

> Impairment of EUR 3.3M on the sandstone deposit

FINANCIAL DEBT
as % of the balance sheet total



December 31

EUR k	2013	2014	2015	2016	2017
ASSETS					
NON-CURRENT ASSETS	**92,749**	**97,344**	**103,995**	**107,866**	**109,125**
Property, plant and equipment	14,216	14,878	14,830	13,728	9,955
Investment property	77,158	81,644	87,880	93,867	99,100
Intangibles	42	32	43	41	23
Other financial assets	1,333	790	1,242	230	47
CURRENT ASSETS	**15,213**	**13,129**	**16,395**	**13,156**	**11,129**
Assets available for sale	-	1,180	1,180	1,180	0
Inventories	4,516	5,026	6,584	4,905	4,769
Receivables	2,171	1,226	1,491	1,114	1,469
Tax assets	634	731	1,190	1,518	919
Cash and cash equivalents	7,216	3,984	5,461	3,911	3,674
Other current assets	676	982	489	528	298
TOTAL ASSETS	**107,962**	**110,473**	**120,390**	**121,022**	**120,254**
LIABILITIES					
EQUITY	**66,728**	**70,964**	**74,587**	**78,099**	**80,167**
Capital	7,857	21,508	21,508	21,508	21,508
Group reserves	49,429	49,136	52,765	56,278	58,338
Minority interests	9,442	320	314	313	321
NON-CURRENT LIABILITIES	**30,883**	**31,211**	**34,531**	**32,240**	**30,716**
Deferred tax liabilities	22,874	22,215	21,866	21,756	19,810
Other non-current liabilities	8,009	8,996	12,665	10,484	10,906
CURRENT LIABILITIES	**10,351**	**8,298**	**11,272**	**10,683**	**9,371**
Liabilities associated with assets available for sale	-	337	337	337	0
Other current liabilities	10,351	7,961	10,935	10,346	9,371
TOTAL LIABILITIES	**107,962**	**110,473**	**120,390**	**121,022**	**120,254**

Cash flow

The group's operating cash flow remains steady at EUR 8.7M. It was used to finance EUR 6.4M in investments and a dividend of EUR 2.3M. The new loans almost offset the repayment of the old loans.

This is in line with the long-term policy of the group to reinvest its operating cash flow, as shown in the table below.

Dividend

The Board proposes increasing the dividend to EUR 2,885,599 or EUR 0.81429 (EUR 0.57 net) per share, an increase of 19%.

" Dividend
+19%

SOURCE OF FUNDS	2013-2017 (IN EUR k)		USE OF FUNDS
Cash flow from operating activities*	50,447	52,158	Investments**
Divestments	4,840	12,914	Tax
Increase in debt	4,250	8,508	Dividends
Increase in capital**	13,746	(297)	Increase in cash and cash equivalents
TOTAL	**73,283**	**73,283**	**TOTAL**

(*) Net of tax
(**) Including the contribution in kind of 50% of Immotex

EUR K	2013	2014	2015	2016	2017
Cash and cash equivalents at the beginning of the year	**4,465**	**7,216**	**3,984**	**5,461**	**3,911**
Cash flow from operating activities after tax	5,970	6,229	6,774	8,331	8,704
Change in working capital	1,129	14	45	335	2
Cash flows from operating activities	**7,099**	**6,243**	**6,819**	**8,666**	**8,706**
Investments	(6,372)	(8,556)	(9,418)	(7,441)	(6,625)
Divestments	3,097	1,230	17	292	204
Cash flows from investment activities	**(3,275)**	**(7,326)**	**(9,401)**	**(7,149)**	**(6,421)**
Dividends	(1,063)	(1,275)	(1,701)	(2,039)	(2,430)
Changes in debts	(18)	(374)	5,762	(1,028)	(92)
Cash flows from financing activities	**(1,081)**	**(1,649)**	**4,061**	**(3,067)**	**(2,522)**
Net increase (decrease) of cash and cash equivalents	**2,743**	**(2,732)**	**1,479**	**(1,550)**	**(237)**
Value adjustment, currency translation differences and changes in scope	8	(500)	(2)	0	0
Cash and cash equivalents at year's end	**7,216**	**3,984**	**5,461**	**3,911**	**3,674**

Visit of the Board of Directors to Kinshasa

In November, all directors and the auditor travelled to Kinshasa to hold a Board meeting. Over four days the directors had the opportunity to visit all the group sites and assess the team's engagement. Meetings were held with external advisors as well as with many businesspeople and decisionmakers. That enables the Board to understand the challenges facing TEXAF and to gain better insight into the risks. A large part of the visit was devoted to the non-profit activities supported by TEXAF.

The Board of Directors wishes to recognize the high-grade work of the teams working in a difficult and sometimes uncertain environment in DRC. It would also like to thank all partners for the trust they have placed in the group.

Events after the reporting period

There were no significant events after the reporting period.

Statement of risk

The Board of Directors wishes to point out that the company's assets are located in the DRC and that the specific environment of the country entails certain risks. There is a lack of governance in DRC. Accounts were drawn up cautiously, based on the assumption of stability in the social-economic and regulatory environment.

TEXAF, whose reference currency is the euro, holds stakes in other companies transacting also in foreign currencies (USD and Congolese franc), so the business is exposed to exchange risks. The Group does not use hedging instruments as the due dates are unpredictable. However, this risk is limited, given the low proportion of these transactions in foreign currencies.

A more detailed presentation of the risks the Group may be exposed to is provided on page 64.

Performance criteria

TEXAF expects to achieve the performance targets in relation to the risk factor of its environment. Real estate and industrial investment projects must fulfil an internal yield criterion greater than the one used by financial companies active in more stable regions. These criteria are reviewed against the development of this environment.

Statement of corporate governance

The statement of corporate governance (see below) is an integral part of the consolidated management report.

Statement of responsibility

We hereby confirm that, to the best of our knowledge, the consolidated financial statements prepared in accordance with applicable accounting standards, are a faithful representation of the financial situation and the results of the company and the undertakings included in this consolidation and that the management report gives a faithful account of the development of business, the results and the situation of the company and the undertakings included in the consolidation as well as a description of the main risks and uncertainties it faces.

In the name of and on behalf of
the Board of Directors

Jean-Philippe Waterschoot
CEO

CORPORATE GOVERNANCE

Adherence to the Corporate Governance Code

The Board regularly examines the compliance of the contents of the charter with applicable laws and regulations. The current version of the charter was approved on November 15, 2017.

This charter confirms the adherence of TEXAF to the Belgian Corporate Governance Code (2009), its principles and virtually all of its guidelines. Some departures are justified due to the size of TEXAF, that is the non-executive directors do not meet without the executive directors (article 4.12) and there are no terms of reference for the executive management (article 6.1).

The Board has also adopted the charters of the Audit Committee and the Nomination and Remuneration Committee.

The full text of the Governance Charter is available on the TEXAF website at www.texaf.be.

The governance report in this 2017 annual report is an integral part of the management report.

The Board of Directors in Kinsuka.

Composition of the Board of Directors

PHILIPPE CROONENBERGHS (1950)

Term of office ends *2021*

Chairman, non-executive

After graduating from University of Antwerp (UFSIA) with a master's degree in applied economic sciences, Philippe Croonenberghs began his career with a three-year posting in Iraq after completing his military duty as a special forces officer. He joined TEXAF in 1985. Put in charge of investments by the shareholder Cobepa, he fulfilled various directorships between 1992 and 2002 within companies such as Ibel, Zénitel, Uco, Aon and Fortales. In 2002, he organized an MBO of TEXAF and, on his initiative and under his direction, TEXAF reoriented its business model, abandoning the heavily loss-making textile business in favor of a real estate business. He has been CEO of TEXAF for 20 years and chairman of the Board since 2017.

DOMINIQUE MOORKENS (1948)

Term of office ends *2020*

Vice-chairman, non-executive

Dominique Moorkens began his career within the Alcopa family group as an automobile dealership manager. He took over as general manager in 1981 and in this role he restructured the group, based on the principles of good governance. The Alcopa group, of which he was CEO and chairman of the board for very many years, is active in the distribution of two- and four-wheeled vehicles. It has turnover exceeding EUR 1.5 billion, generated in Europe and internationally. The group employs more than 2,300 people.

Dominique Moorkens is also a director of Carmeuse. He is involved in numerous organizations dedicated to governance and entrepreneurship; chairman of the Board of Pulse Foundation, director of Guberna. He is honorary consul of the Republic of Korea.

HERMAN DE CROO (1937)

Term of office ends *2019*

Vice-chairman, non-executive

Herman De Croo is the longest-serving member of the Board, which he joined as a director in 1981. His successive terms of office have been interrupted by ministerial appointments: National Education, Communications, Posts & Telecommunications, Pensions, and Foreign Trade. He is honorary mayor of Brakel, East Flanders, Belgium, after being mayor there for several decades. Herman De Croo has been a member of federal parliament without interruption since 1968 and president of the House of Representatives for eight years. He was very active in the advisory committee on European questions and the foreign affairs committee. He chaired the special commission on the financial crisis. He is chairman of CRE-AC, the Research and Expertise Center for Central Africa, chairman of the European Transport Safety Council, founder and chairman of the Veteran Cars Museum Autoworld and chairman of the Cardiological Foundation Princess Lilian. He has been a member of the Flemish Parliament since May 25, 2014.

Herman De Croo has a law degree from Université libre de Bruxelles (ULB). He taught at the University of Chicago (Law School), ULB (public law) and the Vrije Universiteit Brussel (VUB) (Common Law and Civil Law). He is the author of a very large number of publications.

Herman De Croo is very familiar with the Congo, having visited the country on numerous occasions.

VINCENT BRIBOSIA (1960),

representative of Chanic s.a.

Term of office ends *2019*

Independent

Vincent Bribosia has an MA in Law (Université de Liège) and a master's degree in management from CEPAC (ULB). He has also followed executive education programs at the London School of Economics and Harvard Business School. He started his carreer at the Suez-Société Générale de Belgique group where he held various positions, including chief of staff of the CEO, Gérard Mestrallet. He was secretary and member of the Management Board of Société Générale de Belgique and a director of numerous companies, including Finoutremer s.a., Chanic s.a. as well as several unlisted companies. He was also on the staff of the minister for employment (1983-86). In 2000 Vincent Bribosia acquired Suez-Société Générale de Belgique group's stake in Chanic and is now its chairman.

CHARLOTTE CROONENBERGHS (1989)

Term of office ends *2021*

Non-executive

Charlotte Croonenberghs is a Master of Laws (Leuven). After various traineeships (Alpro, Beiersdorf), including four months in the political and economic section of the Belgian Embassy in Bangkok, she gained a master's degree in European business (MEB), graduating magna cum laude from ESCP Europe (Paris and London). She is currently group marketing manager at L'Oréal. She is the daughter of Philippe Croonenberghs.

CHRISTOPHE EVERS (1960)

Term of office ends *2021*

Executive

CFO

After graduating in business engineering at Solvay Brussels School (ULB), Christophe Evers began his career at Umicore. In 1989 he joined Cobepa, where he became CFO and joined the executive committee. In 2001 he joined the executive committee at bpost, with responsibility for business development, real estate and all non Mail and Retail activities. From 2004 to 2010 he was a partner at Drakestar Partners, an investment bank specialized in technology. Christophe Evers is a professor at the Solvay Brussels School and author of several publications.

Albert Yuma and Jean-Philippe Waterschoot.

REPORTS OF THE BOARD OF DIRECTORS

MICHEL GALLEZ (1958)

Term of office ends 2021

Non-executive

A graduate of the Ecole Pratique des Hautes Etudes Commerciales in Brussels, he has a long experience in textiles in Africa. He was first seconded to Kinshasa by the British group Tootal Textiles as financial manager of CPA Zaire and, in 1994, he worked in the Cha group, for which he set up a distribution channel for textile products throughout Africa; he held various posts as financial and general manager and sat on the board of several group companies. He was the last general manager of Congotex and is currently executive director of United Nigerian Textiles, the largest group of textile factories in Nigeria.

DANIELLE KNOTT (1968)

Term of office ends 2021

Independent

Danielle Knott was born in Kinshasa. She is a Master of Laws, graduating cum laude from the Université Libre de Bruxelles, and holds an MBA from the Ecole de Perfectionnement en Management. She was an attorney at law for five years, before joining the Carmeuse Group in the human resources department. Danielle Knott is currently heading this department. Alongside this responsibility in Europe and North America, she is in charge of various assignments entrusted to her by the CEO of Carmeuse. Danielle Knott recently took over the management of a new business unit created in Groupe Carmeuse, in addition to her human resources responsibilities.

PASCALE TYTGAT (1960)

Term of office ends 2021

Independent

A business engineering graduate of Solvay (1983) and IFRS-certified from Université Catholique de Louvain (2005), Pascale Tytgat is statutory auditor (1990). She is founding managing partner of BST Réviseurs d'Entreprises (1991). She has sat on the qualification examination jury of the Institute of Statutory Auditors of Belgium since 2006, and was a member of its Quality Control Commission for 20 years (1995-2016). She has also accomplished many financial expertise assignments in Belgium and France.

JEAN-PHILIPPE WATERSCHOOT (1963)

Term of office ends 2019

Executive, CEO (from May 9, 2017)

A civil engineer who graduated from the Faculty of Applied Sciences at Université libre de Bruxelles (ICME 88), Jean-Philippe Waterschoot began his career at the TEXAF group in Lubumbashi in 1989. He held various operational posts at the UTEXAFRICA textile factory, and was its managing director up to the time when the textile branch merged with Congotex. He is director of the Congolese Employers' Federation (FEC), director and permanent representative of the CBL-ACP Chamber of Commerce, director of several non-profit and business associations in DRC and Advisor in Economic Diplomacy with the Belgian Embassy in Kinshasa. He is an Officer of the Order of Leopold.

ALBERT YUMA MULIMBI (1955)

Term of office ends 2019

Non-executive

Holding a master's degree in applied economics from UCL, since 1983 Albert Yuma has held positions at all administrative levels at UTEXAFRICA until he was appointed managing director, a post he shared with Jean-Philippe Waterschoot until June 2015. An influential figure in the DRC, Albert Yuma is chairman of the Congolese Employers' Federation (FEC), director of the Congolese Central Bank and chairman of the Audit Committee, as well as chairman of Gécamines. He sits on the council of the International Labour Organisation in Geneva and is vice-president of the International Organisation of Employers (IOE). He is a director of the Belgo-Congolese Chamber of Commerce. He is a Commander of the Order of the Crown.

The Board of Directors is composed of 11 directors, of which three are independent directors, two are executive directors and nine are non-executive directors (which includes the two independent directors).

The directors are appointed for a term of four years.

Working of the Board of Directors

The Board of Directors met five times in 2017.

The list of individual director attendance is as follows:

Vincent Bribosia	5	100%
Charlotte Croonenberghs	3	100%
Philippe Croonenberghs	5	100%
Herman De Croo	4	80%
Christophe Evers	5	100%
Michel Gallez	3	60%
Danielle Knott	3	100%
Dominique Moorkens	4	80%
Pascale Tytgat	5	100%
Jean-Philippe Waterschoot	5	100%
Albert Yuma Mulimbi	2	40%

Any absence of a director was for pressing reasons. Their opinions on the key items on the agenda were obtained before the meeting in question.

In the course of its meetings the Board dealt with:

- topics relating to its legal obligations, such as the preparation of financial statements, the annual report, the interim report and the preparation of the General Meetings;
- analysis and application in the company of the IAS/IFRS rules;
- various planned investment projects;
- development of the Kinsuka site;
- management of the real estate portfolio;
- monitoring of CARRIGRES and I-FINANCE;
- improvement of the various aspects of governance;
- legal and physical securing of the group's assets in DRC;
- strengthening the teams and ensuring their safety;
- medium-long-term budget and strategic plan.

All decisions were passed unanimously.

(*) *Vincent Bribosia, representing Chanic s.a.*

Committees of the Board of Directors

AUDIT COMMITTEE

The Audit Committee is formed of Ms. Pascale Tytgat, chair, and Messrs. Philippe Croonenberghs (since May 9, 2017) and Dominique Moorkens. The Audit Committee met three times in 2017.

The work of the Audit Committee was focused on:

- closing the 2016 financial year;
- establishing the situation on June 30, 2017;
- examining the value of the sandstone deposit;
- monitoring the application of the valuation rules, particularly with regard to IAS/IFRS standards;
- monitoring the financial communications;
- monitoring internal control and risk management;
- managing an internal audit assignment on the cash cycle;
- updating the accounting tools and procedures;
- examining the risk matrix.

REMUNERATION AND NOMINATION COMMITTEE (RNC)

The RNC is formed of Ms. Danielle Knott, chair, and Messrs. Vincent Bribosia* and Philippe Croonenberghs (since May 9, 2017). Dominique Moorkens chaired the RNC until May 9, 2017. He is a standing invitee.

The work of the RNC was focused on making recommendations on the following:

- benchmarking the remuneration of the executive directors;
- reviewing the remuneration of the CEO;
- setting the variable remuneration of executive management;
- examining the appropriateness of changing the composition of the Board of Directors;
- setting up a senior management search in a succession planning context;
- examining the appropriateness of changing the composition of the Board of Directors.

REPORTS OF THE BOARD OF DIRECTORS

Process of assessing the Board of Directors

The Board regularly assesses its own performance and the performance of its committees and individual directors. To this end, it uses the toolkit provided by Guberna, the institute of directors. In 2017 the whole Board met in Kinshasa for four days, and took the opportunity to work in more depth on its performance.

Auditor

Deloitte, Réviseurs d'Entreprise SCCRL, represented by Mr. Pierre-Hugues Bonnefoy.

Management

- Jean-Philippe Waterschoot, CEO
- Christophe Evers, CFO
- Etienne Janne d'Othée, finance manager, TEXAF and compliance officer
- Patrice Dudognon, general manager, CARRIGRES, until December 15, 2017

> The Board met four days in Kinshasa

Risk management and internal control systems

The Board of Directors is responsible for maintaining appropriate internal control and risk management systems, bearing in mind the working of the group and the environment in which it operates. The main goal of these systems is to ensure, with a reasonable degree of certainty, that the Board of Directors is informed in good time of advancements in the realization of the strategic, financial and operational targets of the Group, that the financial and non-financial reports are reliable, that the assets of the group are protected and that the liabilities are identified and managed.

The Audit Committee, on behalf of the Board of Directors, monitors the risks and controls and reports its observations to the Board of Directors.

RISK MANAGEMENT

Management identifies and analyzes the risks, which are discussed in the Board of Directors, and their management is assessed by the Audit Committee. The Board of Directors is composed, among others, of an executive member and two non-executive members active in DRC. These assess the main inherent risks of the group and report to the Board.

A summary of the main risks identified is provided on page 64.

INTERNAL CONTROL

The group has implemented a set of policies and procedures to ensure, as far as possible, the rigorous and effective management of its assets, the protection of its portfolio and the quality of information.

The consolidated subsidiaries draw up a consolidated budget every year in compliance with IFRS standards, as well as operating budgets for each legal entity, which serves as a basis of comparison for the year under review. Ir also draws up the detailed monthly accounts with new projections for the ongoing year. These accounts are analyzed by the CEO and the CFO, and commented on to the Board of Directors. The parent company receives the accounts of the subsidiaries every month.

Disputes are monitored by the legal manager based in DRC, who makes regular reports to the Board of Directors.

The double signature principle is applied in the Group systematically.

The internal control measures are constantly reviewed and improved, with procedures defined and some tasks automated.

INTERNAL AUDIT

An internal audit assignment has been entrusted to EY. It examines all aspects of the cash management process in DRC. Various recommendations have been made, and gradually acted upon by management.

Conflicts of interest and insider trading

The Board of Directors was not called upon to pronounce upon any conflicts of interest in 2017.

The following transactions in TEXAF shares were conducted by the following insiders in 2017:

- On September 14, Jean-Philippe Waterschoot sold 100 shares for EUR 3,100 on the stock exchange,
- On September 18, Jean-Philippe Waterschoot sold 120 shares for EUR 3,709 on the stock exchange,
- On September 20, Jean-Philippe Waterschoot sold 300 shares for EUR 9,300 on the stock exchange,
- On September 22, Jean-Philippe Waterschoot sold 480 shares for EUR 14,875 on the stock exchange.

"Champ de Coton".

Elements that may have an impact on a take-over bid.

There is only one class of shares and there are no restrictions on the transfer of shares or the exercise of the voting right.

A change of control would not trigger the loss of any right of the company, not any new liability.

The company no longer has any authorized capital.

On August 29, 2017 the company declared to the FSMA (art. 74 TOB law):

TOTAL SHARES ISSUED	**3,543,700**	**100%**
Holders:		
Société Financière Africaine	2,212,765	62.42%
Middle Way Ltd	354,370	10.00%

Société Financière Africaine is controlled by Chagawirald SCS, which in turn is controlled by Mr Philippe Croonenberghs.

Middle Way Ltd is wholly owned by Member Investments Ltd. The ultimate beneficiary of Members Investments Ltd is CCM Trust (Cayman) Ltd, a trust of the Cha family in Hong Kong.

MANAGEMENT TEAMS

HILARION MWAYESI
Chief Operating Officer of Carrigrès

During 2017, we fulfilled our mission and effectively reduced variable costs. Whilst reorganizing the staff, we took the opportunity to smoothly hand over the reins to our young Executives.

MONINA KIADI
General secretary

The function implies, on the one hand, the processing and administrative follow-up of files that face constant changes in legislation and, on the other hand, the investigation of litigation dossiers, mainly about estates, that are subject to some greedy attacks.

OLIVIER PIROTTON
Financial Manager

After several recruitments, the Financial Department has increased its performance in order to provide more reliable, more accurate and faster information. This requires improving the team's capabilities and their training, explaining the issues so that the vision is clear and shared by all, automating what can be, and formalizing different types of control.

JESSICA DE LAVELEYE
Commercial Manager of Real Estate

A relaxing and friendly environment is a key benefit for the client. We offer not only high-quality housing but also a beautiful setting and services that are fitting for these homes.

PAOLO BARRIL
Commercial Manager of Carrigrès

Listening, analysis, study, responsiveness, guidance and innovation are essential qualities to remain competitive against fierce competition, falling prices and a shift towards a more informal sector.

OLIVIER POLET
Technical Manager Real Estate

In order to manage and maintain the vast real estate of TEXAF, it is necessary to constantly adapt operating strategies, optimize working methods, improve on quality, safety and environment and ensure compliance with ruling standards.

ROGER AKALA
Manager Human Resources

The efficient contribution of human resources is a major asset in the transformation process of the company. And to achieve this, the selection is rigorous in order to track down human capital, and then nurture it to make it able to participate in management and answer client needs.

REMUNERATION AND NOMINATION COMMITTEE (RNC) REPORT

Nominations

The General Meeting of May 9, 2017 adopted the following resolutions:

- Nomination of two new directors: Danielle Knott and Charlotte Croonenberghs
- Renewal of the terms of office of Pascale Tytgat, Herman De Croo, Christophe Evers, Philippe Croonenberghs and Michel Gallez

At the end of the General Meeting of May 9, 2017, the Board of Directors:

- Appointed Philippe Croonenberghs chairman of the Board of Directors in succession to Dominique Moorkens.
- Appointed Jean-Philippe Waterschoot CEO of the Board of Directors in succession to Philippe Croonenberghs.
- Herman De Croo and Dominique Moorkens were appointed vice-chairmen of the Board of Directors.

No term of office expires on the date of the General meeting of May 8, 2018.

Non-executive directors

The remuneration of the executive and non-executive directors of TEXAF is reviewed on an annual basis by the RNC before being submitted to the Board of Directors. The remuneration report is approved by the General Meeting. Some proposals are the exclusive responsibility of the General Meeting (see below).

REMUNERATIONS AND OTHER BENEFITS

The remuneration rules and gross amounts of non-executive directors are as follows:

- A fixed part of EUR 12,000 per non-executive director per year paid during the period in which the director was in office.
- A supplement of EUR 6,000 to the chairman, EUR 5,000 to the chairman of the Audit Committee and EUR 3,000 to the chairman of the RNC.
- An attendance fee of EUR 1,000 per meeting of the Board or Committee.
- The executive directors are not remunerated, with the exception of their executive duties.

From May 9, 2017 the remuneration of the chairman of the RNC is EUR 5,000 gross.

Messrs. Gallez and Yuma have waived their remuneration.

The company has taken out insurance to cover the activities of the members of the Board of Directors as part of their duties.

The duties of the non-executive director do not attract variable remuneration, stock option rights or an extra-legal pension plan.

However, on the proposal of the RNC, the Board of Directors, in acknowledgement of the temporary discrepancy between the (investment) decisions and the ensuing results, has decided that Philippe Croonenberghs, who is no longer an executive director (CEO) as of May 9, 2017, will continue to benefit from variable remuneration on the basis of the same calculation as for the executive directors, albeit in accordance with the following graduated scale: 100% on the 2017 result, 75% on the 2018 result and 25% on the 2019 result. The calculation method is explained below in the section on the remuneration of executive directors. The basic tranche for calculating his variable remuneration is EUR 22,500. He continues to benefit from a company vehicle.

On the other hand, the rule that the RNC must be composed of a majority of independent directors precludes the nomination of Dominique Moorkens. Bearing in mind his competence in this field, the Board of Directors wanted him to attend the meetings as a standing invitee and he will be remunerated in the same way as the members of the RNC.

SUMMARY OF THE REMUNERATION OF THE EXECUTIVE DIRECTORS IN 2017

IN EUR	Fixed remuneration (gross)	Attendance fee (gross)	Variable remuneration (gross)	Total remuneration (gross)
Chanic s.a. represented by Vincent Bribosia	12,000	11,000	-	23,000
Herman De Croo	12,000	4,000	-	16,000
Charlotte Croonenberghs	7,666	3,000	-	10,666
Philippe Croonenberghs	65,805 [1]	8,000	30,969	104,744
Michel Gallez	0	0	-	0
Danielle Knott	10,860	6,000	-	16,860
Dominique Moorkens	15,249	9,000	-	24,249
Pascale Tytgat	17,000	9,000	-	28,000
Albert Yuma	0	0	-	0

(1) Of which EUR 55,972 in salaries that relate to his remuneration as CEO up to May 9, 2017

Executive directors

The remuneration policy for executive directors gives priority to the variable part of the remuneration over the fixed part, which has changed little over the past several years. The calculation formula for variable remuneration means that it is likely to exceed one quarter of the annual remuneration. Furthermore, bearing in mind the regular growth in the results, the criteria for this variable remuneration are not smoothed out over periods of two to three years. As a consequence, in accordance with article 14 of the law of April 6, 2010 (the corporate governance law), this variable remuneration must be explicitly approved by the General assembly when it exceeds one quarter of the fixed remuneration.

The formula for calculating the variable remuneration is based on the growth of two components of the consolidated result compared with the previous year:

- recurring operating result;
- result before tax.

The total amount of the variable remuneration is calculated on the basis of the results of these two components.

The Board may decide, on the proposal of the RNC, to eliminate the non-recurring items the managers have no impact on from these components.

The executive directors are as follows: Jean-Philippe Waterschoot (CEO) and Christophe Evers (CFO).

Jean-Philippe Waterschoot is CEO since May 9, 2017.

Jean-Philippe Waterschoot (CEO) lives in DRC. He is contracted as an employee and, as well as his fixed salary, he is granted the benefits generally granted in expatriate or similar contracts. His employer cost, comprising his benefits and the work performed and remunerated outside of DRC, was valued overall at EUR 335,854 in 2017.

The severance pay is calculated in accordance with the applicable regulations in DRC.

In 2018, the rise in the employer cost for Jean-Philippe Waterschoot is estimated at EUR 33,692.

For the year under review, the variable remuneration of the CEO is calculated on the basis of the formula set out above, with the following parameters:

- The average of the two components gives right to a basis fixed bonus of EUR 15,000 when this component is higher than it was the year before,
- and a supplementary bonus of EUR 3,000 per % improvement.

In 2017 the application of the formula (after elimination of the impact of the write-down on the Carrigrès deposit) gives him the right to variable remuneration of EUR 20,646.

From 2018 his basic bonus will rise from EUR 15,000 to EUR 20,000.

Christophe Evers (CFO), an independent director, benefits from annual remuneration of EUR 155,000 and a life and income loss insurance with a premium of EUR 29,996. He is entitled to a termination penalty equal to one year's remuneration.

For the year under review, his variable remuneration is calculated on the basis of the formula set out above, with the following parameters:

- The average of the two components gives right to a basis fixed bonus of EUR 15,000 when this component is higher than it was the year before,
- and a supplementary bonus of EUR 3,000 per % improvement.

In 2017 the application of the formula (after elimination of the impact of the write-down on the Carrigrès deposit) gives him the right to variable remuneration of EUR 20,646.

If an error is observed in the calculation, the rectification is charged to the following years.

The company has not granted any shares or options to the executive directors.

The RNC will look closely into remuneration that attracts executive directors in the long term (stock options or pension funds) in addition to the variable remuneration linked to annual performance.

Salaried employees

The salaried employees of Texaf SA were granted a bonus for the quality of the work performed, specifically for the closing of the accounts, the equivalent of two months' gross remuneration to be paid in the fiscal year 2018.

SUMMARY OF THE REMUNERATION OF THE EXECUTIVE DIRECTORS IN 2017

IN EUR	Employer cost	Variable remuneration	Pension plan	Company vehicle	Total
CEO	335,854	20,646	In accordance with DRC law	Yes	356,500
CFO	155,000	20,646	29,996	Yes	175,646

03 Corporate social responsibility

CORPORATE SOCIAL RESPONSIBILITY

The TEXAF group wishes to support, as best it can, development projects in the DRC that, while not necessarily directly connected to its corporate purpose, do contribute to the image that it wishes to project.

In a spirit of full transparency, in 2012 the TEXAF Board of Directors proposed that the budget allocated to all projects be submitted to the General Meeting.

Every year it reports on the impacts of the group's efforts in this area, which are not necessarily financial in nature.

In 2017 the Group supported the same five projects that it has supported for several years now.

- The goal of the first is to improve the quality of life of the inhabitants of Lodja and the surrounding region. Badly hit by successive wars and pillaging, the area suffers from high unemployment and the accompanying ills (including malnutrition and violence). The project is headed by Pierre-Albert Ngueliele and Béatrice Yseboodt, and is primarily focused on education and training.
- The second project works to improve health care in DRC, particularly the care of children with serious but curable pathologies through surgery and medical treatment. This project is run by CHIRPA, a NGO formed by Chaîne de l'Espoir Belgique, Chaîne de l'espoir RD Congo and Espoir de vie.
- The goal of COMEQUI, the third project, is to give farmers in Kivu the means to start up sustainable development activities to increase their income and meet the needs of their family (sending their children to school and paying for health care).
- In the fourth project, Ndako Ya Biso, the group supports the work of Jean-Pierre Godding sj in the Ngaba district of Kinshasa.
- Lastly, the group is the head sponsor of Kinshasa's main cultural center, Espace Texaf Bilembo, which aims to draw attention to contemporary Congolese artists through temporary exhibitions and to hold workshops for 12-18-year-olds to teach them about their roots (Bilembo is a Lingala word that carries this meaning), the country's agricultural resources and the challenges involved in sustainable development.

School "Petit d'Homme" in Lodja.

Comequi
www.comequi.org

The main goal of Comequi, a Belgian non-profit organization, is to provide rural inhabitants on the banks of Kivu lake with the means to start up sustainable development activities to increase their income and improve their quality of life.

The main Comequi campaigns in 2017 are briefly presented below.

- **Support for coffee growers**
  Within the framework of the development of the coffee industry and durable development, Comequi has provided organizational, accounting, harvesting and sale assistance to the Amka cooperative. A young Belgian bio-engineer spent one year on site, fulfilling coordination and logistical analysis duties with regard to the cleaning station, tools (transport and trainers), nurseries and community fields.
  The 2017 season was less good than the previous year. This is due to the coffee cycle (one good year followed by two average ones).
- **Launch of a Coffee Academy**
  After a year of work and negotiations with local agronomists, the decision was taken to open a Coffee Academy. The goal is to help train the coffee growers of Kivu by means of a course involving both practice and theory, capitalizing on the region's potential resources. The Coffee Academy opened in November 2017, with the first module, a month-long course on good agricultural practice that was attended by 30 coffee growers and agronomics students. The program will be continued in 2018 with additional modules scheduled.
- **Beekeeping course**
  Coffee bushes and beekeeping go well together In October 2017 a local beekeeper gave a third course. This involved making hive frames and rolling out support to the local population.
- **School vegetable gardens and canteens**
  In total, eight vegetable gardens were set up in the schools. Four of them are now independent. Two school canteens were fitted out, one of them a permanent structure serving students one balanced meal per week. This canteen was opened to great fanfare in the presence of the governor of South Kivu.

- **Embroidery school**
  A first class in an embroidery course was given by an embroiderer from Minova as part of training to help the spouses of coffee growers to become more independent. A great success, it will be followed by a second session soon.
- **Book library, toy library and cinema**
  Great use was made of the library, with regular reading sessions by primary and secondary students from local schools, children's books activities, recreational workshops taken by our local coordinator during the school holidays and the opening of a well-stocked toy library. The cinema, which has run out of fuel, is due to receive additional support.
- **Minova hospital**
  A new maternity wing was built with private funds ($150,000). It's operational since the end of 2017 and the first babies were born there on 25 December.
  A new Belgian doctor coordinates medical training and the transport of equipment together with the local management. Construction of the new surgery wing has been ongoing since mid-2017 and should be completed by mid-2018.
- **Training center**
  Two large training rooms to hold more than 60 people are being built within the guest house compound to host local training initiatives. The embroidery school has already opened. It has been used virtually continuously since April 2017.

Noticeable events have made a mark ont his year:

- On March 6, 2017, Château du Lac in Genval was the magical setting for the organization's annual party, an exceptional and varied evening. Music, comedy and African rhythms were mixed with unique reports about our coffee cooperative and development assistance projects. Kody, who is sponsoring Comequi, was there to help create a great atmosphere!
- Bike for Comequi May 28, 2017 - June 4, 2017. A hundred Belgian participants, cyclists and accompanying personnel, covered the 170km course around the Kivu lake. It was a week of great experiences in which the participants really got to know each other against the backdrop of a wonderful scenery. As well as raising a lot of funds for Comequi, the event also raised Comequi's profile, as it was widely covered in the local and Belgian press.
- There were three volunteer missions during 2017, in February, May and November.

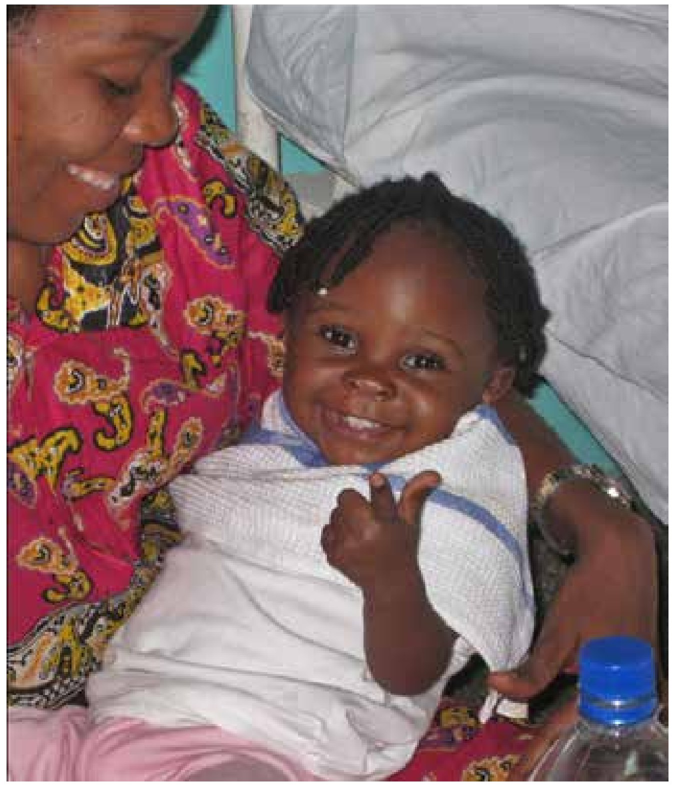
Chirpa
www.chirpa.org

For the past 10 years, the NPO CHIRPA (Chirurgie Pédiatrique en Afrique) has been helping Congolese pediatricians save children with heart or urological deformities.

Hundred children travelled abroad for surgery with the help of Chaine de l'Espoir-Belgique.

Hundred twenty-three children benefited from palliative or reparatory surgery in Congo, through international missions in association with Congolese doctors.

The goal is always to have Congolese doctors carry out these procedures locally. With that in mind, CHIRPA is also working on transferring skills between the Belgian and Congolese teams, as well as support for a new pediatric surgery and palliative care pavilion at the Ngaliema Clinic in Kinshasa, which is funded by the Congolese government and the First Lady.



CORPORATE SOCIAL RESPONSIBILITY

Texaf-Bilembo

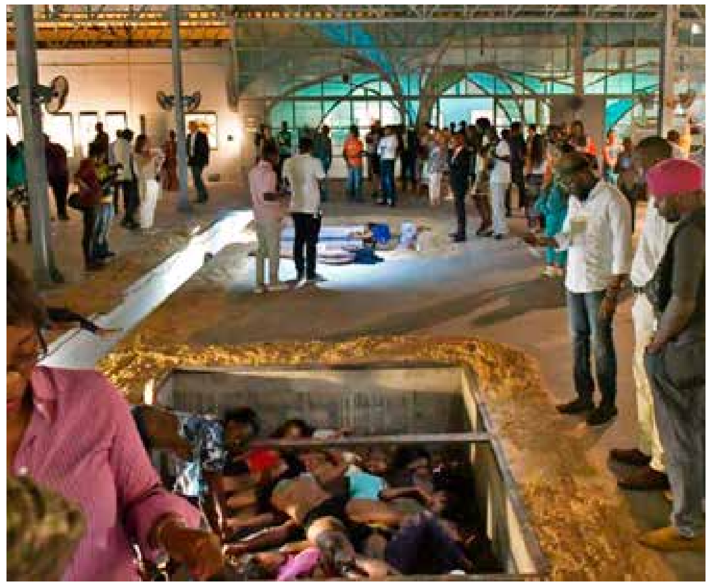
www.texaf-bilembo.org

The TEXAF-BILEMBO contemporary art center was invaded in 2017 by Steve Bandoma, whose show, "Possession", featured striking works with banana skins and other slippy objects; crowds of people who came to pay homage to the master were confronted by his communal grave of professional models, which asked disturbing questions. The walls were covered in hard-hitting works. A catalogue was also published in partnership with Parisian art gallery Angalia. JC Lofenia, a popular painter, exhibited his work on the theme of "In Search of Lost Time", an underlying critic of humanity under the heel of technology and fashion. And Hassan Tshamala displayed monumental wood sculptures with the title "The last wood of the Belgians". These sculptures are memorials to the almost hundred-year-old trees that used to line Kinshasa's main avenues.

2017 was a very giving year in terms of the environment. TEXAF BILEMBO opened a new studio on biodiversity, protected species and the carbon footprint we leave on our planet. It has been well received by Congolese, Belgian and US school students. The European Union picked up the baton organizing a roundtable, "Beyond the Elephants", as part of its 11th EDF program supporting protected areas. The year ended with a major gathering of the European Economic Circle and a lecture on the international climate processes, and the achievements of the Berlin COP.

A complete inventory was made of the work of contemporary artists and ethnographic objects to establish the value of the organization's holdings. A Young Talents competition was launched with the support of CFAO and Angalia art gallery in Paris to find new stars and encourage the making of art.

TEXAF-BILEMBO also hosts a Christmas concert with Kinphonik and a school of music and songs (Muzik'All).



TEXAF-BILEMBO took part in the fifth Festival of Books and presented the play "Kadogo" and educational workshops on "Young people's literature and the environment". It hosted the second "Alimenterre" festival, with screenings of films on agriculture and the "Rural Pride" photo exhibitions.

TEXAF-BILEMBO welcomes friends of the cinema while it also houses a bookshop and a library. It gives talented people, artisans and authors the chance to present their wares, with local products by female entrepreneurs.

Alongside TEXAF, the cultural center is supported by other businesses: CFAO, ADVANS Banque, VODACOM and BRACONGO. The new NPO Les Amis de TEXAF-BILEMBO, which has been set up in Belgium, has become the supporter of choice.

The TEXAF-BILEMBO website is now operational and is a wonderful shop window for the center.

Alongside TEXAF-BILEMBO, the TEXAF group also hosts Kin'Art Studio, a collective of internationally renowned Congolese artists headed by Vitshois Mwilambwe Bondo, which set up their studios in the old factory, previewing the exhibition, which will arrive in Europe in 2018.

Sankuru Yema-Yema

Sankuru province in the interior of Congo, once part of the province of Kasaï-Oriental, is one of the country's remotest regions. Covering almost 100,000km², this province is severely lacking in electricity, running water and good roads.

Pierre-Albert and Béatrice Nguelielé have launched numerous projects to drive development in the province, with the support of the TEXAF group, including use of its premises in the city of Lodja. Pierre-Albert enjoys great authority in the region as a pastor and the leader of civil society which ensures that the initiatives find an echo.

The main development in 2017 were as follows:

- **"Petit d'Homme" nursery and primary school**
  This school is attended by 160 children, with a full curriculum on offer. It is on the way to becoming financially independent and self-managed.
- **"Pierre et Béa" secondary school**
  A hundred or so students are enrolled in this secondary school, which offers six years of study. The first students have already taken their state exams.
  A new permanent building has been opened. It has a computer room with 50 computers, a first for the region. The computer room is open in the afternoon to other schools in the city and students of Lodja's Higher Institute of Commerce, another initiative of pastor Pierre-Albert. Many projects are lined up for 2018, including the replacement of the library, the construction of a canteen and the planting of a fruit orchard by the students. One project that has just been finalized is the installation of solar panels by Energy Assistance, a Belgian NPO, which creates a valuable source of electricity.
- **School for Mothers**
  Two hundred mothers have already followed reading and writing, household budgeting and embroidery courses, which are given by four volunteers and two trainees. Thirty of them have earned their diploma and the first of them have found a job in the public sector.
- **Agriculture**
  The cultivation and distribution of rice seeds of an improved variety in Lodja and the surrounding region have been the main agricultural business over the past six years. This has set a benchmark and seeds are now sold to international organizations programs. Another business is the Londa Development Center, which helps farmers and small associations and has established 12 fish-farming ponds. Its next project is the planting of trees to breed caterpillars, which are a popular addition to the local diet and can reduce poaching and deforestation.

CORPORATE SOCIAL RESPONSIBILITY

Ndako Ya Biso

www.streetchildrenofkinshasa.com

NDAKO YA BISO ("Our home" in Lingala) is an initiative of the Communauté de Chemin Neuf, which was formed in 2004 and is headed by Father Jean-Pierre Godding sj. Comprising 46 employees and 16 volunteer mothers, it has been set up to help abandoned children on the streets of Kinshasa and return them to their families.

NDAKO YA BISO runs two reception centers, one for boys and one for girls, a drop-in center for young destitute adults and a vocational training center.

It also has seven meeting places in the very popular municipalities of Makala, Ngaba and Lemba in Kinshasa.

The reception centers for boys and girls were opened in 2005 and 2012 respectively. All told, they welcomed 172 children in 2017.

At the end of a sometimes long and difficult process, 209 children were returned to their families (126 boys and 83 girls) in 2017 and just 19 children returned to the streets, a 91% success rate.

The drop-in center also assisted 221 young adults.

All children registered in the centers are given free care in the dispensary, which is run by two specialist nurses.

Returning children to their families is not an end in itself. This activity needs to be strengthened in the long term. NDAKO YA BISO has developed a range of initiatives:

- Schooling for children;
- Vocational training;
- Access to microcredit (228 open applications in 2017 in a total amount of USD 13 k);
- Loans for rent deposits to help people find a better home (26 families benefited from this program in 2017);
- Regular follow-up visits (3,400 home visits and 1,769 school visits made by 9 youth workers in 2017 for 690 children);
- Parent gatherings to share experiences and advice with regard to education, training and conflict management (14 meetings for 277 parents).

TEXAF group has been supporting this initiative since 2011 and offers concrete opportunities to the young people it trains, including contracts of employment in some cases.

04 Annual accounts

IFRS consolidated financial statements at December 31, 2017

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

IN EUR k	Note	2015	2016	2017
ASSETS				
Non-current assets				
Property, plant and equipment	6	14,830	13,728	9,955
Investment property	7	87,880	93,867	99,100
Intangibles	8	43	41	23
Other non-current financial assets	10	1,242	230	47
		103,995	**107,866**	**109,125**
Current assets				
Assets held for sale	11	1,179	1,179	-
Inventories	11	6,585	4,905	4,769
Clients and other debtors	11	1,491	1,114	1,469
Tax assets	11	1,190	1,518	919
Cash and cash equivalents	11	5,461	3,911	3,674
Other current assets	11	489	529	298
		16,395	**13,156**	**11,129**
TOTAL ASSETS		**120,390**	**121,022**	**120,254**
EQUITY				
Parent's shareholders equity				
Share capital	12	21,508	21,508	21,508
Reserves		52,765	56,278	58,338
		74,273	**77,786**	**79,846**
Minority interests		314	313	321
TOTAL EQUITY		**74,587**	**78,099**	**80,167**
LIABILITIES				
Non-current liabilities				
Bank loans	13	7,699	6,766	6,588
Non-current provisions	15	814	-	-
Post-employment benefit liabilities	16	528	602	746
Deferred tax liabilities	17	21,866	21,756	19,810
Other non-current liabilities		3,624	3,116	3,572
		34,531	**32,240**	**30,716**
Current Liabilities				
Liabilities linked to assets held for sale		337	337	-
Bank loans	13	2,248	2,152	2,239
Suppliers and other current creditors	18	4,241	3,809	3,297
Other current liabilities		4,446	4,385	3,835
		11,272	**10,683**	**9,371**
TOTAL LIABILITIES		**45,803**	**42,923**	**40,087**
TOTAL LIABILITIES AND EQUITY		**120,390**	**121,022**	**120,254**

The notes constitute an integral part of the consolidated financial statements.

Consolidated income statement

Year closed on December 31

IN EUR k	Note		2015		2016		2017
Revenue from ordinary activities	19		19,648		18,392		18,208
Operating charges			(15,210)		(14,308)		(16,291)
Raw materials and consumables		(3,434)		(1,155)		(972)	
Changes in inventory		1,371		(194)		(151)	
Personnel	20	(4,455)		(3,466)		(3,430)	
Depreciation allocation	21	(3,112)		(2,787)		(3,018)	
Impairments	22	(46)		(1,018)		(3,328)	
Other operating charges	23	(5,534)		(5,688)		(5,392)	
Other operating income	24		1,451		2,095		1,493
Operating result			**5,889**		**6,179**		**3,410**
Result on disposal of non-current assets			-		3		-
Financial expenses	26		(470)		(767)		(1,190)
Financial income			4		13		-
Income before tax from continuing operations			**5,423**		**5,428**		**2,220**
Income tax	27		27		28		2,330
Net income for the year			**5,450**		**5,456**	**0**	**4,550**
Allocated to:							
Shareholders of the parent company			5,456		5,454		4,542
Minority interests			(6)		2		8
			5,450		5,456		4,550
Result per share: result allocated to shareholders of the parent company (in euro per share based on the weighted average number)	28						
– basis			1.54		1.54		1.28
– diluted			1.54		1.54		1.28

Consolidated statement of comprehensive income

Year closed on December 31

IN EUR k	Note	2015	2016	2017
Income for the financial year		5,450	5,456	4,550
Changes (after tax) to revaluation reserves of intangible assets (1)		-	117	-
Actuarial changes (after tax) to post-employment liabilities (1)	16 and 17	(126)	(16)	(52)
Comprehensive result		**5,324**	**5,557**	**4,498**
Allocated to:				
Shareholders of the parent company		5,330	5,549	4,490
Minority interests		(6)	8	8
		5,324	**5,557**	**4,498**

(1) These items of the comprehensive result can be subsequently recycled in net result: for changes to the revaluation reserves of intangible assets and investment property at the time of any disposal and for actuarial changes to post-employment liabilities at the time of the retirement of the persons involved.

The notes constitute an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

IN EUR k	To shareholders of the parent company				Minority interests	Total equity
	Share capital	Consolidated reserves	Revaluation reserves	Translation differences		
Balance at December 31, 2014	21,508	44,609	4,470	57	320	**70,964**
Income for the financial year 2015	-	5,456	-	-	(6)	5,450
Other items of the comprehensive income	-	(126)	-	-	-	(126)
Changes to consolidation scope	-	-	-	-	-	0
Dividend distributed	-	(1,701)	-	-	-	(1,701)
Balance at December 31, 2015	21,508	48,238	4,470	57	314	**74,587**
Income for the financial year 2016	-	5,454	-	-	2	5,456
Other items of the comprehensive income	-	(16)	111	-	6	101
Changes to consolidation scope	-	-	3	-	(9)	(6)
Dividend distributed	-	(2,039)	-	-	-	(2,039)
Balance at December 31, 2016	21,508	51,637	4,584	57	313	**78,099**
Income for the financial year 2017	-	4,542	-	-	8	4,550
Other items of the comprehensive income	-	(52)	-	-	-	(52)
Dividend distributed	-	(2,430)	-	-	-	(2,430)
Balance at December 31, 2017	21,508	53,697	4,584	57	321	**80,167**

The notes constitute an integral part of the consolidated financial statements.

Changes 2015
In 2015 the provision for pension liabilities was changed on the basis of new actuarial assumptions for an amount net of tax of EUR 126 k (notes 16 and 17). This amount is included in the comprehensive income.

The reserves on December 31, 2015 include an untaxed capital gain of EUR 7,394 k. This amount has not changed compared with the financial year 2014. This reserve will continue not to be taxed as long as it retains its status.

The distributed dividend of EUR 1,701 k concerns the result for the financial year 2014.

Changes 2016
There was a positive change to the revaluation reserves of EUR 114 k, while there was a negative actuarial change to the post-employment liabilities of EUR 16 k (notes 16 and 17). These amounts are included in the comprehensive income.

Minor changes to reserves and minority interests result from a small increase in the stake in LA COTONNIERE.

The distributed dividend of EUR 2,039 k concerns the result for the financial year 2015.

Changes 2017
There was a negative actuarial change net of tax to post-employment liabilities of EUR 52 k (gross EUR 80 k, tax EUR 28 k) (notes 16 and 17). This amount is included in the comprehensive income.

The distributed dividend of EUR 2,430 k concerns the result for the financial year 2016.

Consolidated statement of cash flows

Year closed on December 31

IN EUR k	Note	2015	2016	2017
Cash, cash equivalents and bank overdrafts at opening		**3,984**	**5,461**	**3,911**
Cash flow from operating activities				
Cash from operations	29	8,675	9,871	9,219
Interest paid	25	(345)	(331)	(588)
Interest received		4	12	-
Income tax (1)	26	(1,515)	(886)	75
		6,819	**8,666**	**8,706**
Cash flow from investment activities				
Acquisition of an affiliated company (net of acquired cash and cash equivalents)		-	-	-
Acquisition of intangible assets		(25)	(15)	(1)
Acquisition of property, plant and equipment and investment property	6 and 7	(9,306)	(7,426)	(6,609)
Income from the disposal of property, plant and equipment and investment property	6 and 7	-	93	6
Income from the disposal of financial assets		1	-	-
Reduction in loans granted to third parties		-	190	190
Reduction (increase) in other financial assets		(71)	9	(7)
		(9,401)	**(7,149)**	**(6,421)**
Cash flow from financing activities				
Dividends to shareholders of the parent company	28	(1,701)	(2,039)	(2,430)
Increase in loans	13	4,691	1,724	2,300
Repayment of loans	13	(467)	(1,252)	(2,392)
Changes to short-term bank loans	13	1,538	(1,500)	-
		4,061	**(3,067)**	**(2,522)**
(Reduction)/increase in cash, cash equivalents and bank overdrafts		**1,479**	**(1,550)**	**(237)**
Addition to (removal from) the consolidation scope		**(2)**	**-**	**-**
Split of Imbakin		**(500)**	**-**	**-**
Cash, cash equivalents and bank overdrafts at closing		**5,461**	**3,911**	**3,674**
Of which TEXAF SA		2,706	1,919	1,841

(1) The amount of tax on the result in 2017 is the difference between the tax paid of EUR 990 k and the reversal of a provision of EUR 1,065 k.

The notes constitute an integral part of the consolidated financial statements.

1. General information

TEXAF is a public company registered and domiciled in Belgium. Its registered office is at Avenue Louise 130A, 1050 Brussels.

TEXAF was formed on August 14, 1925.

TEXAF is an investment company listed on Euronext with industrial, financial and real estate interests in the Democratic Republic of Congo.

The consolidated balance sheets and income statements were adopted by the Board of Directors on February 20, 2018 and the IFRS accounts (including the appendices) were adopted by the Board of Directors on March 20, 2018. They are expressed in EUR k, unless stated otherwise.

When the measurement of certain assets or liabilities has required the use of estimates or assumptions, management has always only used the cautious assumptions in order to protect against the risks related to the economic, social and regulatory environment inherent to the Democratic Republic of Congo (DRC) where all of the Group's operating activities are located.

These financial statements have been prepared on the basis of the IFRS, as adopted by the European Union for the preparation of consolidated accounts in 2017.

The accounting policies used are in continuity with those used to prepare the financial statements on December 31, 2016.

The following new standards, amendments to the standards and interpretations are compulsorily applicable for the first time in the financial year beginning on or after January 1, 2017, but the changes are not significant or relevant to the TEXAF Group:

- Annual improvements to IFRS, 2014-2016 cycle: Amendments to IFRS 12 (applicable to annual periods beginning on or after January 1, 2017, but not yet endorsed in the EU)
- Amendments to IAS 7 Cash flow statements – Initiative concerning the information to be provided (applicable to open annual periods from January 1, 2017)
- Amendments to IAS 12 Income taxes – Recognition of deferred tax assets for unrealised losses (applicable to annual periods beginning on or after January 1, 2017)

The following new standards, amendments to the standards and interpretations have been published and adopted by the European Union but are not yet compulsory for financial years beginning on or after January 1, 2017. The TEXAF Group does not plan to adopt them early, but has analyzed the impact of the standards on the consolidated financial statements of the Group: IFRS 9 Financial instruments and the related amendments (applicable to annual periods beginning on or after January 1, 2018), IFRS 15 Revenue from Contracts with Customers (applicable to annual periods beginning on or after January 1, 2018) and IFRS 16 Leases (applicable to annual periods beginning on or after January 1, 2019 and has concluded that they have no significant impact.

- Annual improvements to IFRS, 2014-2016 cycle: Amendments to IFRS 1 and IAS 28 (applicable to annual periods beginning on or after January 1, 2018, but not yet endorsed in the EU)
- IFRS 9 Financial instruments and related amendments (applicable to annual periods beginning on or after January 1, 2018)
- IFRS 14 Regulatory Deferral Accounts (applicable to annual periods beginning on or after January 1, 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable to annual periods beginning on or after January 1, 2018)
- IFRS 16 Leases (applicable to annual periods beginning on or after January 1, 2019)
- IFRS 17 Insurance Contracts (applicable to annual periods beginning on or after January 1, 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Share-based payment (applicable to annual periods beginning on or after January 1, 2018, but not yet endorsed in the EU)
- Amendments to IFRS 4 Application of IFRS 9 Financial instruments with IFRS 4 Insurance Contracts (applicable to annual periods beginning on or after January 1, 2018)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable to annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Annual improvements to IFRS, 2015-2017 cycle (applicable to annual periods beginning on or after January 1, 2019, but not yet endorsed in the EU)
- Amendments to IAS 19 Plan amendment, curtailment or settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

The TEXAF Group does not plan to early adopt the standards, amendments to standards and interpretations that will be compulsory from 2018.

The Group assesses the impact of the above standards, interpretations and amendments on a continual basis.

2. Consolidation scope

On December 31, 2017 the Group is made up of TEXAF SA and a set of subsidiaries and associates, totaling nine entities registered in Belgium or the Democratic Republic of Congo (DRC).

As of today, as well as the parent company TEXAF SA, eight companies are fully consolidated.

CONGOTEX (in liquidation) is still recognized using the equity method.

Company	City	Activity	Functional currency	% net financial stake at December 31, 2015	% net financial stake at December 31, 2016	% net financial stake at December 31, 2017
1. FULLY CONSOLIDATED COMPANIES						
Anagest	Brussels	Holding	EUR	98.90%	98.90%	98.90%
Carriaf in liquidation	Brussels	Holding	EUR	99.99%	99.99%	99.99%
Carrigrès	Kinshasa	Sandstone quarry	EUR	99.99%	99.99%	99.99%
Cotex	Kinshasa	Real estate	EUR	98.90%	98.90%	98.90%
Estagrico	Kinshasa	Real estate	EUR	100.00%	100.00%	100.00%
Immotex	Kinshasa	Real estate	EUR	99.76%	99.76%	99.76%
La Cotonniere	Kinshasa	Real estate	EUR	94.10%	94.44%	94.46%
Utexafrica	Kinshasa	Real estate	EUR	99.59%	99.59%	99.59%
2. EQUITY-ACCOUNTED						
Congotex in liquidation	Kinshasa	Textile: milling, weaving, printing	USD	43.61%	43.61%	43.61%

3. Risk management

3.1. COUNTRY RISK

The assets of the company are located in DRC, a region lacking in governance, so the particular environment of the country entails risks that can have an impact on the profitability and viability of the activities of the Group. These risks are, among other things, related to the development of the political situation, the creation of new laws, tax policies and changes to government policy or the renegotiation of existing concessions or operating rights Accounts were drawn up cautiously, based on the assumption of stability in the social-economic and regulatory environment.

3.2. OPERATING RISKS

3.2.1. Risks relating to the real estate activity

3.2.1.1. Rental vacancies

The real estate of the Group has historically enjoyed an occupancy rate close to 100%. However, this rate could fall due to saturation of the market, delays in bringing new buildings onto the market or serious political unrest.

3.2.1.2. Defaulting tenants

The Group looks to rent to tenants of good standing, but is exposed to the risk of non-payment or late payment by its tenants.

3.2.1.3. Pressure on prices

The Group expresses its rents in euros and always charges VAT in full on its rents. On the other hand, its competitors express their rents in US dollars and do not always fully charge VAT. This could put downward pressure on the rents of the Group, particularly residential rents, on which VAT cannot be claimed back.

3.2.1.4. Delay or budget overruns for newbuilds

The Group has a policy of regularly investing in new builds or extensive renovations. Delays and/or budget overruns on these projects can have a negative effect on the profitability of the Group and profit growth.

3.2.1.5. Accidents

The Group insures its real estate in accordance with Congolese law at the Société Nationale d'Assurances, which is not generally able to pay out compensation for accidents. So, with the exception of one building insured by an international company, the Group is basically its own insurer.

3.2.2. Risks relating to the quarry activity

3.2.2.1. Power cuts

The quarry activity is highly dependent on the supply of power by the Société Nationale d'Electricité. There are frequent power cuts. Furthermore, there are major fluctuations in voltage on the network. This leads to production stoppages and damage to equipment out of proportion with the duration of these cuts.

3.2.2.2. Breakdowns and accidents

Quarrying is conducted with expensive specialist equipment. In all countries it is subject to the risk of relatively frequent accidents or breakdowns. The operating conditions at our quarry mean it is more susceptible than others to breakdowns and accidents, particularly the instability of the power supply and the abrasiveness of the stone. Furthermore, the time needed to transport spare parts and the shortage of qualified staff mean that repairs take longer and are more expensive than in most other countries.

3.2.2.3. Social risks

The quarry activity is highly dependent on its workers and managers. The Group endeavors to maintain a peaceful social climate and dialogue with the social partners, but the risks of strikes and work stoppages cannot be ruled out.

3.2.2.4. Regulatory risk

The quarry's operating license must be renewed at regular intervals. There is a risk that the renewal conditions imposed by the authorities will change in the future.

3.3. DEPENDENCY RISKS

3.3.1. Key persons

The Group has a small number of senior managers and so is exposed to a risk of unavailability of one or another of these senior managers. This risk is exacerbated by the fact that the recruitment pool for expatriate and local staff is very small in the Democratic Republic of Congo.

3.3.2. Contractors

The Group is dependent on contractors for various services that are critical to its activity, including construction, studies and drawings, equipment servicing and IT services. In the event of a failure of one of these contractors, the replacement possibilities are more limited in the Democratic Republic of Congo than in European countries.

3.3.3. Clients

The Group sells or rents standard real estate and quarry products, so it is relatively easy to replace a client. However, the real estate activity is dependent on international bodies, Western embassies and cooperation agencies that do not depend on the local economy but may decide to withdraw from the country if international relations deteriorate. Furthermore, the quarry historically generates 30-40% of its turnover from road builders, which are very few in number and generally depend on international donations or financing. There have been very few orders over the past three years.

3.4. POLITICAL, LEGAL AND REGULATORY RISKS

3.4.1. Risk relating to changes to economic policy

The Democratic Republic of Congo currently has institutions born of the electoral process and receives a great deal of aid from international bodies. Its economic policy is based on the market economy and private property. However, abrupt political change or even serious political unrest cannot be excluded and these could have a big negative impact on the activities or even the assets of the Group.

3.4.2. Property risks

The two activities of the Group, real estate and quarrying, are directly related to the control of land. All land in the Democratic Republic of Congo belongs to the state and is made available under a regime of renewable 25-year concessions. Up until now, this renewal has always been inexpensive and granted without complication. On the other hand, the risks of sites being illegally occupied and stolen by private interests are very great and the Group is faced with these situations. Although the Group is in a completely clear legal position in all of these cases, it cannot be excluded that it will be temporarily or even permanently dispossessed of some sites.

3.4.3. Legal risks

The Group is a party in many legal actions, virtually all of them related to attempted dispossession as described in point b above. The risks the Group faces in this respect are increased by attempts at collusion by opposing parties with some government officials or magistrates.

3.4.4. Tax and regulatory risks

The Congolese tax framework is highly complex, with more than 400 listed taxes. Furthermore, the regulatory framework is changing fast, generally in the direction of modernization. As a consequence, the administrations concerned do not always apply laws in a transparent and consistent way at all times or for all companies. Tax or regulatory measures are sometimes not adopted or published in full accordance with the constitution or the law, which creates a gray area in their application. The Group may therefore find itself in disagreement with the public administration and the resolution of such disagreement is uncertain.

3.4.5. Transfer risks

The Group's capacity to transfer cash from DRC to the parent company depends on the foreign exchange regulation.

3.5. FINANCIAL RISKS

3.5.1. Exchange risks

The Group works on a daily basis with three currencies - euros, dollars and Congolese francs - but the euro is its functional currency. It is therefore exposed to certain exchange risks in its transactions. The Congolese economy is dollarized to a very great degree, so prices and salaries in Congolese francs are quickly changed to maintain their value in dollars and payments are interchangeable between the two currencies.

93% of rents are expressed in euros; the rest in dollars. The sale prices of sandstone are in Congolese francs or dollars. On the other hand, 64% of cash operating expenses of the Group are in dollars or Congolese francs. The Group is therefore exposed to the risk that the dollar will rise against the euro. A change in the exchange rate between the Congolese franc and the dollar would be quickly offset by the adjustment of prices.

Almost 80% of investment costs are expressed in dollars. The Group is therefore exposed to an increase in its investment costs if the dollar rises against the euro.

On the liabilities side of its balance sheet the Group has a large sum in deferred tax (EUR 18,441 k) on its real estate assets in DRC (see note 17). The tax value of these assets is in Congolese francs, but this tax value is revalued every year by a decree of the finance minister. This tax revaluation coefficient follows the domestic inflation rate in DRC and therefore does not necessarily closely follow the fluctuation in the exchange rate between the Congolese franc and the euro. This could generate differences in deferred tax provisions, as was the case in 2017.

Congolese taxes are recognized in Congolese francs. As a result of its investments, the Group generally has a positive VAT balance and so has a claim against the state in Congolese francs. The exchange value in euros of this claim decreases proportionally to the depreciation of the Congolese franc against the euro. On December 31, 2017, this claim was measured at EUR 1,233 k and the Group recognized an exchange loss of EUR 520 k on this claim during the financial years 2016 and 2017 (see note 26).

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The sensitivity to a euro/dollar exchange rate fluctuation is therefore as follows:

- Income before tax: EUR - 36,800 per percentage point of dollar rise.
- Investment cost: EUR -51,400 per percentage point of dollar rise.
- Cash flow: EUR - 88,200 per percentage point of dollar rise.
- Income after tax and equity: EUR - 23,900 per percentage point of dollar rise.

These sensitivities are linear and symmetrical. They concern only the financial year in which the fluctuation occurs. They therefore only apply to short-term fluctuations. Among other things, they are based on the following assumptions:

- The prices in CDF are adjusted when the USD/CDF rate changes.
- The price structures are not elastic.
- The supply and financing sources remain the same.

Furthermore, the specific sensitivity of a EUR/CDF exchange rate fluctuation on the tax assets is:

- Income before tax: EUR - 12,330 per percentage point fall of the Congolese franc.
- Income after tax and equity: EUR - 7,995 per percentage point fall of the Congolese franc.

These sensitivities are linear and symmetrical. They are based on the balance sheet situation on December 31, 2017, which is expected to change in the course of future financial years depending on VAT returns.

The sensitivity of deferred taxes to a EUR/CDF exchange rate fluctuation is supposed to be offset by the tax revaluation coefficient.

3.5.2. Interest risks

All bank loans are in euros at a fixed rate. On the other hand, cash and cash equivalents are held in euros but invested at variable rates. This investment remuneration rate is currently zero.

The impact of a 100-base point rise in EUR interest rates would be EUR + 36,700 on an annual basis on the result before tax and cash flows and EUR + 23,900 on the result after tax and equity. This impact is linear and only applies to the short term.

3.5.3. Liquidity risks

The policy of the Group is to maintain a relatively large amount of liquidity in euros at European banks at all times.

Furthermore, the repayments of its bank loans are aligned to the cash flows from the projects they finance. However, there is a liquidity risk if these projects are delayed or if the occupancy rate is lower than projected.

The spread in maturity of these loans is stated in note 13.

The Group relies on the availability of bank and other credit for its new investments. If this is not available, the amounts invested and the profit growth rate will be reduced.

3.5.4. Credit risks

The credit risk mainly comes from the exposure to clients. The risk related to unpaid rent is limited, due to the rent guarantees obtained (payment of three months' rent into the lessor's bank account) and the fact that clients pay in advance.

Nevertheless, some Congolese public clients and clients with political connections can be hard to evict in the event of non-payment. The Group has made the decision to recognize the revenue of clients that systematically have problems paying rent only on the basis of payments actually made. As a result of this rule, EUR 14 k in rent was not recognized in 2017 (compared with EUR 117 k in 2016).

The quarry most often makes cash sales, but has also encountered problems with clients who pay on credit.

Furthermore, old historic debts, fully written-off, are monitored specifically by the Board of Directors.

The net value of the clients was EUR 908 k at the end of 2017, including EUR 690 in debts more than 120 days due, one of which related to a single parastate institution of EUR 364 k, which was recently settled. The balance is covered by corresponding rent guarantees of EUR 345 k. The age balance of client debts is stated in note 11.

The allocations to write-downs (net of reversals) on client debts has changed as follows:

EUR 45 k in 2015, EUR 192 k in 2016 and a reversal of (EUR 11 k) in 2017.

4. Significant estimates and accounting judgments

The estimates and judgments used by the Group when preparing its financial statements are continuously updated and are based on historical information as well as other factors, including the anticipation of future events deemed reasonable in view of the circumstances.

In this context, by definition the resulting accounting estimates rarely correspond exactly to the effective results. The estimates and assumptions for which there is a major risk that a significant adjustment in the book value of assets and liabilities will be needed during the following period are analyzed below.

4.1. INCOME TAX

The Group is liable for tax on its income in various territories. The determination of the provision, at the international level, entails a judgment to some degree. In the regular context of the activities, the final determination of the tax expense is uncertain for some transactions and estimates. The Group recognizes a liability for anticipated tax adjustments based on additional tax it expects to be demanded. If the due amount is different from the amount initially recognized, the difference is charged as a tax expense to the income and as a provision during the period during which the amount is determined.

4.2. DEPRECIATION OF ASSETS

Property, plant and equipment and other non-current assets are subjected to a depreciation test every time an event or a change of circumstances indicates that the recoverable value of the asset is lower than its book value For the real estate activity, the measurement is based on the value of the land and the rental yields. For Carrigrès, the measurement is based on the discounting of future cash flows. These calculations require the use of estimates on the size of the deposit, the future cash flow it will generate and the discount rate. In 2017 they led to an impairment of the deposit. However, the future cash flow prospects may continue to deteriorate, leading to further exceptional depreciations.

4.3. PROVISION FOR POST-EMPLOYMENT LIABILITIES

In the absence of a capital market and life assurance policies in DRC, the estimates of actuarial parameters are much more uncertain than they are in more developed economies. In 2017 the Group funded a critical analysis of its calculations by an external expert, which led to a change of life table.

4.4. CLIENT DEBTOR PROVISIONS

The Group sets up provisions for its client debtors that are in arrears on a case-by-case basis. It assesses the capacity and willingness of each of these clients to fulfil its obligations.

5. Segment information

The operating segments constitute the only level of segment information for TEXAF, as the risks and profitability of each entity are strongly linked to the particular economic environment in which it does business.

These segments are real estate, quarries and, since 2017, the holding segment, which was until now included in the real estate segment. This segmentation complies with the one used by management and the Board of Directors.

The geographic segment is limited to the Democratic Republic of Congo, where all the Group's operations are located.

In accordance with IFRS 8, segment information is derived from the internal organization of the Group and is similar to the segments that were used in the previous financial statements, except for the holding segment, which is considered as a separate segment for the first time this year. The data by operating segment follow the same accounting rules as those used for the consolidated financial statements, as summarized and described in the notes to the financial statements. This information is identical to the information presented to the CEO, who has been identified as the "chief operating decision maker", within the meaning of IFRS 8, to make decisions on resources to be allocated and assessments to be conducted on the performance of the segments.

5.1. SEGMENT INCOME STATEMENT

2017 RESULTS (IN EUR k)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Revenue from ordinary activities	0	16,730	1,584	(106)	18,208
Other operating income	-	1,399	94	-	1,493
Operating charges	(992)	(9,273)	(6,132)	106	(16,291)
of which payroll expenses	(152)	(2,223)	(1,055)	-	(3,430)
of which depreciations	(91)	(2,623)	(303)	-	(3,017)
of which impairments	(50)	47	(3,325)	-	(3,328)
Operating result	-	**4,530**	**1,359**	-	**5,889**
Financial result	697	(2,235)	348	-	(1,190)
Other non-operating results	-	0		-	-
Income before tax on the result	**(295)**	**6,621**	**(4,106)**	**0**	**2,220**
Income tax	-	986	1,344	-	2,330
of which non-monetary items	-	1,063	1,344	-	2,407
Net income for the financial year	**(295)**	**7,607**	**(2,762)**	-	**4,550**

The intercompany eliminations concern the rents and service provisions of UTEXAFRICA to TEXAF and CARRIGRES.

The main other operating charges of the holding are the remuneration of the executive and non-executive directors of EUR 324 k in 2017 (EUR 467 k in 2016) and various fees (including audit, lawyers and stock market listing) of EUR 131 k (EUR 148 k in 2016).

The concentration of clients per segment is described in note 19.

By way of comparison, the results by activity segment for the financial years 2016 and 2015 are presented below.

2016 RESULTS (IN EUR k)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Revenue from ordinary activities	5	15,268	3,266	(147)	18,392
Other operating income	50	1,936	109	-	2,095
Operating charges	(1,982)	(9,172)	(3,301)	147	(14,308)
of which payroll expenses	(160)	(2,213)	(1,093)	-	(3,466)
of which depreciations	(95)	(2,292)	(400)	-	(2,787)
of which impairments	(813)	(125)	(80)	-	(1,018)
Operating result	**(1,927)**	**8,032**	**74**	-	**6,179**
Financial result	586	(1,729)	389	-	(754)
Other non-operating results		0	3	-	3
Income before tax on the result	**(1,341)**	**6,303**	**466**	**0**	**5,428**
Income tax	-	(120)	148	-	28
of which non-monetary items	-	79	22	-	101
Net income for the financial year	**(1,341)**	**6,183**	**614**	-	**5,456**

2015 RESULTS (IN EUR k)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Revenue from ordinary activities	43	14,534	5,071	-	19,648
Other operating income	-	1,379	92	(20)	1,451
Operating charges	(1,192)	(10,234)	(3,804)	20	(15,210)
of which payroll expenses	(163)	(1,229)	(1,263)	-	(2,655)
of which depreciations	(105)	(2,378)	(629)	-	(3,112)
of which impairments	-	(35)	(11)	-	(46)
Operating result	(1,149)	**5,679**	**1,359**	-	**5,889**
Financial result	795	(1,344)	83	-	(466)
Other non-operating results	-	-	-	-	-
Income before tax on the result	**(354)**	**4,335**	**1,442**	-	**5,423**
Income tax	-	(85)	112	-	27
of which non-monetary items	-	135	147	-	282
Net income for the financial year	**(354)**	**4,250**	**1,554**	-	**5,450**

5.2. SEGMENT ASSETS AND LIABILITIES

SEGMENT ASSETS AND LIABILITIES AT DECEMBER 31, 2017 (IN EUR k)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Property, plant and equipment	452	2,194	7,309	-	9,955
Intangibles	-	23	-	-	23
Investment property	-	99,043	56	-	99,099
Other segment assets	32,350	3,811	13,061	(38,045)	11,177
Total assets	**32,802**	**105,071**	**20,426**	**(38,045)**	**120,254**
Bank loans	-	6,588	-	-	6,588
Deferred taxes	-	17,755	2,055	-	19,810
Other segment liabilities	470	52,276	455	(38,045)	15,156
Total liabilities (excluding equity)	**470**	**76,619**	**2,510**	**(38,045)**	**41,554**
Acquisitions of assets	-	**6,609**	-	-	**6,609**

- The other segment assets mainly comprise intercompany receivables, inventories, client debts and cash flows from operating activities.
- Segment liabilities comprise intercompany payables, suppliers and other liabilities from operating activities.
- Acquisitions of assets comprises the acquisitions of property, plant and equipment (note 6) and investment properties (note 7).
- Eliminations relate to a loan by CARRIGRES to UTEXAFRICA and by TEXAF to UTEXAFRICA.

In comparison, the table below details the segment assets and liabilities at December 31, 2016 and 2015, as well as the acquisitions of assets in the financial year ended on this date.

SEGMENT ASSETS AND LIABILITIES AT DECEMBER 31, 2016 (IN EUR k)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Property, plant and equipment	542	2,214	10,972	-	13,728
Intangibles	-	41	-	-	41
Investment property	-	93,811	56	-	93,867
Other segment assets	32,676	6,788	13,593	(39,671)	13,386
Total assets	**33,218**	**102,854**	**24,621**	**(39,671)**	**121,022**
Bank loans	-	6,766	-	-	6,766
Deferred taxes	-	18,502	3,254	-	21,756
Other segment liabilities	591	52,803	678	(39,671)	14,401
Total liabilities (excluding equity)	**591**	**78,071**	**3,932**	**(39,671)**	**42,923**
Acquisitions of assets	**-**	**7,368**	**73**	**-**	**7,441**

SEGMENT ASSETS AND LIABILITIES AT DECEMBER 31, 2015 (IN EUR k)	Holding	Real estate	Quarries	Intercompany eliminations	Consolidated
Property, plant and equipment	639	2,892	11,299	-	14,830
Intangibles	-	43	-	-	43
Investment property	-	87,824	56	-	87,880
Other segment assets	33,140	9,392	13,114	(38,009)	17,637
Total assets	**33,779**	**100,151**	**24,469**	**(38,009)**	**120,390**
Bank loans	-	7,699	-	-	7,699
Non-current provisions	-	835	(21)	-	814
Deferred taxes	-	18,587	3,279	-	21,866
Other segment liabilities	532	51,772	1,129	(38,009)	15,424
Total liabilities (excluding equity)	**532**	**78,893**	**4,387**	**(38,009)**	**45,803**
Acquisitions of assets	**-**	**9,258**	**48**	**-**	**9,306**

6. Property, plant and equipment

(IN EUR k)	Land and buildings	Technical systems, equipment and tools	Vehicles	Layouts and accessories	Improvements made to rented properties	Other property, plant and equipment	Total
At December 31, 2014							
Cost	16,498	6,423	382	1,872	693	3	25,871
Accumulated depreciation	(3,632)	(5,468)	(264)	(1,560)	(69)	-	(10,993)
Net carrying amount	**12,866**	**955**	**118**	**312**	**624**	**3**	**14,878**
CHANGES IN THE FINANCIAL YEAR 2015							
Acquisitions	29	33	93	114	-	-	269
Disposals							
Reallocation to investment property	642	-	-	-	-	-	642
Depreciation allocation	(361)	(336)	(61)	(131)	(70)	-	(959)
Changes in the period	310	(303)	32	(17)	(70)	-	(48)
At December 31, 2015							
Cost	17,243	6,457	474	1,986	693	3	26,856
Accumulated depreciation	(4,067)	(5,805)	(324)	(1,691)	(139)	-	(12,026)
Net carrying amount	**13,176**	**652**	**150**	**295**	**554**	**3**	**14,830**
CHANGES IN THE FINANCIAL YEAR 2016							
Acquisitions	268	150	-	167	-	-	585
Disposals	(89)	-	-	-	-	-	(89)
Reallocation to investment property	(932)	-	-	-	-	-	(932)
Depreciation allocation	(196)	(296)	(45)	(113)	(69)	-	(719)
Value adjustment (1)	53						53
Changes in the period	(896)	(146)	(45)	54	(69)	-	(1,102)
At December 31, 2016							
Cost (1)	15,049	6,518	474	2,150	693	3	24,887
Accumulated depreciation (1)	(2,769)	(6,012)	(369)	(1,801)	(208)	-	(11,159)
Net carrying amount	**12,280**	**506**	**105**	**349**	**485**	**3**	**13,728**
CHANGES IN THE FINANCIAL YEAR 2017							
Acquisitions	-	50	-	152	-	-	202
Disposals	-	-	-	(5)	-	-	(5)
Reallocation to investment property	-	-	-	5	-	-	5
Depreciation allocation	(111)	(281)	(40)	(114)	(69)	-	(615)
Value adjustment	(3,360)	-	-	-	-	-	(3,360)
Changes in the period	(3,471)	(231)	(40)	38	(69)	-	(3,773)
At December 31, 2017							
Cost	15,049	6,564	474	2,181	693	3	24,964
Accumulated depreciation	(6,240)	(6,289)	(409)	(1,794)	(277)	-	(15,009)
Net carrying amount	**8,809**	**275**	**65**	**387**	**416**	**3**	**9,955**

(1) In 2016 the Group changed how it follows land and buildings from a synthetic approach by real estate category to an analytical approach by property or property part. This has led, on the one hand, to the recognition of a positive value adjustment of EUR 53 k and, on the other hand, to the splitting up of the gross value and the accumullated depreciation of some old buildings, which increases both the cost and the accumullated depreciation of the buildings at the end of 2016 without affecting their net value.

Land and buildings include EUR 6,016 k (net of EUR 5,519 k depreciation) relating to the CARRIGRES deposit, which was revalued on the basis of the return value at January 1, 2009 as part of its integration on that date (IFRS 3 "Business combinations") and that was reduced by an impairment of EUR 3.360 k at June 30, 2017.

The deposit reserves of CARRIGRES were estimated at 20 million tons at December 31, 2009 when 100% of CARRIGRES shares were acquired. They were estimated again at 25 million tons in 2013. Over the four financial years 2014 to 2017, the quarry produced 1.08 million tons of sandstone. These reserves were estimated by means of geological and engineering data, which allow the recoverable quantity to be determined with reasonable certainty. This process entails subjective judgments, which make the assessment of reserves an exercise that is subject to revision, as it is not absolutely precise. The Group exploits its existing deposit, but does not explore new deposits. As explained in note 31, part of the quarry is illegally occupied by squatters, which could prevent the development of the quarry's exploitation in the longer term. However, this part is not included in the estimate of the reserves.

Since the financial year 2016, the deposit has been depreciated in proportion to the production. In previous financial years, it was depreciated on a straight line basis pro rata temporis, as the production volume of CARRIGRES was fairly stable from year to year at around 0.4 million tons. In 2016 this volume diverged significantly from the historical average, demanding the change of method, which had a positive impact on the income statement in that year of EUR 203 k. The future impact will be directly proportional to the production volume.

An impairment test was conducted on the book value of the deposit, which was EUR 9,432 k on December 31, 2016. This test is based on assumptions about future free cash flows generated by the exploitation and about a discount rate. For future cash flows, a scenario has been developed based on the very gradual recovery of the market beginning in 2020. The discount rate of 14% was derived from the parameters for the DRC and the building materials sector estimated by professor A. Damodaran (http://pages.stern.nyu.edu/~adamodar/New_Home_Page/home.htm). Bearing in mind the deterioration of the results of CARRIGRES, this test has led to the recognition, in 2017, of an impairment of EUR 3,360 k. However, this test is highly sensitive to the choice of assumptions, as shown in the sensitivity table below, which contains the two main assumptions: the discount rate and the medium- to long-term annual cash flow (assumed to be constant in nominal terms over the life of the deposit).

HISTORICAL FREE CASH FLOWS (IN EUR k)

2010	2011	2012	2013	2014	2015	2016	2017
1,973	2,427	2,317	3,028	(436)	962	392	(269)

SENSITIVITY ANALYSIS OF THE FAIR VALUE OF THE DEPOSIT (IN EUR k)

		Free cash flow (in EUR k per year)					
		0	500	1,000	1,500	2,000	2,500
Discount rate	12%	(153)	4,009	8,171	12,333	16,495	20,657
	14%	(154)	3,416	6,986	10,556	14,126	17,696
	16%	(155)	2,970	6,095	9,219	12,344	15,468

These values are comparable to the net book value of the deposit, which was EUR 6,016 k on December 31, 2017.

7. Investment property

(IN EUR k)	Land	Assets under construction	Other investment property	Total
At December 31, 2014				
Cost	46,418	4,805	40,386	91,609
Accumulated depreciation	-	-	(9,967)	(9,967)
Net carrying amount	**46,420**	**4,805**	**30,419**	**81,644**
CHANGES IN THE FINANCIAL YEAR 2015				
Acquisitions	-	9,030	7	9,037
Reallocation *	37	(8,632)	7,953	(642)
Depreciation allocation	-	-	(2,138)	(2,138)
Value adjustment	-	-	(21)	(21)
Changes in the period	37	398	5,801	6,236
At December 31, 2015				
Cost	46,457	5,203	48,249	99,909
Accumulated depreciation	-	-	(12,029)	(12,029)
Net carrying amount	**46,457**	**5,203**	**36,220**	**87,880**
CHANGES IN THE FINANCIAL YEAR 2016				
Acquisitions	-	5,927	914	6,841
Revaluation (via other items of the comprehensive result)	117	-	-	117
Reallocation *	743	(9,999)	10,188	932
Depreciation allocation	-	-	(2,051)	(2,051)
Value adjustment (1)	(40)	-	188	148
Changes in the period	820	(4,072)	9,239	5,987
At December 31, 2016				
Cost (1)	47,277	1,131	73,604	122,012
Accumulated depreciation (1)	-	-	(28,145)	(28,145)
Net carrying amount	**47,277**	**1,131**	**45,459**	**93,867**
CHANGES IN THE FINANCIAL YEAR 2017				
Acquisitions	185	6,145	77	6,407
Reallocation *	38	(345)	338	31
Reallocation of assets held for sale	1,179	-	-	1,179
Depreciation allocation	-	-	(2,384)	(2,384)
Changes in the period	1,402	5,800	(1,969)	5,233
At December 31, 2017				
Cost	48,679	6,931	72,819	128,429
Accumulated depreciation	-	-	(29,329)	(29,329)
Net carrying amount	**48,679**	**6,931**	**43,490**	**99,100**

** the net change of these lines is the reallocation from or to property, plant and equipment*

(1) In 2016 the Group changed how it follows land and buildings from a synthetic approach by real estate category to an analytical approach by property or property party. This has led, on the one hand, to the recognition of a positive value adjustment of EUR 148 k and, on the other hand, to the splitting up of the gross value and the accumulated depreciation of pre-2005 buildings, which increases both the cost and the accumulated depreciation of the buildings at the end of 2016 without affecting their net value.

The Group recognizes its investment property at historical cost less depreciation, but gives an estimate of the fair value in this note. It depreciates it on a straight line basis over 20 years, maintaining a residual value of 20% As an exception to this rule, the residual value of the buildings on the Kinsuka site and the former COTEX warehouses, which an international force has vacated, are depreciated over ten and four years respectively.

All the investment property is located in the Democratic Republic of Congo. The sites in DRC are concessions granted by the state for renewable 25-year terms. These concessions come up for renewal between 2020 and 2041. Renewal is inexpensive. The Group has no assets held on lease.

In 2017 the investment property generated rental revenue of EUR 16,635 k and direct costs (mainly maintenance and repair) of EUR 841 k.

On December 31, 2017, the sites and property were pledged for EUR 1,712 k (see note 13).

FAIR VALUE

The Group has undeveloped sites in downtown Kinshasa and in outlying Kinsuka, as well as in some provinces of DRC, and developed sites held for rent.

It is hard to determine the fair value of the property in DRC and the current measurement is in level 3 of the IFRS hierarchy of fair values. No property statistics or transaction reports exist. The majority of transactions are conducted on the informal market. Neither is there a public capital market to determine the long-term interest rate. The fair value is estimated by the Board of Directors as best as possible based on the factual information available and not on the basis of a real estate assessment as provided for by IAS 40, article 75, as this does not exist in DRC.(1)

However, in January 2018, Knight Frank, a London-based real estate expert that operates in 59 countries and employs 14,000 people, released the "Knight Frank Africa Report 2017/18", an analysis of the property market in Africa. Page 20 of this report is dedicated to DRC, particularly the real estate market in Kinshasa. The Group relies among other things on the estimates of this report to estimate the fair value of its investment property.

For residential properties, Knight Frank writes about a strong increase in the neighbourhoods considered safe in Kinshasa (like Gombe), stressing that the supply is limited in these neighbourhoods. The rent level stated is $10,000 for a high-quality four-bedroom house.

Knight Frank sees a slowing down of demand for office space due to the political unrest and the absence of high-quality buildings. For security reasons, the major companies are concentrated in the Gombe district. The group's office space is rented at competitive rates compared to those stated in the Knight Frank report.

The residential and office properties of the TEXAF group in Kinshasa are located next to the in-demand neighbourhood of Gombe, on the site of UTEXAFRICA, which is unanimously considered to be very well protected.

KINSHASA PRIME RENTS AND YIELDS
(SOURCE: KNIGHT FRANK LLP, JANUARY 2018)

	Prime rents: USD/m²/month	Prime yields
Offices	25	12%
Retail	25	12%
Industrial	15	15%
Residential: 4-bedroom executive house - prime location	USD 10,000/month	12%

VALUATION OF UNDEVELOPED LAND

The land price is difficult to document. In 2013 TEXAF sold a site adjacent to the UTEXAFRICA compound on the basis of USD 566/m² (EUR 436/m²), with due consideration for the prohibition to build more than two stories. TEXAF has not completed any transactions since then. In 2014 the Belgian State put up the site adjoining Petit-Point for sale at a price of EUR 842/m² (USD 1,100/m²). Transactions in the municipality of Gombe, close to the compound, were completed at USD 1.000/m².

The company obtained an independent local assessment at the beginning of 2018, valuing the COTEX sites at USD 1,012/m². This value was accepted by the banks to guarantee their financing.

In 2017 a real estate operator made an offer for a site of several thousand square meters close to UTEXAFRICA at a price higher than USD 1,000/m².

The Board of Directors therefore reviewed its reference values used up until 2014 and cautiously set the price of USD 800/m², rounded off to EUR 650/m² as a reasonable fair value for downtown sites.

(1) IAS 40 Art 75: " the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed.")

There is great uncertainty about the sites in Kinsuka on the outskirts of the city and the Board has retained EUR 35/m² as the fair value, in spite of a real estate boom in this part of Kinshasa.

The subsidiaries LA COTONNIERE and ESTAGRICO hold 302ha of land in the provinces (South Kivu, Sankuru, Maniema, Tanganyika, Lomami and Kasaï Oriental) on which some buildings have been constructed, mainly warehouses that were used when the Group had cotton plantations. The Board retains a symbolic value of EUR 1.2m for this item. Historically, LA COTONNIERE also holds land for which the documentation is incomplete and that are not valued in the accounts. However, it should be noted that the regions of Maniema and South Kivu, where TEXAF has properties, are experiencing much faster economic growth than the rest of the country. The Board will revise this value when regional tensions come to an end.

VALUATION OF DEVELOPED AREAS

Each building is allocated a condition coefficient from 1 (New or completely renovated) to 4 (Run-down). The fair value of the investment properties in the table below is estimated on the basis of their yield value by dividing the contractual rents by the yield rate of 12% published by Knight Frank for category 1 and 2 buildings or based on the market value at EUR 650/m² or EUR 35/m² respectively of the sites only for categories 3 and 4. The category 3 and 4 developed sites are not used optimally within the meaning of IFRS 13-93 (i) and the existing buildings will gradually be replaced by new buildings (category 1), which ought to get a much higher yield.

CONCLUSIONS

	SITE INVENTORIES (ha)			
	Downtown Kinshasa	Kinsuka	Province	Total
UNDEVELOPED LAND				
Undeveloped land in downtown Kinshasa	10.3	-	-	**10.3**
Not buildable land in downtown Kinshasa	12.5	-	-	**12.5**
Undeveloped land in Kinsuka	-	100.1	-	**100.1**
Undeveloped land in the province	-	-	301.7	**301.7**
Total undeveloped land (net of roads)	**22.9**	**100.1**	**301.7**	**424.7**
Roads	3.7	0.6	-	**4.3**
DEVELOPED LAND				
Land with new or totally renovated buildings (category 1 development)	16.7	-	-	**16.7**
Land with old buildings in good state (category 2 development)	4.2	-	-	**4.2**
Land with buildings that require renovation (category 3 development)	10.3	0.1	-	**10.5**
Land with buildings in poor state (category 4 development)	4.1	3.2	-	**7.3**
Total developed land	**35.3**	**3.4**	**0.0**	**38.6**
General total	**61.8**	**104.1**	**301.7**	**467.7**

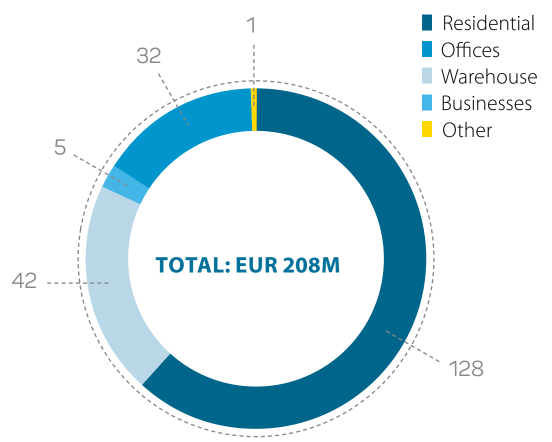
CONCLUSIONS

	FAIR VALUE (EUR M)					
	Rent (EUR m)	Yield rate	Yield value (EUR m)	Land value (€/m²)	Equivalent land value (EUR m)	Total value (EUR m)
UNDEVELOPED LAND						
Undeveloped land in downtown Kinshasa	-	-	-	650.0	67.1	**67.1**
Not buildable land in downtown Kinshasa	-	-	-	-	1.6	**1.6**
Undeveloped land in Kinsuka	-	-	-	35.0	35.0	**35.0**
Undeveloped land in the province	-	-	-	-	1.2	**1.2**
Total undeveloped land (net of roads)	**-**	**-**	**-**	**-**	**104.9**	**104.9**
Roads						
DEVELOPED LAND						
Land with new or totally renovated buildings (category 1 development)	11.7	12%	97.1	NA	-	**97.1**
Land with old buildings in good state (category 2 development)	2.1	12%	17.3	NA	-	**17.3**
Land with buildings that require renovation (category 3 development)	2.0	NA	-	-	67.2	**67.2**
Land with buildings in poor state (category 4 development)	1.0	NA	-	-	26.6	**26.6**
Total developed land	**16.7**	**-**	**114.4**	**-**	**93.8**	**208.2**
General total	**-**	**-**	**-**	**-**	**198.7**	**313.1**

Based on these assumptions, the gross fair value of investment property on December 31, 2017 is EUR 313M (EUR 220M after deduction of deferred tax).

These values must be compared with a net book value of EUR 99M (or EUR 81M after deduction of deferred taxes) (see note 17). It should be noted that the fair value of assets under construction is assumed to be equal to their book value.

VALUE IN MILLIONS OF EUR OF DEVELOPED LAND



Among other things, this table shows that 46% of developed land in downtown Kinshasa, categories 3 and 4, generate only 18% of rental revenue. So these sites are currently not being managed optimally and constitute a strategic land reserve for the Group in the same way as the undeveloped land.

Another way to segment the developed areas containing investment property is based on their use:

SENSITIVITY

The estimate of fair value, which is EUR 313M as mentionned here above, varies as follows, based on the two main parameters - the required yield rate and much more significantly the value per square meter in downtown Kinshasa.

ESTIMATED VALUE (EUR M)

Yield rate	Value of the land in m² in the city centre		
	€ 450	€ 650	€ 850
10%	287	336	385
12%	264	313	362
14%	248	297	346

8. Intangibles

This is accounting and management software acquired in 2012 and 2015 and partly depreciated.

9. Stakes in associated companies

The share of the Group in the losses of CONGOTEX has not been recognized since 2006, as this company is in liquidation and the Group has no commitments besides its investment. The Group share in the losses of CONGOTEX not recognized at December 31, 2017 is EUR 3,000 k. CONGOTEX has been in liquidation since 2007.

10. Other non-current financial assets

- Shares concern the investment in i-Finance, in which TEXAF has a 10% stake (EUR 813 k). This investment was written down in full in 2016. Loans include an amount of EUR 727 k loaned to CONGOTEX when it was put into liquidation. This amount has been written down in full.
- The remaining loan at December 31, 2017 is made up of security deposits. The reduction is due to the amortization of a loan for work performed for a major client.
- The fair value of the other non-current financial assets at December 31, 2017, December 31, 2016 and December 31, 2015 is close to their net book value on these dates.

(IN EUR k)	Shares	Loans	Total
At December 31, 2014			
Gross value	736	781	1,517
Accumulated impairments	-	(727)	(727)
Net carrying amount	**736**	**54.00**	**790**
CHANGES 2015			
i-Finance investment	77	-	77
Various	-	375	375
At December 31, 2015			
Gross value	813	1156	1,969
Accumulated impairments	-	(727)	(727)
Net carrying amount	**813**	**429**	**1,242**
CHANGES 2016			
i-Finance write-down	(813)	-	(813)
Various	-	(199)	(199)
At December 31, 2016			
Gross value	813	957	1,770
Accumulated impairments	(813)	(727)	(1,540)
Net carrying amount	**-**	**230**	**230**
CHANGES 2017			
Various	-	(183)	(183)
At December 31, 2017			
Gross value	813	774	1,587
Accumulated impairments	(813)	(727)	(1,540)
Net carrying amount	**-**	**47**	**47**

11. Current assets

(IN EUR k)	2015	2016	2017
ASSETS HELD FOR SALE			
Property available for sale (gross value)	1,179	1,179	0
Net value	**1,179**	**1,179**	**0**
INVENTORIES			
Spare parts - Gross value	3,490	3,147	2,931
Spare parts - Impairment	(181)	(195)	(142)
Finished products and work in progress - Gross value	1,860	2,124	2,162
Finished products and work in progress - Impairments	(226)	(226)	(226)
Other stocks - Gross value	1,679	55	44
Other stocks – Impairment	(37)	-	-
Net value	**6,585**	**4,905**	**4,769**
CLIENTS			
Clients – Gross value	1,538	1,332	1,649
Clients – Impairments	(578)	(770)	(741)
Net value	**960**	**562**	**908**
TAX ASSETS	**1,190**	**1,518**	**919**
OTHER DEBTORS			
Other debtors – Gross value	629	627	687
Other debtors – Impairment	(98)	(75)	(126)
Net value	**531**	**552**	**561**
CASH AND CASH EQUIVALENTS			
Cash at hand	53	-	-
Bank balances	3,228	3,911	3,674
Short-term investments	2,180	-	-
Net value	**5,461**	**3,911**	**3,674**
OTHER CURRENT ASSETS			
Charges to be carried forward	71	349	74
Income acquired	418	180	224
Net value	**489**	**529**	**298**

- Assets held for sale concern 13.000m² of land in Kinshasa. The corresponding deferred tax is recognized in liabilities. In 2017, these assets were included back in investment properties and the corresponding liabilities in a deferred tax provision.
- Spare part inventories held by CARRIGRES and UTEXAFRICA. The inventory of finished products and work in progress only concern CARRIGRES.
- The other stocks at the end of 2015 included stocks of materials in transit for the "Clos des Musiciens" project.
- The client debts are spread as follows according to their age:

(IN EUR k)	Gross value	Impair-ment	Net value
0 - 60 days	55	-	55
60 - 120 days	163	-	163
> 120 days	1,430	(740)	690
Total	**1,648**	**(740)**	**908**

- The net value of the clients includes EUR 690 k in debts more than 120 days due, one of which related to a single parastate institution of EUR 364 k, which was recently settled. The balance is covered by corresponding rent guarantees of EUR 345 k.
- The increase in impairments on clients in 2016 is due to the set up of a provision for debts of clients in the Congolese public sector.
- Tax assets comprise VAT receivables of EUR 713 k, net of write-down following devaluation of the Congolese franc (see note 3.5.a).
- The fair value of clients, other debtors and other current assets at December 31, 2017, December 31, 2016 and December 31, 2015 is close to their net book value on these dates.
- The impairments are recognized in "impairment" on the income statement.
- Assets are depreciated on a case-by-case basis if payment is more than 120 days overdue.

12. Share capital

ORDINARY SHARES IN CIRCULATION	
Number of shares at December 31, 2014	3,543,700
Changes in the financial year 2015	-
Number of shares at December 31, 2015	3,543,700
Changes in the financial year 2016	-
Number of shares at December 31, 2016	3,543,700
Changes in the financial year 2017	-
Number of shares at December 31, 2017	3,543,700

The shares are issued without designation of nominal value. No change was recognized in 2015, 2016 or 2017.

13. Bank loans and other debts

(IN EUR k)	2015	2016	2017	Monetary changes	Non-monetary changes
NON-CURRENT					
Security deposits and other non-current creditors	3,624	3,116	3,572	456	0
Bank loans	7,699	6,766	6,588	(178)	0
	11,323	**9,882**	**10,160**	**278**	**0**
CURRENT					
Bank loans	2,248	2,152	2,239	87	0
Bank overdrafts	-	-	-	0	0
	2,248	**2,152**	**2,239**	**87**	**0**
Total borrowings and other debts	**13,571**	**12,034**	**12,399**	**365**	**0**
BY DUE DATE					
Less than one year	2,248	2,152	2,239	87	0
One-five years	11,323	9,882	10,160	278	0
	13,571	**12,034**	**12,399**	**365**	**0**
BY CURRENCY					
Euro	13,571	12,034	12,399	365	0
US dollar	-	-	-	0	0
	13,571	**12,034**	**12,399**	**365**	**0**

- In 2012 TEXAF agreed a EUR 1,870 k loan with a Belgian bank at a rate of 4.30%, repayable in 16 quarterly instalments beginning in August 2013. This loan was paid back in full in the course of 2017.
- In 2014 UTEXAFRICA agreed a EUR 1,400 k loan with a Congolese bank at a rate of 8.96%, repayable in 57 quarterly instalments beginning in June 2015.
- In 2014 UTEXAFRICA agreed a EUR 1,500 k loan with a Congolese bank at a rate of 9.5%, repaid in full in 2016.
- In 2014 UTEXAFRICA agreed a EUR 2,500 k loan with a Congolese bank at a rate of 8.6%, repayable in 50 quarterly instalments beginning in January 2016.
- At the end of 2015 IMMOTEX agreed a EUR 2,940 k loan with a Congolese bank at a rate of 8.50%, repayable in 54 quarterly instalments beginning in October 2016.
- In 2016 IMMOTEX agreed a EUR 2,600 k loan with a Congolese bank at a rate of 7%, repayable in 48 quarterly instalments beginning in October 2016.
- In 2016 UTEXAFRICA agreed a EUR 2,500 k loan with a Congolese bank at a rate of 7%, repayable in 48 quarterly instalments beginning in December 2017. Only EUR 200 k of this loan was taken up.
- In 2017 UTEXAFRICA took up the remaining EUR 2,300 k of this loan.
- The security deposits concern rental guarantees deposited by clients and performance bonds deducted from the invoices of building contractors.
- The fair value of the guarantees received cannot be determined with precision, as the contracts are open ended. The fair value of the current and non-current bank loans is close to their book value, as the impact of the conversion to current value is negligible.

14. Net financial debt

The net financial debt is the difference between the interest-bearing debts and cash investments.

(IN EUR k)	Note	2015	2016	2017
Bank debt	13	9,947	8,918	8,827
Payable to Imbakin	33	480	472	409
Cash investments	11	(5,461)	(3,911)	(3,674)
Net financial debt		**4,966**	**5,479**	**5,562**

15. Provisions for other liabilities

(IN EUR k)	
At December 31, 2014	**2,611**
Increase of provisions	9
Reversal of unused amounts	(1,806)
At December 31, 2015	**814**
Increase of provisions	-
Reversal of unused amounts	(814)
At December 31, 2016	**-**
Increase of provisions	-
Reversal of unused amounts	-
At December 31, 2017	**-**

ANALYSIS OF TOTAL PROVISIONS	2015	2016	2017
Non-current	19	-	-
Current	795	-	-
	814	-	-

These old provisions covering the risks of expenses have all been reversed.

16. Pension liabilities and similar benefits

In the Democratic Republic of Congo, the employees receive an allowance when they retire, based on the number of years in employment and the level of remuneration, similar to when they are let go.

	2015	2016	2017
LIABILITIES RECORDED ON THE BALANCE SHEET UNDER:			
Post-employment pension payments	**528**	**602**	**746**
CHANGES IN THE FINANCIAL YEAR:			
Debited from the income statement	246	49	64
Change of actuarial assumptions debited from equity	193	25	80
	439	**74**	**144**
Discounted value of non-financial liabilities	528	602	746
Unrecognized actuarial losses	-	-	-
Unrecognized cost of past services	-	-	-
Liabilities recorded on the balance sheet	**89**	**528**	**602**

(IN EUR k)	2015	2016	2017
Cost of services rendered	246	49	64
Net actuarial loss recognized during the financial year	193	25	80
Losses linked to the reduction of pension plans	-	-	-
Total amount included in the costs relating to employee benefits	**439**	**74**	**144**

THE MAIN ACTUARIAL ASSUMPTIONS USED ARE AS FOLLOWS:	2015	2016	2017
Discount rate	5.5%	5.5%	3.0%
Future rate of salary raises	1.5%	1.5%	3.5%
Inflation rate	2.0%	2.0%	-

The provision for this allowance is calculated using the projected credit unit method. The calculation is done in USD, although the payment is made in Congolese francs (CDF). On the one hand, there is no long-term interest rate in CDF and, on the other, the Group endeavors to maintain the purchasing power of their employees in USD even if the CDF is devalued. The discount rate used is the 30-year rate of US treasury bonds and the rate at which salaries rise corresponds to the historical Group average in USD. (This latter rate replaces the long-term inflation rate in USD and the actual growth rate, which were previously used.) The life table was changed in 2017 on the advice of an external consultant. The life table for the Democratic Republic of Congo published by the World Health Organization was previously used. Now, we use the table published by the Inter-African Conference on Insurance Markets (www.cima-afrique.org) which is mandatory for insurance companies in the French-speaking countries of West Africa.

This provision is not financed by an investment portfolio.

The sensitivity of this EUR 746 k provision to the actuarial assumptions is stated in the table below:

Provision for post-employment liabilities (in EUR k)

DISCOUNT RATE IN USD	NOMINAL GROWTH RATE OF SALARIES IN USD			
	2%	3%	4%	5%
2%	706	786	880	991
3%	637	705	784	876
4%	578	637	704	782
5%	528	579	636	703

17. Deferred taxes

The deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities of due tax and the deferred tax assets and liabilities concern income tax collected by the same tax authority. No offsetting between distinct legal entities has been applied. The table below shows the amounts after offsetting, where applicable.

(IN EUR k)	2015	2016	2017
Deferred tax liabilities recoverable in more than 12 months	21,866	21,756	19,810
Deferred tax assets reallocated to liabilities recoverable in less than 12 months	-	-	-
	21,866	**21,756**	**19,810**

The gross change to deferred taxes is shown below:

(IN EUR k)	2017
At December 31, 2014	**22,215**
Deferred taxes on actuarial changes reallocated to equity	(67)
Other tax charged to the income statement under "Deferred taxes"	(282)
At December 31, 2015	**21,866**
Deferred taxes on actuarial changes reallocated to equity	(9)
Other tax charged to the income statement under "Deferred taxes"	(101)
At December 31, 2016	**21,756**
Deferred taxes on actuarial changes reallocated to equity	(28)
Deferred taxes reallocated from assets available for sale	337
Other tax charged to the income statement under "Deferred taxes"	(2,255)
At December 31, 2017	**19,810**

(IN EUR k)	2015	2016	2017
Credited to the income statement from the deferred tax liability	(97)	(84)	(2,233)
Credited to the income statement and debited from the deferred tax asset (offset by the liabilities)	(185)	(17)	(22)
Total changes	**(282)**	**(101)**	**(2,255)**

The change to deferred tax assets and liabilities during the financial year, excluding offsetting within the same legal jurisdiction, is detailed below:

DEFERRED TAX LIABILITIES	(Net) revaluation of land and buildings	Undistributed reserves and other untaxed reserves	Other	Total
At December 31, 2014	**20,089**	**2,003**	**155**	**22,247**
Debited (credited) to the income statement 2015	20	(168)	51	(97)
At December 31, 2015	**20,109**	**1,835**	**206**	**22,150**
Debited (credited) to the income statement 2016	72	(204)	48	(84)
At December 31, 2016	**20,181**	**1,631**	**254**	**22,066**
Reallocation to liabilities available for sale	337	-	-	337
Debited (credited) to the income statement 2017	(2,077)	(204)	48	(2,233)
At December 31, 2017	**18,441**	**1,427**	**302**	**20,170**

DEFERRED TAX ASSET:	Tax losses	Post-employ-ment benefits	Other	Total
At December 31, 2014	**-**	**(32)**	**0**	**(32)**
Recognized in other items of the comprehensive result	-	(67)	-	(67)
Credited to the income statement 2015	-	(86)	(99)	(185)
At December 31, 2015	**-**	**(185)**	**(99)**	**(284)**
Recognized in other items of the comprehensive result	-	(9)	-	(9)
Credited to the income statement 2016		(17)	0	(17)
At December 31, 2016	**-**	**(211)**	**(99)**	**(310)**
Recognized in other items of the comprehensive result	-	(28)	-	(28)
Credited to the income statement 2017	-	(22)	0	(22)
At December 31, 2017	**-**	**(261)**	**(99)**	**(360)**

The deferred tax liabilities mostly consist of provision for tax on a possible future gain on the real estate assets of the Group in DRC in the event of disposal (EUR 18,441 k). The tax value is set in Congolese francs (CDF), but is revalued every year on the basis of a coefficient set by the finance minister to take account of inflation. In 2017 this provision was reduced, on the one hand, by EUR 1,176 k following the impairment of the sandstone deposit and, on the other hand, by EUR 1,000 k to adjust to the revised tax value in Congolese francs.

The Group does not recognize deferred tax liabilities on undistributed profit by the subsidiaries for the part of the profit that it decides not to distribute in the foreseeable future (EUR 1,306 k of unrecognized tax liability at December 31, 2017). Likewise, the Group does not recognize deferred tax liabilities on the untaxed reserves, because the Group does not expect to distribute these reserves in the foreseeable future (EUR 2,483 k at December 31, 2017).

Furthermore, the deferred tax assets not recognized on the balance sheet are EUR 284 k. These tax assets come from losses carried forward in DRC. There is no longer any time limit on their recognition. Their likelihood of realization is considered unpredictable.

18. Suppliers and other current creditors

(IN EUR k)	2015	2016	2017
Suppliers	1,634	1,041	1,475
VAT and other tax to be paid	1,945	2,023	1,100
Employee pay, social contributions and similar	102	109	151
Other creditors	560	636	571
	4,241	**3,809**	**3,297**

19. Revenue from ordinary activities

(IN EUR k)	2015	2016	2017
Sales of goods	5,272	3,294	1,573
Provisions of service	19	5	0
Rental income	14,357	15,093	16,635
	19,648	**18,392**	**18,208**

19.1. QUARRY

- The sale of goods is made up by the turnover of CARRIGRES, which is in strong decline due to the absence of road-related projects, few private investments and competition from informal quarries.
- CARRIGRES has one client that accounts for 10% of its tonnage sold. The five biggest clients account for 35% of deliveries and the ten biggest for 48%.

PROPORTION OF TENANCY AGREEMENTS IN VALUE	
Diplomatic clause (one month's notice in some cases)	32.7%
Open ended (three months' notice)	45.1%
Open ended (six months' notice)	18.5%
Fixed term without diplomatic clause (one to five years)	3.7%

19.2. REAL ESTATE

- The rental income comes from the renting of residential buildings, offices and warehouses in Kinshasa.
- The majority of tenancy agreements are open-ended with three-months' notice for residential tenancy agreements and six months' notice for business tenancy agreements. Furthermore, many clients benefit from a diplomatic clause allowing them to vacate the property without compensation with one month's notice if their country or international body closes its mission in DRC. There are some fixed-term contracts that are set to expire within one to five years.
- No single client accounts for 10% or more of segmented turnover. The five biggest clients account for 31% of turnover and the ten biggest for 43% of turnover.
- Given an occupancy rate of almost 100%, the turnover represents the annual rental value of the rented properties.

20. Payroll expenses

(IN EUR k)	2015	2016	2017
Wages, salaries and social benefits	4,374	3,666	3,495
Capitalized charges	(165)	(249)	(129)
Pension costs (defined benefit plan)	246	49	64
	4,455	**3,466**	**3,430**

The employee costs in 2017 include EUR 200 k in restructuring costs at CARRIGRES (see note 25), which covers the termination benefits of employees who left the company by mutual agreement.

21. Depreciation allocation

The amortization allocation concerns intangible assets (EUR 19 k), property, plant and equipment (EUR 615 k) and investment property (EUR 2,384 k) (see notes 6 and 7).

22. Impairments

The impairments mainly consist of an impairment of the CARRIGRES deposit (see note 6) of EUR 3,360 k (see note 25), so the value of the deposit has changed as follows:

Value at December 31, 2016	EUR 9,432 k
Depreciation based on production	EUR (56) k
Impairment	EUR (3.360) k
Value at December 31, 2017	EUR 6,016 k

A write-down was also made to the receivable from i-Finance of EUR 50 k (see note 25).

Reversals on write-downs on current assets are also recognized at EUR 82 k.

23. Other operating charges

(IN EUR k)	2015	2016	2017
Rental expenses	76	46	65
Maintenance and repairs (subcontracted)	607	607	652
Fuel and lubricants	33	26	19
Water	236	172	172
Electricity	603	626	606
Office supplies	81	66	53
Communication costs	136	116	89
Third party fees and remuneration	1,572	1,503	1,461
Transport costs (rebilled)	73	0	76
Insurance	63	73	70
Travel costs	131	160	163
Advertising and representation costs	221	155	168
Directors	513	558	310
Tax (other than income tax)	337	1,130	1,134
Various	852	450	354
	5,534	**5,688**	**5,392**

Almost 60% of the third party fees are legal and security costs, which are essential for the protection of the property of the Group.Taxes include Congolese tax on the rental revenue of TEXAF s.a. of EUR 817 k in 2017.

24. Other operating income

(IN EUR k)	2015	2016	2017
Restaurant - pool house	305	314	363
Rebilling water, power	586	759	687
Various	560	1,022	443
	1,451	**2,095**	**1,493**

Other income includes revenue from sandstone transport, air-conditioning equipment maintenance, fees for assessment of state of rented properties and sales of decommissioned equipment.

25. Non-recurring operating items

- The non-recurring operating items are income or expenses related to the operating activity of the Group that are uncommon, that is to say, they do not occur every year. Since 2017, these are limited to 1. gains or losses on disposal of non-current assets, 2. allocations to (or reversals of) write-downs on non-current assets and 3. costs relating to major restructuring, purchase or disposal of an activity (such as redundancy costs, plant closure and commissions paid to third parties to acquire or dispose of an activity)
- For the financial year ended on December 31, 2015 the positive non-recurring item was the recovery of local tax (EUR 105 k) and the negative non-recurring items were the restructuring costs (EUR 488 k), an addition to retirement provisions (EUR 168 k) and various write-downs (EUR 45 k).
- For the financial year ended on December 31, 2016, the non-recurring items consisted of value adjustments on stock (EUR 13 k), value adjustments on claims (EUR -192 k), a write down on i-Finance (EUR -813 k), a value adjustment on fixed assets (EUR 193 k) and reversals of various provisions (EUR 50 k).
- For the financial year ended on December 31, 2017, the non-recurring items consisted of the impairment of the sandstone deposit (EUR 3,360 k) (see notes 6 and 22), the restructuring costs at CARRIGRES (EUR 200 k) (see note 20) and a write-down on the i-Finance loan (EUR 50 k) (see note 22).

26. Financial expenses

(in EUR k)	2015	2016	2017
Interest expense	732	738	703
Capitalized interest expenses	(387)	(407)	(115)
Foreign exchange losses	82	328	595
Other financial charges	43	108	7
	470	**767**	**1,190**

Financial expenses include exchange losses of EUR 592 k, primarily on VAT credits in Congolese francs.

27. Income tax

(in EUR k)	2015	2016	2017
Current taxes	255	73	(75)
Deferred taxes (note 17)	(282)	(101)	(2,255)
	(27)	**(28)**	**(2,330)**

The current taxes comprise a reversal of a provision of EUR 1,065 k, which fully offsets the tax expense of the financial year.

Deferred taxes include a reduction in the provision for deferred taxes on the deposit, following its impairment, of EUR 1,176 k and a decrease of EUR 1,000 k in the provision for deferred taxes on the buildings to bring them in line with their tax value in Congolese francs.

The connection between the tax rate applicable to the parent company and the actual tax rate is as follows:

(in EUR k)	2015	2016	2017
Tax expense based on the tax rate applicable to the parent company	**1,843**	**1,845**	**755**
Income before tax	5,423	5,428	2,220
Applicable tax rate	**33.99%**	**33.99%**	**33.99%**
Reconciliation items	**(853)**	**(251)**	**(1,500)**
Impact of the rates in other jurisdictions	36	45	4
Impact of deductible notional interest	(175)	(71)	(13)
Impact of non-taxable revenue	(997)	(746)	(1,196)
Impact of non-deductible expenses	38	498	515
Impact of used tax losses	0	(61)	(84)
Impact of tax liabilities not recognized during the financial year	159	29	217
Impact of tax liabilities recognized during the financial year	-	-	(1,000)
Other	86	55	57
Tax expense based on the effective tax rate	**990**	**1,594**	**(745)**
Income before tax	5,423	5,428	2,220
Effective tax rate of the financial year	**18.26%**	**29.37%**	**(33.58) %**
Adjustments to tax due in previous years	(1,017)	(1,622)	(1,585)
TOTAL TAXES	**(27)**	**(28)**	**(2,330)**

The non-taxable revenue mainly comprises the rental revenue of TEXAF s.a., which is subject to a special tax on rental revenue (see note 23).

The tax liabilities recognized during the financial year fell by EUR 1,000 k in 2017 following an adjustment of deferred taxes in line with the revalued tax value (see note 17).

28. Result per share

The basic result per share is calculated by dividing the net profit allocated to shareholders of the parent company by the weighted average number of ordinary shares in circulation in the course of the financial year, excluding share buy-backs.

(in EUR k)	2015	2016	2017
Net profit to shareholders of the parent company (in EUR k)	5,456	5,454	4,542
Weighted average number of ordinary shares in circulation	3,543,700	3,543,700	3,543,700
Basic result per share (EUR per share)	**1.54**	**1.54**	**1.28**

29. Dividend per share

The net dividend of EUR 0.57 (gross EUR 0.81) per share proposed to the General Meeting of May 8, 2018 for the financial year closed on December 31, 2017, representing a total distribution of EUR 2,886, is not recognized in liabilities in the financial statements at December 31, 2017.

The dividend proposed for the financial year 2016 (a total of EUR 2,430 k) was approved by the General Meeting of May 9, 2017 and paid in 2017. This dividend was therefore no longer part of equity at December 31, 2017.

Under IFRS, dividend is not recognized as a liability.

30. Cash from operations

(in EUR k)	Note	2015	2016	2017
Net income of the period	19	**5,450**	**5,456**	**4,550**
Adjustments:				
Tax		(27)	(28)	(2,330)
Amortization of intangible assets		15	17	19
Depreciation of property, plant and equipment	20	959	719	615
Depreciation of investment property	21	2,138	2,051	2,384
Adjustment of depreciation of investment property	22	-	(201)	-
Loss / (profit) on disposal of non-current assets		-	(3)	-
Net changes to provisions for other liabilities	15	(537)	-	-
Net changes to liabilities resulting from post-employment benefits	16	245	49	63
Impairments of assets	25	45	1,018	3,328
Interest expense	26	345	331	588
Interest income		(4)	(12)	-
Unrealized exchange losses / (profits)		1	139	-
Changes to working capital (excluding changes to consolidation scope and translation differences):				
Inventory		(1,586)	1,666	152
Clients and other debtors		271	(252)	447
Rental guarantees received		682	(148)	190
Suppliers and other creditors		678	(931)	(787)
CASH FROM OPERATIONS		**8,675**	**9,871**	**9,219**

31. Litigation and contingencies

- Part of the CARRIGRES site is illegally occupied by squatters, which could prevent the development of the quarry's exploitation in the longer term. The company is doing everything within its power to eject these illegal occupants. This part of the deposit is not valued in the accounts.
- IMMOTEX is a party to various legal actions to protect its site in Kinsuka (104ha) from attempts at illegal appropriation of all or some of the site by third parties.
- TEXAF is also party to several legal actions to fight attempts to illegally appropriate its site at "Petit pont".
- UTEXAFRICA is confronted with attempts to build on the land liable to flooding between its compound and the river. To protect itself, in 2017 it was granted by the State a 25-year rental contract covering this area.
- The Group has won all the above cases in the courts of Kinshasa and expects these court decisions to be applied.

32. Commitments

- CONGOTEX was put into liquidation in 2007. IMMOTEX agreed to a USD 1M loan to facilitate the liquidator's work in settling certain priorities, such as the social liabilities. This loan is completely provisioned. The TEXAF Group is not obliged to contribute financially over and above the shareholder efforts it has made to this date.
- Some TEXAF properties (net book value EUR 1,712 k) is provided as collateral to Congolese banks to cover five loans, initially totaling EUR 11,940 k (see note 13 above).
- The company has committed to granting one of the executive directors remuneration based on a share option plan, the details of which still need to be fully agreed.

Renovated buildings of the Historic Concession.

33. Transactions with affiliated parties

S.F.A, which is the main shareholder of TEXAF S.A., rents offices and car parks to TEXAF S.A. in Brussels for EUR 64 k per year.

TEXAF keeps the books of SFA and Chagawirald, companies that control it, in lieu of a debt of EUR 300 k dating from 2002.

The lawyers office De Croo - Desguin, linked to Herman De Croo, director, charges consulting fees of EUR 20 k per year to TEXAF S.A.

The Group regularly buys goods and services from Chanimétal (EUR 125 k in 2017), a company co-controlled by Chanic, director.

Imbakin Holding, a company controlled by SFA, has a receivable of EUR 409 k from TEXAF.

The remuneration of the directors is detailed in the Remuneration Report.

34. Remuneration of main managers

The remunerations and other short-term benefits granted to the main directors was EUR 521 k in 2017 (EUR 739 k in 2016). The details are given in the Remuneration Report.

35. Remuneration of the auditor

- Fees relative to the duties of the auditor exercised for the Group in 2017: EUR 46 k.
- Fees relative to the duties of the auditor and the persons with which the auditor is connected (in 2017): EUR 47 k.

36. Events after the reporting period

Nil

37. Shareholding structure (total shares issued: 3,543,700 - since May 13, 2014)

- On May 13, 2014 TEXAF published the following information following the capital increase decided by the Extraordinary General Meeting of May 13, 2014:

Number of outstanding shares	3,543,700
Total number of voting rights	3,543,700
Total capital	EUR 21,508,160.84

Holders of voting rights:		
Société Financière Africaine	2,206,760	62.27%
Middle Way Ltd	354,370	10.00%

Société Financière Africaine is controlled by Chagawirald SCS, which in turn is controlled by Mr. Philippe Croonenberghs.

Middle Way Ltd is wholly owned by Member Investments Ltd. The ultimate beneficiary of Member Investments Ltd is CCM Trust (Cayman) Ltd, a trust of the Cha family.

- On August 29, 2017 TEXAF communicated information regarding article 74 of the TOB law to the FSMA.

Shareholders:	
Société Financière Africaine holds 2,212,765 shares or	62.42%
Middle Way Ltd holds 354,370 shares or	10.00%
Total shares issued	**3,543,700**

- Sales transactions on TEXAF shares executed by insiders during the financial year 2017:
  - Monsieur Jean-Philippe Waterschoot: 100 shares (September 14, 2017)
  - Monsieur Jean-Philippe Waterschoot: 120 shares (September 18, 2017)
  - Monsieur Jean-Philippe Waterschoot: 300 shares (September 20, 2017)
  - Monsieur Jean-Philippe Waterschoot: 480 shares (September 22, 2017)

SUMMARY OF THE MAIN ACCOUNTING POLICIES

The main accounting policies applied when preparing the consolidated financial statements are set out below. Unless stated otherwise, these policies have been applied in a permanent way to all financial years presented.

1. Accounting policies of the Group

The statutory accounts of the entities included in the consolidation are prepared in accordance with the local accounting rules. They are then processed again if necessary to comply with the accounting policies described below, when this has a significant impact on the consolidated accounts.

2. Consolidation principles

The consolidated financial statements comprise the financial statements of TEXAF S.A., its subsidiaries and the share of the Group in the equity and results of joint ventures and associated enterprises

2.1. STAKES IN SUBSIDIARIES

Subsidiaries are entities controlled by the TEXAF Group. "Control" exists when TEXAF holds the power (>50% of voting rights) to direct the financial and operating policy of a company to gain advantages from these activities.

The stakes in subsidiaries are consolidated on the date control is transferred to the Group and consolidation ends on the date the Group surrenders control.

At the moment of acquisition, the assets and liabilities of a subsidiary are valued at their fair value on this date. Any surplus (deficit) of the acquisition cost compared with the fair value of the net asset acquired is recognized in accordance with the principles stated in point 3 below.

The subsidiaries are consolidated in full. This means that the separate financial statements of the subsidiary are combined line by line with those of the parent company of the Group, adding the similar items of assets, liabilities, expenses and income. The following steps are taken to ensure that the consolidated financial statements present the financial information of the Group in the same way as a single company:

- the book value of the parent's stake in its subsidiary and the share of the parent in the equity of the subsidiary are eliminated, producing a net contribution of the subsidiary in the consolidated reserves of the Group;
- the minority interests (that is stakes that are not held by the parent, either directly or indirectly through the subsidiary) in the net result of the subsidiary are identified and subtracted from the result of the Group;
- the minority interests in the net assets of the subsidiary are identified and presented in the consolidated balance sheet separate from the liabilities and equity of the parent.

The intra-group balances and transactions and the unrealized losses or profits that result from them are eliminated in the consolidation. If necessary, the accounting policies of the subsidiaries are adapted to ensure the preparation of consolidated financial statements on the basis of uniform accounting policies.

2.2. STAKES IN JOINT VENTURES

The entities that are jointly controlled, that is entities that the Group controls jointly by means of a contractual agreement with one or more other companies, are consolidated by the equity method.

According to this method, the stakes held in the joint ventures are first recorded at the acquisition price, then adjusted to take account of the share of the Group in the losses or profits of the company beginning on the acquisition date. These stakes and the share of the Group in the result for the financial year are presented in the balance sheet and the income statement respectively as stakes in the companies consolidated by the equity method and as a share in the result of the companies consolidated by the equity method.

If the share of the Group in the losses of joint ventures exceeds the net book value of the stake, the net book value is reduced to zero. The losses beyond this amount are not recognized, with the exception of the amount of the commitments of the Group toward its joint ventures.

2.3. STAKES IN ASSOCIATED ENTERPRISES

Associated enterprises that TEXAF does not control solely or jointly but on whose financial and operating decisions it is able to exert a significant influence (which is generally the case when the company holds between 20% and 50% of the voting rights) are recognized by the equity method.

According to this method, the stakes held in the associated enterprises are first recorded at the acquisition price, then adjusted to take account of the share of the Group in the losses or profits of the company beginning on the acquisition date. These stakes and the share of the Group in the result for the financial year are presented in the balance sheet and the income statement respectively as stakes in the companies consolidated by the equity method and as a share in the result of the companies consolidated by the equity method.

If the share of the Group in the losses of associated enterprises exceeds the net book value of the stake, the net book value is reduced to zero. The losses beyond this amount are not recognized, with the exception of the amount of the commitments of the Group toward its associated enterprises.

3. Business combination

3.1. GOODWILL

Goodwill represents the surplus of the purchase cost of companies compared with the share in the fair value of the identifiable assets and liabilities of an acquired subsidiary, associated company or joint venture on the date of acquisition. It therefore represents the part of the price paid by the acquirer for the future economic benefits from the assets that cannot be identified individually and recognized separately. Goodwill is also recognized for associated enterprises and joint ventures.

After initial recognition, goodwill is subjected to an annual impairment test or more frequently if events or changes of circumstances suggest that there might be a loss of value. To do so, the goodwill is allocated to operating companies, which correspond to cash-generating units, and, more particularly, the lowest level at which the goodwill is monitored for the needs of internal management.

3.2. NEGATIVE GOODWILL

Negative goodwill represents the surplus of the share in the fair value of the identifiable assets and liabilities of an acquired subsidiary, associated company or joint venture compared with the cost of the grouping of the companies, on the date of acquisition.

Negative goodwill is recognized immediately in the income and is not subsequently reversed.

4. Currency conversion

4.1. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The items included in the separate financial statements of each entity of the Group (parent, subsidiaries, associated enterprises or joint ventures) are valued using the reference currency in the economic environment in which the entity operates (functional currency). In this context, the choice of functional currency is based on the relative importance of each transactional currency in the items on the income statement representative of the operating activities of the entity. If this choice is not clearly evident, the management uses its judgment to determine the functional currency that faithfully represents the economic effects of underlying transactions, events and conditions.

The consolidated financial statements of TEXAF are presented in euros, the functional currency of the parent company TEXAF S.A.

4.2. RECOGNITION OF TRANSACTIONS IN FOREIGN CURRENCIES

Upon initial entry in the books, a transaction in foreign currency must be recognized in the functional currency of the entity, applying the exchange rate on the transaction date to the foreign currency amount.

For practical reasons, an approximation of the day rate can be used (monthly average) if a large number of transactions have been conducted and the exchange rate does not vary in a significant way. If an approximation is used, it is applied to all transactions completed in a foreign currency in the course of the financial year. With this in mind, there is cause to use an average rate for current transactions and a historical rate for non-current transactions.

4.3. CONVERSION PRINCIPLES

The balance sheet of foreign entities (none of which use the functional currency of a hyperinflationary economy) is converted to euros on the basis of the exchange rate at the end of the period (closing price), with the exception of equity, which is kept at its historical rate. The differences resulting from the use of the historical rate for equity and the closing rate for the rest of the balance sheet are recognized in "accumulated translation differences" of equity.

The income statement is converted at the average monthly rate (which is the average over the year of the rates at the end of every month for the relevant currencies). The differences resulting from the use of the average monthly rate for the income statement and the closing rate for the balance sheet are recognized in "accumulated translation differences" of equity.

5. Property, plant and equipment

5.1. INVESTMENT PROPERTY

Land and buildings, corresponding to the definition of investment property, which is land or a building held to benefit from rent and/or to put capital to work and not occupied by the Group, are valued by means of the historical cost method less the combined depreciations and any impairments.

The fair value of investment property at the date of transition to IFRS has been assessed, property by property, based on the required yield value for these properties and the land value.

Concerning the depreciation of investment property, land is not depreciated. The share representing the value of construction is depreciated on the basis of its useful life for the company, that is 5-20 years depending on the condition coefficient attributed by the management. However, a residual value must be taken into account for each building beyond which depreciation is no longer continued. This is the presumed disposal value of the asset at the end of its useful life. This residual value is estimated at a fixed percentage of the historical cost, which is 20%. As an exception, the residual value of some COTEX and IMMOTEX buildings that are to be demolished in due course is also depreciated over 4-10 years, depending on how long they are expected to be kept.

5.2. PROPERTY, PLANT AND EQUIPMENT

5.2.1. Other land and buildings

Land and buildings held by the Group but not corresponding to the definition of investment property are valued by means of the historical cost method less the combined depreciations and any impairments.

The fair value of this property at the date of transition to IFRS has been assessed based on the required yield value if they were made available for rent.

The constructions are depreciated over a term of 5-20 years depending on the condition co-efficient attributed by the management, with a residual value of 20%.

Property, plant and equipment under construction are not depreciated.

5.2.2. Sandstone deposit (quarries)

The deposits are valued by means of the historical cost method less the accumulated depreciations and any impairments and are depreciated proportionate to the production compared with the estimated reserves. Before 2016, this depreciation was on a straight line basis over 40 years.

The CARRIGRES deposit was revalued on the basis of the yield value at January 1, 2009 as part of its integration on that date (IFRS 3 "Business combinations"). The reserves of this deposit are estimated at 25 million tons. It was maintained at its historical cost during the transition to IFRS in 2005.

The Group only exploits one deposit and does not explore additional deposits and consequently does not apply IFRS 6 for the recognition of exploration costs.

5.2.3. Other property, plant and equipment

Property, plant and equipment are recognized at their historical cost less accumulated depreciations and any impairments. The depreciations are calculated using the straight line method over the expected useful life of the assets in question and with due consideration for any residual value.

The depreciation of property, plant and equipment only begins when they are ready for their expected use.

The profit or loss resulting from the disposal and decommissioning of an asset corresponds to the difference between the income from the sale and the book value of the asset. This difference is recognized on the income statement.

Technical systems, machines and tools are depreciated over their useful life of 4-10 years.

Vehicles are depreciated over their useful life of 4-5 years.

Layouts and accessories are depreciated over their useful life of 3-10 years.

Improvements made to rented properties and other property, plant and equipment are fully depreciated. Acquisitions in this category of assets will be depreciation over their useful life.

6. Rental contracts

Rent from simple rental contracts is recognized in expenses on a straight line basis over the term of the relevant rental contract.

7. Costs of borrowing

The costs of borrowing directly attributable to the acquisition, construction or production of qualified assets (assets necessitating a long period of preparation before they can be used or sold) are added to the cost of these assets until they are ready for their expected use or sale. The income gained from the temporary investment of specific borrowed funds for the qualified assets are deducted from these assets.

All the other costs of borrowing are recorded in the net profit or loss of the ongoing financial year in which they are stated.

8. Financial assets

The financial assets are classified in one of the following four categories:

- Financial assets at fair value;
- Loans and debts;
- Investments held until maturity;
- Assets held for sale

The valuation and recognition principles are defined category by category.

8.1. FINANCIAL ASSETS AT FAIR VALUE

These are financial assets that were designated upon their initial recognition as valued at their fair value with changes to this fair value recognized in the income statement or financial assets held for transaction purposes (that is financial instruments acquired or held to profit from the short-term fluctuations in the reference price).

In this category, the financial assets are measured and recognized at their fair value and the changes to fair value are recognized in the income statement.

The fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market parties on the valuation date.

8.2. LOANS AND DEBTS

These are non-derivative financial assets created or acquired by the entity, with a fixed or determinable payment, that are not listed on an active market, nor held for transaction purposes and not designated upon their initial recognition as assets valued at fair value or as assets held for sale.

Upon their initial recognition, loans and debts are valued at fair value on this date or at their acquisition value together with the transaction costs directly attributable to the acquisition of the financial asset. Loans and debts are then measured and recognized at cost amortized on the basis of the effective interest rate method.

A provision for amortization of debts is set up (under impairment in the income statement) when there is an objective indication that the Group is incapable of recovering all the due amounts under the conditions initially provided for during the transaction.

8.3. INVESTMENTS HELD UNTIL MATURITY

These are non-derivative financial assets with a fixed or determinable payment and a fixed maturity that the entity intends and has the capacity to hold until they mature, that do not fulfil the definition of loans and debts and that are not designated upon their initial recognition as assets valued at fair value or as assets held for sale.

Upon their initial recognition, investments held until maturity are valued at fair value on this date or at their acquisition value together with the transaction costs directly attributable to the acquisition of the financial asset. Investments held until maturity are then valued and recognized at cost amortized on the basis of the effective interest rate method.

8.4. FINANCIAL ASSETS AVAILABLE FOR SALE

These are non-derivative financial assets that were considered to be available for sale at their initial recognition or were not classed in one of the three categories described above.

Financial assets available for sale are valued and recognized at their fair value. The changes to fair value are directly recognized in equity, with the exception of the part of the change attributable to gains or losses, which will be directly recognized in the income statement.

The profit or loss accumulated in equity is recognized in the income statement when the financial asset available for sale is disposed of.

9. Impairment of assets

Property, plant and equipment and other non-current assets are subjected to an impairmant test every time an event or a change of circumstances indicates that the recoverable value of the asset is lower than its book value The recoverable value is the higher of the fair value of an asset less the sale costs and its return value. An impairment is recognized at the amount at which the book value exceeds its recoverable value.

For the needs of impairment tests, the assets are grouped at the lowest level of asset grouping that generates largely independent cash inflows (cash-generating units). The impairments of long-term assets or liabilities are immediately recognized as an expense under non-recurring items. If the loss is no longer justified in subsequent periods, due to the recovery of the fair value or the return value, the impairment is reversed. The reversal of an impairment is immediately recognized as income under non-recurring items. Write-downs and reversals of write-downs are non-recurring items.

10. Inventory

The stocks are measured at the lower of cost (raw materials) or cost price (work in progress and finished products) and net realizable value. Cost includes the direct raw materials; cost price includes the direct raw materials, direct labor and general costs incurred to get the stocks to the place they need to be in the condition they need to be. The realizable value is the estimated sale price less the estimated costs needed to make the product saleable, including marketing and distribution costs. The value of stocks is determined by the application of the weighted average price method. When the circumstances justifying the impairment of stocks ceases to exist, the amount of the impairment is reversed.

11. Cash and cash equivalents

Cash and cash equivalent comprise the cash in hand and deposit accounts that have a maturity of three months or less from the date of acquisition. Overdrafts are reclassified as debts.

12. Assets and liabilities held for sale

Under IFRS 5, assets or group of assets held for sale, other than usual disposals, are presented on a separate line in the balance sheet under assets or liabilities and are measured at the lower of the carrying amount and fair value less costs to sell.

Non-current assets presented in the balance sheet as held for sale are no longer depreciated from the date of this presentation. An asset will be classified as an asset held for sale only if the sale is highly likely within one year, if the asset is available for immediate sale in its current condition and if an asset sale plan has been undertaken by the management.

An abandoned activity is a component of the activity of the Group that represents a main and distinct line of activity or geographic region.

An activity is considered to be abandoned when the criteria for classification as activity to be sold have been satisfied or the Group has sold the activity. The activities sold are presented on a single line in the income statement comprising the sale result after tax.

13. Share capital and retained earnings

Retained earnings can only be distributed if they exceed the amount invested in treasury shares.

The dividends of the parent company payable to the ordinary shares are only recognized as debt after their appropriation by the General Meeting.

14. Provisions

Provisions are recognized when the following three conditions are met:

- On the closing date, the entity has a current liability (legal or implicit) resulting from a past event
- It is likely that an outflow of resources representing economic benefits will be needed to fulfil the liability
- The amount of the liability can be reliably estimated.

The amount recognized as a provision is the best estimate of the expense needed to fulfil the current liability on the closing date. The estimates are based on the judgment of the management, supplemented with experience of similar transactions. If needed, management may get the advice of independent experts. Events after the closing date are also taken into account.

ANNUAL ACCOUNTS

15. Employee benefits

Employee benefits are split into four categories:

- Short-term benefits: salaries, social security contributions, sickness leave, paid leave, profit-sharing and bonus over 12 months, as well as non-monetary benefits such as housing and company car
- Post-employment benefits: payments upon retirement and contributions to post-employment medical costs
- Other long-term benefits: benefits in kind related to years of service milestones
- Termination benefits.

15.1. SHORT-TERM BENEFITS

- The cost of short-term benefits must be recognized during the financial year in which the member of staff has provided services that give right to these benefits.
- These are short-term benefits so no discounting will be applied.

15.2. POST-EMPLOYMENT BENEFITS

Post-employment benefits must be listed and classified in one of the following two categories, depending on their definition:

- Defined contribution plans: post-employment benefit schemes by virtue of which the company pays defined contributions to a separate entity (a fund) and has no legal or implicit obligation to pay supplementary contributions if the fund does not have enough assets to service all the benefits corresponding to the services provided by the employees during the financial year and subsequent financial years. In this case, the actuarial risk and the investment risk is borne by the employees.
- Defined benefit plans: post-employment benefit schemes that are not defined contribution plans.

In the event of a defined contribution plan, the contributions to the plan are recognized during the financial year in which the employee provides the services that give right to these benefits. Only the amount paid during the financial year must be recognized as a cost. If the amount paid exceeds the amount due, the surplus must be recognized in assets (charge to be carried forward) insofar as such an advance results in the reduction of future payments or reimbursement. Conversely, a liability must be recognized in liabilities if the amount due is higher than the amount paid.

In the event of a defined benefit plan, the liability to be recognized in the financial year must be calculated using the projected unit credit actuarial method. Under this method, the liability is equivalent to the present value of the benefits acquired on the basis of past years of service and, if applicable, the projected salaries.

The application of the method requires a precise inventory of the benefits granted and the granting conditions as well as the use of the following actuarial data:

- Likelihood of reaching the retirement age;
- Discount rate;
- Nominal growth rate of salaries.

The Group has not created a legal entity to finance the liabilities provided for in the defined benefit plan, so all the liabilities relating to past services are recognized in the balance sheet.

From January 1, 2013, TEXAF applies the amended version of IAS 19, particularly:

- Actuarial losses and gains (changes to assumptions or experience) are recognized in"other items of the comprehensive result";
- The new changes to schemes must be recognized in full in the income statement.

The actuarial gains and losses result in changes to actuarial assumptions and the actual situation as observed.

For defined benefit plans, the charge recognized in the operating result includes the cost of services provided in the course of the financial year, as well as the effects of any change, reduction or liquidation of the scheme.

In DRC the regulations and the collective labor agreements impose the grant of a single fixed payment upon retirement, which corresponds to a defined benefit plan. Furthermore, some employees benefit from a defined contribution plan.

15.3. OTHER LONG-TERM BENEFITS

These are benefits in kind related to years of service milestones granted by the companies of the TEXAF Group to their employees.

These benefits are recognized as a charge when they are granted.

15.4. TERMINATION BENEFITS

These are benefits payable in relation to:

- the end of the employment contract before the regular retirement age;
- an offer made to encourage voluntary departure.

The cost of these benefits is recognized in the income statement when the entity that employs the person under consideration takes action to terminate the contract of employment and/or grants a payment as part of an offer made to encourage voluntary departure.

16. Financial liabilities

The financial liabilities are classified in one of the following two categories:

- financial liabilities at fair value;
- other financial liabilities.

The valuation and recognition principles are defined category by category.

16.1. FINANCIAL LIABILITIES AT FAIR VALUE

These are financial liabilities which upon their initial recognition were designated as being valued at their fair value with changes to this fair value recognized in the income statement or financial liabilities held for a speculative purpose.

In this category, the financial liabilities are valued and recognized at their fair value and the changes to fair value are recognized in the income statement.

The fair value is the amount for which a liability can be agreed between well informed consenting parties acting in normal conditions of competition.

16.2. OTHER FINANCIAL LIABILITIES

These are financial liabilities that do not fulfil the definition of the preceding category.

Upon their initial recognition, the other financial liabilities are measured at their fair value. They are then measured and recognized at cost amortized on the basis of the effective interest rate method.

17. Deferred taxes

Generally, deferred tax assets and liabilities are recognized on the timing differences existing between the tax base of the assets and liabilities and their accounting value in the financial statements. They are then adjusted to take account of the changes to tax rates expected to apply when the timing difference is reversed.

The deferred tax assets and liabilities are offset when they relate to taxes levied by the same tax authority on the same legal entity and the Group has a legally enforceable right to settle its current tax assets and liabilities on a net basis. No offsetting between distinct legal entities has been applied.

17.1. DEFERRED TAX LIABILITY

A deferred tax liability is recognized for all taxable timing differences, except where the deferred tax liability is generated:

- due to the initial recognition of goodwill
- due to the initial recognition of an asset or a liability in a transaction that is not a business combination and does not affect the accounting result or the tax result on the transaction date.

17.2. DEFERRED TAX ASSET

A deferred tax asset is recognized for all deductible timing differences insofar as it is likely that a taxable profit will be available to which these deductible timing differences can be charged. Nevertheless, no deferred tax asset is recognized for deductible timing differences coming from the initial recognition of an asset or a liability in a transaction that is not a business combination and does not affect the accounting result or the tax result on the transaction date.

Furthermore, a deferred tax asset is recognized for the carry-forward of unused tax losses and unused tax credits insofar as it is likely that the entity will have future taxable profits to which these unused tax losses and credits can be charged.

18. Income recognition

- Income is recognized when it is likely that it will be earned and the amount of this income can be reliably assessed. In particular, since the financial year 2016 the rents payable by debtors that systematically have problems paying are only recognized when they are effectively collected.
- The sale of property is recognized when the significant inherent risks and advantages of owning the property are transferred to the buyer.
- Rental income from simple rental contracts is recognized on a straight line basis over the term of the relevant rental contract.
- The income from interest is recognized in the year this interest occurs, calculated on the basis of the principal due and according to the applicable interest rate.
- Share dividends are recognized when the right of the shareholder to receive the payment is established.

19. Use of estimates

The preparation of the consolidated financial statements of TEXAF in accordance with IFRS has led the Group to use estimates and make assumptions that could have an impact on the amounts of the assets and liabilities presented, the information to be provided on any assets and liabilities on the closing dates as well as the amounts presented in expenses and income. The actual results may be different from these estimates.

Statutory auditor's report to the shareholders' meeting of Texaf SA for the year ended 31 December 2017

In the context of the statutory audit of the consolidated financial statements of Texaf SA ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 10 mai 2016, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2018. We have performed the statutory audit of the consolidated financial statements of Texaf SA for two consecutive periods.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 120 254 (000) EUR and the consolidated income statement shows a consolidated profit (group share) of for the year then ended of 4 542 (000) EUR.

In our opinion, the consolidated financial statements of Texaf SA give a true and fair view of the group's net equity and financial position as of 31 December 2017 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (I SA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphases of matter

Without modifying the unqualified opinion expressed above, we draw your attention to the note 6 of the consolidated financial statements, which describes the analysis made on the valuation of the sandstone quarry that the group owns near Kinshasa in the Democratie Republic of Congo. The politie and economie situation in the Democratie Republic of Congo continues to deteriorate and the quarry activities are in sharp decline since 2015 following a drastic drop in the demand for crushed materials. Group's management completed an impairment test, which led to the recognition of an exceptional amortization of 3,36 million EUR in the consolidated financial statements for the year ended December 31, 2017. These tests are very sensitive to change in the variables used, which in the current environment in the Democratie Republic of Congo are difficult to assess, particularly in terms of future revenue and which in different scenarios could lead to an additional impairment. The field of the quarry is presented in the accounts for a net book value of 6,02 million EUR.

We also draw attention to the note 7 of the consolidated financial statements, which includes an estimate of the fair value of the investment properties portfolio. This assessment is based on the judgment of the Board of Directors taking into account the lack of liquidity and transparency of the real estate market in the Democratie Republic of Congo and the virtual absence of comparable transactions.

Finally, we draw attention to the note 3 of the consolidated financial statements, which states that the Group's assets are mainly located in the Democratie Republic of Congo. The economie and regulatory environment of this country has been regularly affected by socio-political unrest. Therefore, it is very difficult to predict its medium-term evolution. However, the consolidated financial statements presented have been prepared in the context of stabilization of the local economie and regulatory environment.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
1. Valuation of the real estate portfolio All the assets owned by Texaf are located in Democratie Republic of Congo (DRC). The lands in DRC are concessions granted by the State with renewable periods of 25 years. Texaf owns and rents out residential and office buildings. The net book value of the portfolio of investment properties amounts to 99,1 million EUR at 31 December 2017 and represents a significant part of the Group's assets (82%). The Texaf Group's real estate portfolio is divided into 3 categories: land, recent buildings (after 2005) and old buildings (before 2005). Each category presents a specific valuation method. Texaf has opted fora valuation of its property portfolio using the amortized cost method. An estimate of the fair value of the portfolio is provided in the notes of the consolidated financial statements. This estimate is made in the context of • a real estate market that is mainly not transparent and liquid and with virtual absence of comparable, which makes the assumptions, used for the valuation, subjective. The audit risk mainly appears in the assessment of the fair value disclosed in the notes of the financial statements.	- We considered the internal control and evaluation processes implemented by management in relation to the valuation of the real estate portfolio. - We ensured that the amortized cost method was correctly applied and calculated for each investment property. - As part of our audit procedures on asset acquisitions and disposals, we examined the related contracts and we validated the accounting treatment applied for these transactions. - We ensured the integrity and the completeness of the key data (contractual rents, lease terms, surface area,...) used in management's internal valuation of investment properties and we reconciled the valuations to the financial statements. - We performed a sensitivity test by varying several assumptions used by management in order to justify the net book value of the investment properties and we assessed the potential impact of these changes on the valuation. - For the valuation at fair value of the investment properties presented in the notes of the consolidated financial statements, we assessed and challenged the assumptions and data used. - We assessed the appropriateness of the disclosures provided on the fair value of investment properties. **References** - We refer to the consolidated financial statements, including notes to the consolidated financial statements: Note 7, Investment properties and significant accounting policies.
2. Valuation of the sandstone quarr Texaf owns, through its subsidiary Carrigrès, a sandstone quarry in the DRC. Carrigrès has been facing a decline in activity since 2015 due to the absence of any major public project in construction and infrastructure. The field of Carrigrès, located near Kinshasa, was reevaluated based on the return value as of ist January 2009 as part of its acquisition at that date. (IFRS 3 - "Business Combinations"). Since 2016, the quarry is depreciated in proportion of the production. At December 31, 2017, the field is valued at 6,02 million EUR in the consolidated financial statements of Texaf. The management completed an impairment test on the carrying amount of the field. This test is based on assumptions of future free cash flows generated by the operation of the quarry and on an estimated discount rate, which depends in particular on market risk and country risk. Following this test, an exceptional amortization of 3,36 million EUR has been booked in 2017. This test, performed at December 31, 2017, is very sensitive to changes in assumptions. Given the significant value of the quarry in the consolidated accounts, the sensitivity to changes in assumptions and a very deteriorated and unstable economie context in the DRC, we consider that the valuation of the sandstone quarry is a key audit matter.	- We examined the group's valuation rules and the procedure for identifying factors that could generate a risk of impairment of the quarry. - With the help of a member of our team of corporate finance, we discussed and challenged the valuation process, assumptions and important judgements, in particular the discount rate. - We reviewed and discussed future cash flows estimated by management (compare past budget with actual, subsequent review, ...) - We performed a sensitivity analysis by varying several assumptions used by management to value the quarry and estimated the impact of these changes on the impairment conclusions. - We ensured that the notes of the financial statements are complete and reflect correctly the conclusions of the valuation. **References** - We refer to the consolidated financial statements, including notes to the consolidated financial statements: note 6, property, plant and equipment and Significant accounting policies.

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Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is nota guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economie decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

REPORT ON OTHER LEGAL, REGULATORY AND PROFESSIONAL REQUIREMENTS

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement. We do not express any kind of assurance on the directors' report on the consolidated financial statements.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 5 April 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / se s.f.d. SCRL
Represented by Pierre-Hugues Bonnefoy

DIRECTORS' REPORT OF TEXAF S.A.

The 2017 accounts have been prepared on the basis of the legal and regulatory stipulations in Belgium. The annual financial statements present a profit of EUR 3,770 k on December 31, 2017. The development of the activities of the company and its subsidiaries was described in the above report on the consolidated financial statements.

The vast majority of the assets of TEXAF S.A. are located in the Democratic Republic of Congo, which is a country with failing governance, and are therefore subject to a particular political and environmental risk.

Statement of corporate governance

The corporate governance statement in this 2017 annual report is an integral part of the management report.

Remuneration report

The remuneration report in this annual report is an integral part of the management report.

Abridged annual accounts

The annual financial statements of TEXAF S.A. are presented in an abridged table below in EUR k.

In accordance with Belgium's Companies Code, the annual accounts of TEXAF S.A. and the auditor's report are submitted to the National Bank of Belgium.

These documents are also available on request at the main office of the company. On April 5, 2018 the auditor expressed an unchanged opinion on the annual financial statements of TEXAF S.A. with a paragraph of observation concerning the risks inherent to the presence of the Group's key assets in the DRC and this country's economic and regulatory environment.

(in EUR k)	2015	2016	2017
ASSETS			
Non-current assets	58,789	55,544	54,750
Current assets	3,239	4,443	5,124
	62,028	**59,987**	**59,874**
LIABILITIES			
Equity	55,248	53,365	54,249
Liabilities	6,780	6,622	5,625
	62,028	**59,987**	**59,874**
INCOME STATEMENT			
Revenue	**3,275**	**3,622**	**3,713**
Expenses	(2,524)	(2,505)	(2,395)
Professional profit	**751**	**1,117**	**1,318**
Financial result	1,009	736	638
Profit from ordinary activities	**1,760**	**1,853**	**1,956**
Non-recurring results	1,017	(1,294)	766
Profit for the financial year before tax	**2,777**	**559**	**2,722**
Tax on the result	(224)	(12)	1,048
PROFIT FOR THE FINANCIAL YEAR TO BE APPROPRIATED	**2,553**	**547**	**3,770**

Comments on the result

Revenue comprises the recurring property rentals of EUR 3,713 k, which are stable compared with 2016.

The operating expenses have fallen by 5%.

The financial result mainly includes the interest on UTEXAFRICA debts (EUR 0.7 m) and a write-down on the debt of i-Finance (EUR 50 k) from 2017.

NON-RECURRING RESULTS

In 2015 TEXAF made over to UTEXAFRICA the rights of use of the apartments of which UTEXAFRICA was the bare-owner, generating a real estate gain of EUR 273 k.

In 2016 TEXAF wrote down the stakes in La Cotonnière (EUR 1.2 m) and i-Finance (EUR 0.8 m).

Furthermore, the Board decided to reverse the write-down on the UTEXAFRICA debt of EUR 0.8 m (virtually unchanged compared with 2016 and 2015) by discounting this debt, the total amount of which was reduced to EUR 19.2 m (versus EUR 19.5 m in 2016 and EUR 20.9 in 2015).

Texaf also reversed a tax provision of EUR 1.2 m.

Events after the reporting period

On the date of writing of this report, no notable events have occurred.

Prospects for 2018 of TEXAF SA

The prospects for 2018 depend on how the economic and political situation develops in DRC.

Rents are expected to remain stable in 2018.

Conflicting interests

No decision has been made within the scope of article 523 of Belgium's Companies Code.

Other information required by article 96 of Belgium's Companies Code:

- There have been no research and development activities.
- The Board of Directors states that neither the company nor a direct subsidiary nor any other person acting in his or her own name on behalf of the company or a direct subsidiary has acquired shares or certificates of the company.
- No decision has been made by the Board of Directors with regard to the authorized capital in the course of the financial year to increase the capital or issue convertible bonds or subscription rights.
- The company does not have any branches.
- The Board of Directors confirms that the company is not exposed to credit liquidity or cash risk for the assessment of its financial assets.
- The Audit Committee is made up of at least one director who fulfils the criteria of independence and competence stated in article 526 of Belgium's Companies Code.
- The valuation rules are the same as those used the previous year.

Appropriation of the result

Confident in the positive development of the activities of the TEXAF activities in DRC, the Board proposes a 19% increase in the dividend per share and the distribution of EUR 2,885,599 or EUR 0.57 net per share from May 18, 2018 upon presentation of coupon no. 7 at the main offices and branches of Belfius bank.

PROFIT APPROPRIATION PROPOSAL:

Profit for the financial year	EUR 3,769,630
Profit carried forward	EUR 22,124,674
Profit to be appropriated	**EUR 25,894,304**
Return on capital	EUR (2,885,599)
Balance carried forward	**EUR 23,008,705**

Financial Calendar

Tuesday	Friday	Friday	Friday
08 **May 2018** (11am): Annual General Meeting	**11** **May 2018** Quarterly press release	**18** **May 2018** Dividend payment	**07** **September 2018** Publication of half-yearly results
Friday		Friday	Tuesday
19 **November 2018** Quarterly press release	**End of February 2019** Publication of 2018 annual results	**12** **April 2019** Publication of the 2018 annual report	**14** **May 2019** (11am): Annual General Meeting

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The Kinphonik choir in the TEXAF-BILEMBO room.

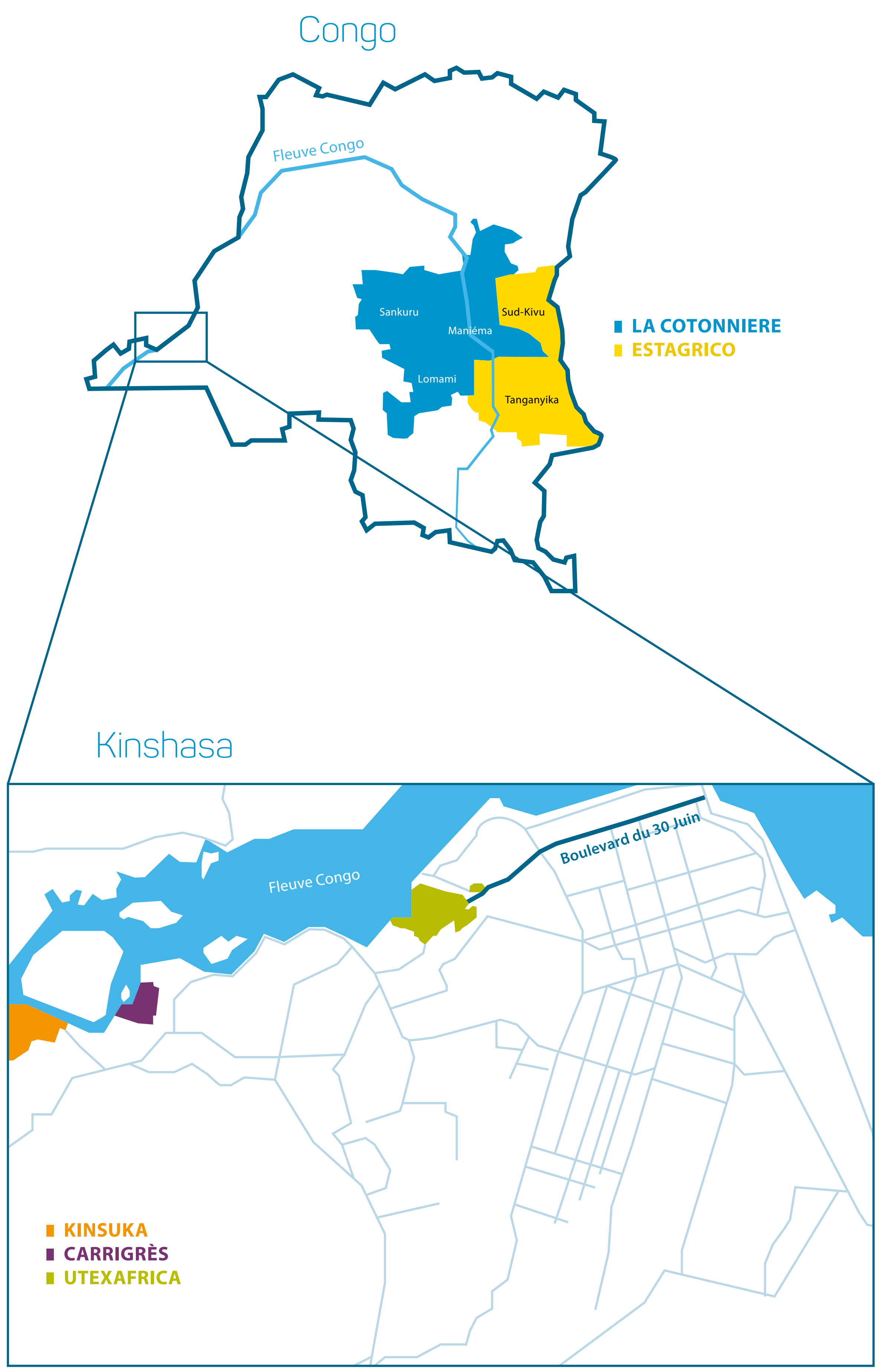
Definitions of alternative performance indicators:

- EBITDA: operating result in which allocations for depreciation are reintegrated
- Non-recurring: income or expenses that are not expected to be repeated in each accounting year, such as:
  - Gain or loss on disposals of non-current assets
  - Allocations (or reversals) to write-downs on non-current assets
  - Costs relating to major restructuring, purchase or disposal of an activity (such as redundancy costs, plant closure and commissions paid to third parties to acquire or dispose of an activity)

Specifically, the operating result and the recurring EBITDA are reconciled as follows:

(in EUR k)	Note	2017
Operating result		3,410
Non-recurring items	25	3,610
Recurring operating result		7,020
Depreciation allocation	6 and 7	3,018
Recurring EBITDA		10,038

- Financial debt: interest-bearing debt (even if the effective tax rate applied is zero, due to the present market rates); the calculation is given in appendix 14
- Net financial debt: financial debt from which all short-term or on demand deposits at bank and short term cash investments have been deducted
- Occupation rate: total rent billed over the period versus total billable rent
- Expected rental revenue: total annual rent of a building with a 100% occupancy rate.



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