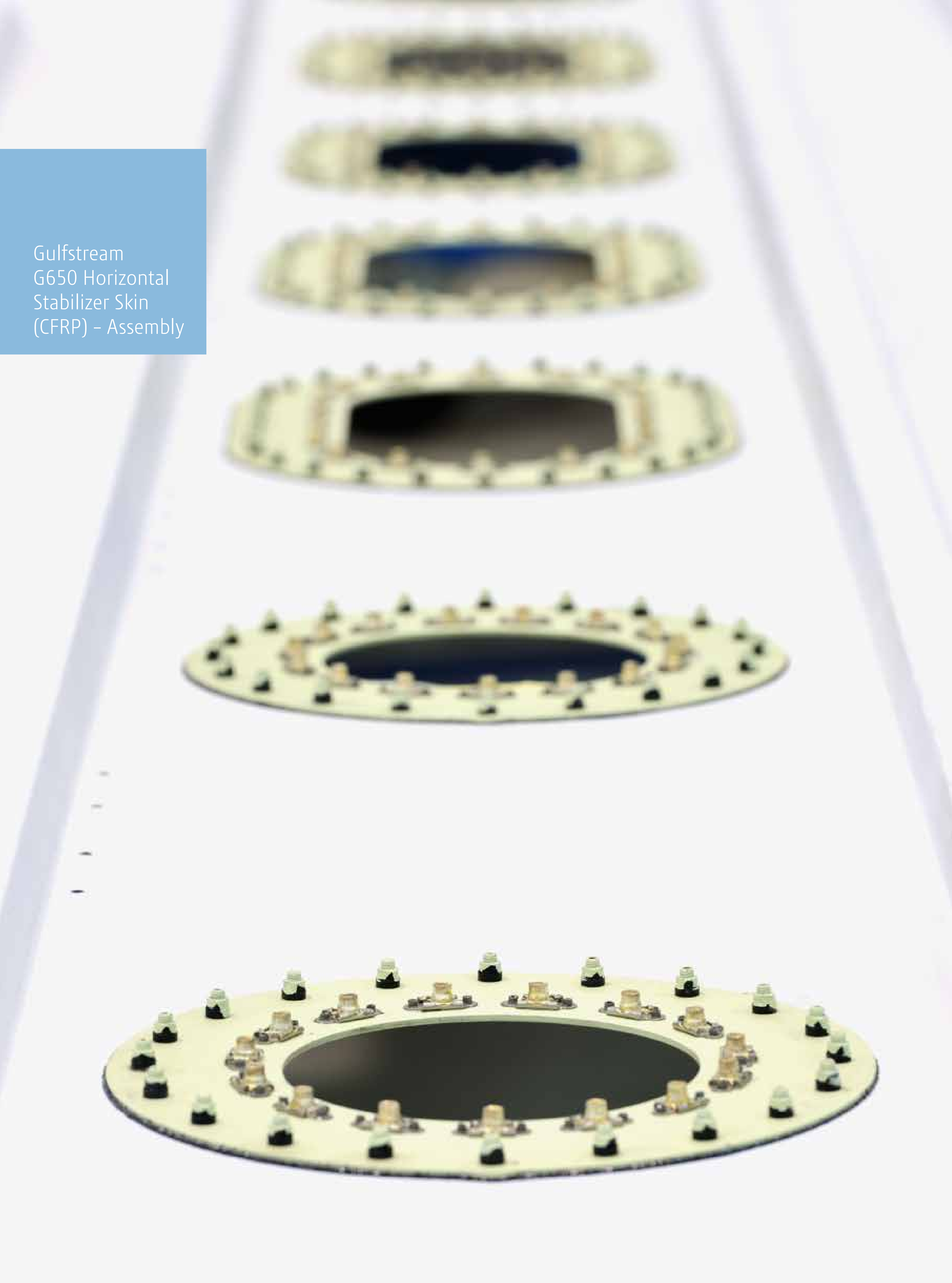
ANNUAL REPORT 2014

S.A.B.C.A.



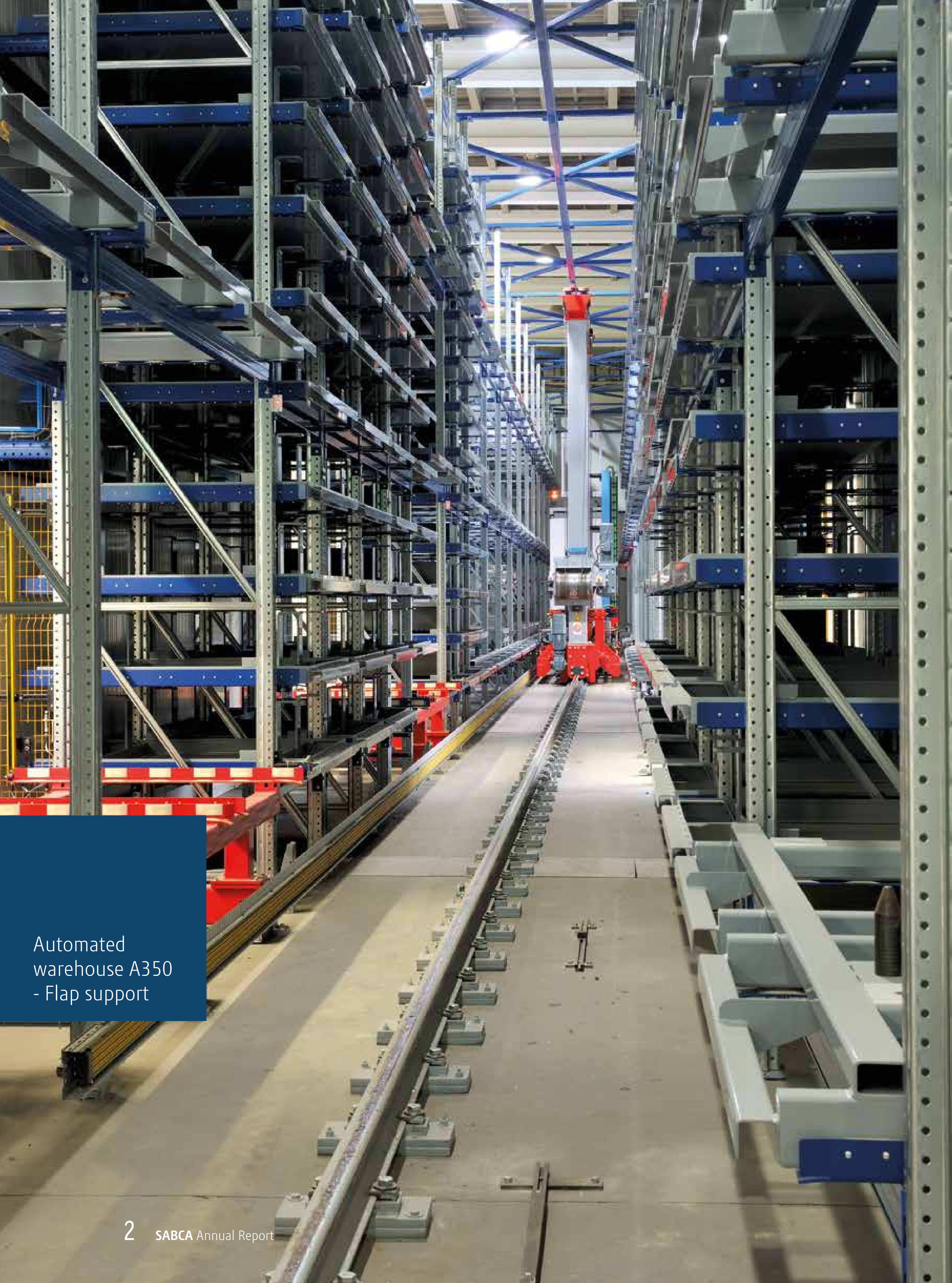
Gulfstream
G650 Horizontal
Stabilizer Skin
(CFRP) – Assembly

2014 Annual Report of the Board of Directors

Annual General Meeting, 28 May 2015

MANAGEMENT REPORT

The detailed annual accounts are included hereafter



Automated warehouse A350 - Flap support

Group profile

The SABCA Group (Société Anonyme Belge de Constructions Aéronautiques and its subsidiaries SABCA Limburg and ASM Aero) operates in three market segments - aerospace, civil aviation and defence. SABCA is making good use of the synergy and complementarity between these three sectors, not only in its products but in particular in its engineering and production facilities.

THE NATIONAL AND INTERNATIONAL FOOTPRINT OF THE SABCA GROUP

The SABCA Group operates mainly from four production sites in Belgium's three Regions and in Morocco, taking part in Belgian and international programs, whether as project owner, partner or subcontractor. Exports account for almost 85% of its turnover.

FROM THE DRAWING BOARD TO PRODUCTION

In its three sectors, the Group is involved in studies and in the design and manufacture of metal and composite structures, servo-systems and complex sub-assemblies.

A GROUP OPERATING IN THE FIELD OF MODERNISING AIRCRAFT

As part of its defence support business, it handles the maintenance and modernisation of military aircraft, as well as the production of kits and replacement parts. The Group has always been able to contribute to the realization of special customised products meeting the needs of its customers.

TOP PRIORITY GIVEN TO INNOVATION

With a view to continually improving the aircraft and space launchers in whose development it participates, the Group develops innovative technologies and more efficient manufacturing processes. It is developing its certification capacities and continuing its quality control efforts.

PARTICULAR ATTENTION ACCORDED TO THE ENVIRONMENT

The Group does everything to comply with environmental standards, making appropriate investments to achieve this. Every department complies at all times with the national and international standards required both by civilian and military authorities.

THE IMPORTANCE OF STAFF TRAINING

The high level of qualification demanded of staff is provided by training programs organised by the human resources department.

PARTNERSHIP AGREEMENTS CONSTANTLY ON THE RISE

The Group is attuned to a globalized marketplace, cooperating with numerous partners and steadily building up a network of international business relations. Within Belgium, given the nature of its activities and the crucial role played by government agencies, the Group is devoted to operating as an industrial player at both the federal and regional levels.

CLOSE CUSTOMER CONTACTS

The Group is characterised by its operating flexibility and the efficiency created by working in team with customers, starting from the design stage and going through to certification, production, delivery and after-sales service, all of the time listening to what customers have to say.

THE CONSTANT SEARCH FOR IMPROVEMENTS

Controlling the development of costs is one of the Group's ongoing objectives. Measures to strengthen its network of suppliers and subcontractors have been introduced in collaboration with SABCA's main suppliers, enabling the company to better meet customer requirements. The establishment of its subsidiary ASM Aéro in 2012 in Casablanca (Morocco) took place in this context.

FOCUS ON NEW TECHNOLOGIES

The Group conducts a policy of investing in and developing technologies in its various areas of excellence, while at the same time using the services of subcontractors in an appropriate manner, notably in response to customer wishes.

Statutory bodies

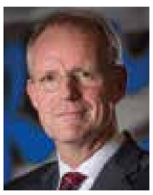
BOARD OF DIRECTORS (AND EXPIRY DATE OF THE CURRENT TERM OF OFFICE)

Chairman

SPRL Gestime, represented by its managing director, **Remo Pellichero** (2016)

Directors

Benoît Berger, Executive Vice-President Industrial Operations and Purchasing - Dassault Aviation[1] (2016)



Hans Büthker, Chairman and Chief Executive Officer Fokker - Technologies Group B.V.[2], director as of 19 December 2014 (2016)

Olivier Costa de Beauregard, Chief Executive Officer - Groupe Industriel Marcel Dassault[1] (2016)

SA C.G.O., represented by its managing director, **Philippe Delaunois**, independent director (2016)

SA Gefor, represented by its managing director **Jacques de Smet**, independent director (2018)

Charles Edelstenne, Chief Executive Officer - Groupe Industriel Marcel Dassault[1] (2016)

Michel Martin, independent director until 26 March 2014
SPRL PASTEC-MIT, represented by its managing director, **Michel Martin**, independent director as of 26 March 2014 (2017)

Loïk Segalen, Chief Executive Officer - Dassault Aviation[1] (2018)

Remco Smit,Chief Financial Officer - Fokker Technologies Group B.V.[2] (2016)

Sjoerd Vollebregt, Chairman and Chief Executive Officer - Fokker Technologies Group B.V.[2], director until 19 December 2014

Chief Executive Officer
Jean-Marie Lefèvre

Auditor
Mazars Réviseurs d'Entreprises SCRL, represented by **Lieven ACKE**, company auditor

SABCA LIMBURG
Board of directors (and expiry date of the current term of office)
Chairman
SPRL Gestime, represented by its managing director, **Remo Pellichero** (2016)

CEO
Jean-Marie Lefèvre (2016)

Directors
Loïk Segalen, Chief Executive Officer - Dassault Aviation[1] (2015)
Remco Smit, Chief Financial Officer - Fokker Technologies Group B.V.[2] (2016)

Auditor
Mazars Réviseurs d'Entreprises SCRL, represented by **Lieven Acke**, company auditor

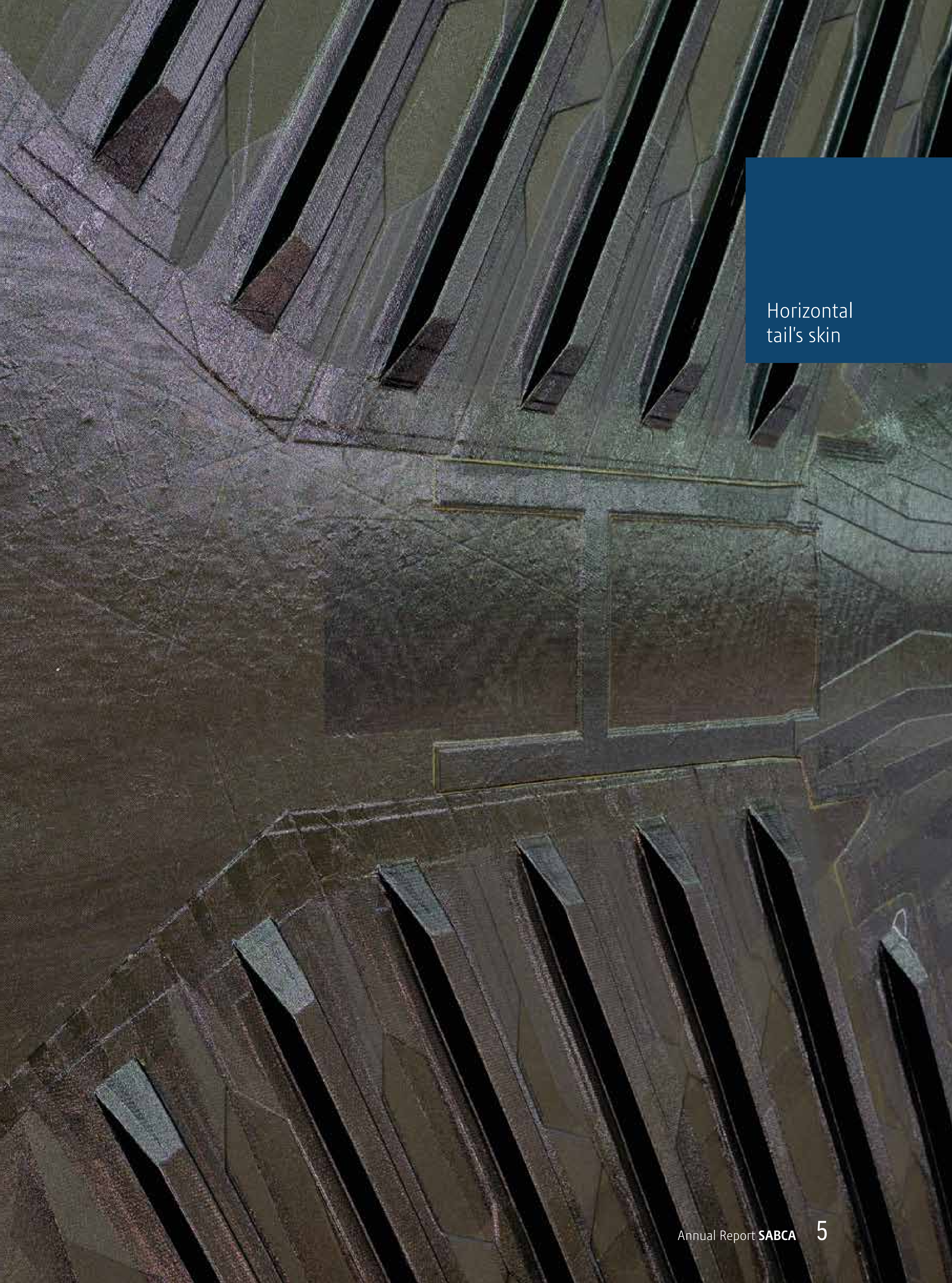
ASM AÉRO
Board of directors (and expiry date of the current term of office)
Chairman, responsible for day-to-day management
SA SABCA, represented by its Chief Executive Officer **Jean-Marie Lefèvre** (2018)

Vice-Chairman
S.A.S. AAA, represented by its Chairman, **Gilles Chauby** (2018)

Directors
Pierre De Graef, Director of the SABCA Brussels plant
Cédric Nouvelot, AAA Vice-President (2018)

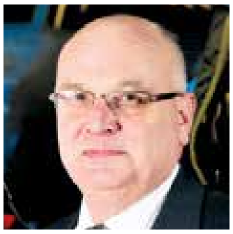
Auditor
Mazars Audit et Conseil SARL, represented by **Adnane Loukili**, company auditor

1 Elected on the proposal of the Dassault Group
2 Elu sur présentation de Fokker Technologies Group B.V.



Horizontal
tail's skin

R. PELLICHERO



J-M. LEFÈVRE

Message of the Chairman and the Chief Executive Officer

The company faced several difficult programs in 2014, leading – in financial terms – to a deterioration of its results.

Apart from the measures taken to remedy the situation, the Board, confronted by major developments in each of its markets, requested management to conduct a strategic review of the Group's directions and to implement a plan aimed at ensuring SABCA's future.

The Board is aware of the fact that this plan will necessitate a major amount of effort on the part of all stakeholders, but it is convinced that each and every one of them will fully back the recovery plan.
The Board has requested the Management Committee to report on progress in each board meeting.

In the **Civil Aviation Division**, meeting delivery deadlines is putting our teams under great pressure. This comes on top of the rapid ramp-up of the AIRBUS A350 XWB program and the production start of the first rear fuselage sections for the Falcon 5X, while the other programs are maintaining their high production levels.

The launch by AIRBUS of a Neo version of its A330 should help extend our manufacturing operations for the plane's rear cone for several years, even though a slow-down of deliveries for the current version has been announced by AIRBUS.

SABCA Limburg is in the same boat, having to maintain high production rates while at the same time absorbing the major workload generated by the production of composite panels for the Gulfstream G650, Falcon 900/2000 and 5X as well as the fairings for the A350 and casings for the A400M.

Whether at SABCA or SABCA Limburg, though volumes are high and offer chances of improvement, the combination of low market prices and increasing costs for materials and staff are necessitating efforts to maintain competitiveness.

The start-up of several new production facilities such as the A350 assembly line and several machining centres will also help improve production costs, as will the installation at SABCA Limburg of new CNC routing and ultrasonic inspection machines.

Major effort will be invested in ensuring that participation in civil programmes remains profitable.

At ASM Aéro, 2014 saw an increase in the volume of sub-assemblies produced. This trend is expected to continue in the coming years.

Turning to the **Aerospace Division**, Ariane 5 launches reached a nominal annual rate of 6 in 2014 and the current order book of Arianespace is a guarantee of this remaining the case for the next few years.

The VEGA launcher completed its third consecutive flight, and the fourth flight carrying the re-entry demonstrator vehicle (IXV) was successfully conducted in February 2015.

To be able to face up to the expected growth in competition in the future, the European Space Agency has decided to develop a family of launchers meeting the needs of future customers in terms of both performance and competitiveness.
In the course of 2014, the preparatory work on defining this future launchers – Ariane 6 and VEGA Consolidation – was carried out, and in December the Ministerial Council of ESA member countries confirmed the joint launch of these two programs under the leadership of ASL (Airbus Safran Launchers), a joint venture set up by Airbus Defence & Space and Safran, for the A6 and under the leadership of ELV for the Vega-C.

In the field of mechatronics, SABCA will be responsible for developing the electro-mechanical thrust vector actuation systems (EMTVAS) for all stages. Participation in structural work continues at SABCA, whereby the future workload of BE Structures is greatly dependent thereon.

Participation in the Ariane 6 programme with a satisfactory volume is of crucial importance for the post-2020 period, and priority is being given to mastering this challenge.

In the **Defence Division**, account has had to be taken of cuts in defence budgets, meaning that operations at the Charleroi plant have slumped, though the award of a new maintenance contract for F16 planes for export has helped limit the decrease in workload.
The gaining of new modernisation and maintenance export contracts remains crucial for the future of operations at the Charleroi plant.
With the Belgian Defence Ministry having initiated the decision-making process for a replacement for its F16 planes, SABCA is participating in a working group established within the BSDI (Belgian Security & Defence Industry) with a view to gaining a maximum of production participations in the context of this procurement project.

As regards the A400M program, France has successfully put its first planes into service, flying sorties to Africa.

With the current level of operations at the Charleroi plant remaining unsatisfactory, export marketing activities will be stepped up, as will be the effort to take part in the programme replacing the F16.

The challenges facing SABCA are thus manifold and differ dependent on the Division:
- Absorbing high production volumes for commercial and business aircraft while improving profitability in these programmes.
- Successfully developing the thrust vector actuation systems for the Ariane 6 and VEGA-C in compliance with very tight budget targets.
- Gaining new maintenance or modernisation contracts for planes or helicopters for the Charleroi plant. This involves winning hotly contested international calls for tenders.
- Profitably participating in new structural development programs in both civil aviation and aerospace.

Looking at the economic environment, even if the USD/EUR exchange rate is currently more favourable, the recurrent calls to cut prices on the part of our customers and the budget restrictions in the defence and aerospace (where Ariane 6 is a major opportunity) sectors are forcing us to develop new measures and implement action plans guaranteeing the future of our company.

R. Pellichero	J-M. Lefèvre
Président	*Directeur Général*


INB

1

Principal activities in 2014

Ariane 5 –
Thrust activation
groups (GAT)

Aerospace

ARIANE 5

2014 saw six Ariane 5 launches taking place, bringing the number of successful consecutive launches up to 63. This program remains of major importance for SABCA, as it is in charge of the production of various components: structural elements: the front and rear skirts (JAV/JAR) and the acceleration rocket frame (ARF); mechatronic elements: the engine activation groups (GAM), the thrust vector activation systems (GAT), the hydraulic servomotor subsystems (GHSM) and the pneumatic snatch off connectors (PCP).

ARIANE 5ME (MIDLIFE EVOLUTION)

2014 was marked by the delivery of the first electro-mechanical actuators (functional prototypes), successfully delivered to Airbus Defence & Space in June 2014. This turned out to be a major challenge for SABCA on account of the ambitious contract schedule and the development methods for this new generation of actuators.

This Phase 2 of the Ariane 5ME contract continued despite a number of uncertainties regarding the further existence of the program, in particular during the second half of the year, with the critical design review (CDR) being held at the end of 2014.

The ESA Ministerial Council meeting held in December 2014 took the decision to suspend the Ariane 5ME program, but Ariane 6 will incorporate the majority of development work already carried out, and especially the restartable upper stage originally featured in the Ariane 5ME.

ARIANE 6

The Ariane 6 PPH (powder-powder-hydrogen) version

In February 2014, continuing the September 2013 consultation, ESA issued a call for tenders to consolidate the proposals received in the previous consultation. This call for tenders related to the so-called consolidated launcher elements (CLE), such as the thrust vector activation systems (TVAS), the aerostructures, the avionics, etc.

At the end of the call, ESA appointed SABCA as the company responsible for the TVAS in all Ariane 6 stages. In the process, a contract covering Phase A activities was signed between Airbus Defence & Space and SABCA covering the period from April to September 2014.

The Ariane 6 PHH (powder-hydrogen-hydrogen) version

In summer 2014, Airbus Defence & Space and Safran presented a new launcher architecture – more multi-purpose, more economical and making better use of European production skills and capacities. This new proposal led to suspension of Ariane 6 PPH activities. In the meantime, new trade-offs were submitted to Airbus Defence & Space and a new Phase A was launched in November 2014 to start development of this new Ariane 6 configuration.

The Ministerial Council approved the choice of the PHH configuration in December, defining as an objective the need to find maximum commonalities between the Ariane 6 and Vega launchers with a view to reducing costs.

VEGA

The negotiations for the order of 10 launchers – Vega 6 - 15 – continued in 2014, with the focus put on reducing costs. In order to guarantee the first deliveries of this additional batch in the first half of 2015, the supply of long-cycle articles has been started.

In April 2014, the Vega launcher put the earth observation satellite "KazEOSat 1" into orbit, thereby chalking up its third consecutive success in three flights.

Three launches are planned for 2015, the first of which was the long-awaited flight of the Intermediate eXperimental Vehicle (IXV), successfully completed in February 2015.

P80 actuator

A350XWB
Flap support
(C-Rib) automated
transfer during
assembly

Civil Aviation

In the field of civil aviation, 2014 was a year full of challenges, ranging from the first deliveries of elements for Dassault Aviation's Falcon F5X to the increased production volumes for the majority of other programs, in particular the Airbus A350 XWB.

AIRBUS A350 XWB

2014 was marked by the gaining of Airbus A350XWB-900 certification and the delivery of the first version to Qatar Airways at the end of December.

SABCA has responsibility for producing structural elements for the aircraft – the flap support structures (FSS) and the flap support fairings (FSF) – and shipped 14 units in 2014, with Airbus maintaining the initially planned production rates. In 2015, the rate will be 4 a month.

AIRBUS A330

After a very encouraging first half with a delivery rate of 10 tail-cones a month, the third quarter was plagued by a number of difficulties with regard to delivery schedules. Thanks to a specific action plan, SABCA was able to quickly adapt to Airbus requirements in terms of both quality and deadlines, with a return to contracted dates at the end of the year.
With the support of SABCA, ASM stepped up production for two major elements of the tail-cones belonging to this program.
2014 saw 107 tail-cones being shipped to the Toulouse assembly line.

The new schedule for 2015 provides for a slight drop in shipments, with production volumes dropping from 10 tail-cones a month to 9. This slowdown results from the launch of the new A330 Neo version.

AIRBUS A318/A319/A320/A321

SABCA Brussels continued to deliver direct drive valves (DDV) to Messier Bugatti Dowty, the company responsible for building them into the braking system of the Airbus A320 family.
Certification of the new version of the DDV was completed at the end of 2014 and the first series deliveries took place in December 2014.
The increase in production rates for this Airbus program was confirmed, with monthly production rates reaching 45 aircraft by the end of the year.

SABCA Limburg supplied sets of composite ribs for the vertical fin of 546 of these aircraft in 2014.

AIRBUS A380

The 27 shipments of T-Shapes planned for 2014 were successfully completed in line with the contract schedule.
The plan is for this production rate to remain constant until mid-2019.

FALCON

This year was marked by the delivery to Dassault of the first prototype rear fuselage section for the Falcon 5X in March, followed by several series versions.

SABCA also supplies electromechanical equipment for the Falcon 5X cockpit, the TASFU (Trim Airbrake Slat Flap Unit), of which the first shipments took place in 2014.

SABCA Limburg is also involved in this program, constructing the horizontal stabiliser panels with integrated stiffeners and front and rear spars. The product is shipped to Fokker Aerostructures, which assembles the rear stabiliser for Dassault Aviation.

SABCA also has a contract with Dassault Aviation for the upper wing surfaces (extrados) made of composite materials in its subsidiary SABCA Limburg, as well as a contract for the Falcon 900's engine hoods.

Deliveries of servo-controls and other hydraulic equipment to Dassault for its business aircraft Falcon F900 and F2000 continued to be supported in 2014. With SABCA delivering nearly 1200 units a year, it has been necessary to introduce regular training for the work teams in order to be able to keep up with production requirements and meet customer demand.
New items of equipment will be added from 2015 onwards.

GULFSTREAM 650

2014 was marked by an increase in the production rate for elements of the horizontal stabiliser. SABCA Limburg is responsible for constructing these composite structures, which are then sent to Fokker Aerostructures for assembly before being shipped to Gulfstream.

Defence

SABCA CHARLEROI

A large proportion of Charleroi operations is dedicated to defence contracts. The plant continued its maintenance and modernisation work on aircraft, helicopters and accessories for both the Belgian and foreign armed forces in 2014.

The work done for the Belgium armed forces remained on the same level as previous years. The program upgrading the aerostructure of F16 planes has now reached its nominal production rate, and three Belgian Alpha-Jets are in the plant, undergoing the scheduled P9+ inspection. These two activities will continue in 2015 and beyond.

Maintenance and modernisation work was carried out on Belgian A109 helicopters on the ground.

The volume of F16 activities for foreign customers remained high, thanks to the work generated by the Depot maintenance contract for the USAFE with its particular focus on fuselage repairs, inspections of the wings and preventive anti-corrosion treatment.

In mid-2104, a contract for the 300-hour phase inspections was signed with the Dutch air force for an initial 12 planes. These activities will be continuing in 2015.

Moreover, several studies and activities have been awarded to SABCA by the French defence agency – Direction Générale de l'Armement – in the context of the management contract for the Supplementary Type Certificate (STC) for the French Alpha-Jet.

As the preferred candidate for carrying out the aircraft maintenance work at the Ateliers Industriels de l'Aéronautique de Clermont-Ferrand (AIA-CF), SABCA has responded to several calls for tenders issued by the French Service Industriel de l'Aéronautique (SIAé – France).

THE SABCA BRUSSELS AND SABCA LIMBURG PLANTS

2014 was marked by increased production rates for the European military transporter A400M, though without the expected levels being achieved. Nevertheless, SABCA operations with respect to the Airbus A400M are in good shape, with planning and production schedules being met. SABCA has already achieved the production pace allowing it to keep to schedule in 2015.

For this program, SABCA's Brussels plant is responsible for the development and production of the flap deployment structures, while SABCA Limburg is supplying the composite casings for the flaps.

In the field of mechatronics, SABCA is also responsible for the maintenance of the servo-steering, and the aileron and elevator servo-controls for the Alpha-Jet program.

Alpha Jet
Maintenance

Quality

In 2014, the compliance monitoring audit for the Quality Management System enabled SABCA to renew its EN9100 certification in line with the latest "2009" version of the standard. SABCA is moreover ISO9001- and AQAP2110-certified.

The company also has PRI-NADCAP certification for chemical processes as well as for non-destructive testing (NDT).

SABCA Limburg and ASM Aéro both have EN9100 (2009 version) certification.

SABCA Limburg was also awarded Production Organisation Approval (POA) by the Belgian Aviation Authority for the production of A400M wing flap panels under EASA PART 21/G. It has also gained PRI-NADCAP certification for non-destructive testing (NDT).

The Charleroi plant has gained MLE 145 accreditation from the Dutch Defence Ministry for its maintenance activities on the Dutch F16 planes and their equipment. This acknowledgement is part of the process to gain Part 145 approval.

The Environment

Looking at the ENVIRO project (pursuant to ISO 14001), 2014 was a year devoted to implementing major elements of the Environmental Management System (EMS) such as the in-depth environmental analysis of the macro-activities of 2 SABCA plants (Brussels and Charleroi) determining the significant environmental aspects, improvements to how emergencies are managed, the operational launch of the IT system for managing corrective actions related to the environment, etc.

This all enabled the successful completion of the environmental audit in October 2014, leading to the certification of the EMS at level 2 (of 3) in accordance with the NFX 30-205 standard.

From a practical point of view, 2014 saw the following environment-related results being achieved:
- Reduction of water consumption at the two plants,
- Reduction of CO_2 and VOC (volatile organic compounds) emissions,
- The installation of pilot workshops from an environmental point of view (the 'flight line' at the Charleroi plant and the A350 workshop at the Brussels plant).

In 2014, SABCA continued with the refurbishment of its Brussels buildings, improving their insulation inter alia by installing new roofs. New and more environmentally friendly lighting has also been installed, helping to cut back electricity consumption.

New handling equipment for pollutants has been installed, optimising storage and reducing the risk of leaks.

Finally, SABCA has stopped using perchloroethylene, a dangerous product previously used for degreasing. It has been replaced by a substance conforming to REACH standards.

SABCA
Limburg Site

Industrial Investment Projects

With a view to achieving increased production rates for the Airbus A350 XWB and A400M programs, SABCA has acquired a new 5-axis machining centre, with installation planned for September 2015. Moreover, the installation of an assembly line for A350 XWB structures was rounded off by the acceptance of the automated handling infrastructure and the new storage facilities. The assembly line is due to start operating in early 2015.

SABCA has commissioned a third 5-axis horizontal milling machine for the purpose of creating a flexible unit of several machines of the same type to meet program needs.

New hydraulic benches necessary for acceptance tests on components for the Dassault Falcon 900, Falcon 2000 and Falcon 7X were installed in the course of 2014. An electro-mechanical bench is now operational, for use in carrying out acceptance tests on components for the Falcon F5X.

At SABCA Limburg, the construction of a new 2000m² building is nearing completion. The plan is for a high-performance routing machine matching the dimensions of new production items to be installed in it in May 2015.

Movements In The Us Dollar Exchange Rate

Through its currency risk management policy for its current projects, the company continued to keep to a minimum the effects of USD fluctuations.

The company organises its purchases of goods and services in foreign currency to limit the residual exchange risk.
The currently favourable level of this currency is a great benefit, though its development remains of decisive importance for the company's future.

New Orders

SABCA booked EUR 179 million of new orders in 2014, bringing backlog up to EUR 397 million.

This backlog includes an amount of EUR 178 million, corresponding to SABCA's contractual participation in firm orders received by its customers and for which confirmation is only given shortly before delivery.

Falcon 5X rear lower tank: top skin assembly

2 Business Environment and Outlook

IXV actuator
and its electronics
and batteries

Aerospace

In the field of space launchers, 2015 promises to be a year in which the decisions taken at the December 2014 meeting of the Ministerial Council are upheld. It is clear that the Member States wish to develop synergies between the launcher programs.

In response to increased competition in the launcher market, the development schedules for the new launchers are very ambitious, with the first flight of the Vega Consolidation (Vega-C) launcher planned for 2018 and that of the Ariane 6 (its A64 configuration) in 2020.

In the first half of 2015, SABCA will start work on Phase B of the project, in which it is project leader for the thrust vector activation systems (TVAS) for all stages. In this context, SABCA will need to update its Ariane 6 tender in line with recent developments.

At the same time, SABCA is also a member of the working group looking into commonalities between the Ariane 6 and Vega-C launchers, with a view to finding a maximum of common items in the two launchers' P120 powder-based boosters and thrust vector activation systems.

A5ME actuator prototype

Defence

SABCA CHARLEROI

The support and maintenance programs fluctuate in line with actual requirements, concern about how long the aircraft can be used and the budget available, especially in Belgium.

The company's primary aim in this field is to consolidate its F16 business on the basis of the unique experience and know-how gained through working with the Belgian armed forces and other users of the plane over the last 35 years, in particular with regard to wing repairs and preventive anti-corrosion treatment – and, since 2014, to aircraft phase inspections. Various collaboration projects with foreign users are under discussion, some of which have led to orders received in the course of 2014. Others are still being negotiated, with a view to starting operations in 2015.

The scheduled maintenance work for the Alpha-Jet continues to provide a steady workload for the Charleroi plant, allowing long-term planning. The future of the Alpha-Jet, and from a more general perspective that of the training of military pilots, may present opportunities for the redeployment of SABCA operations in Charleroi. This also applies to the demands of state users in terms of outsourcing the maintenance of aircraft equipment. The choice of SABCA as a potential provider of this type of services by AIA-CF (Ateliers Industriels de l'Aéronautique in Clermont-Ferrand) or by Dassault Aviation underlines the correctness of this approach.

The experience gained in various modernisation programs carried out over the last few years for fighter or training aircraft and for helicopters helps boost export prospects.

This major dependence on export successes, in a difficult geopolitical and budgetary context, remains a major concern for the Charleroi plant, where the workload remains too low in 2015 despite an increase in relation to 2014, in particular on account of the phase inspections for Dutch planes and the prospect of carrying out this type of inspections on USAFE planes.

In the longer term, the planned replacement of the Belgian F16 fighters is expected to have a positive effect on the plant's operations.

SABCA BRUSSELS AND SABCA LIMBURG

SABCA and SABCA Limburg will continue shipping sets of components for the A400M in 2015, though the production rate will be lower than expected, as Airbus Defence & Space has lowered its delivery forecasts to client air forces.

F16 towing for painting

F16 final check-out

Civil Aviation

The market for civil aircraft continues to grow and the various activities at SABCA, SABCA Limburg and ASM Aéro will benefit from this in the coming years.

At Airbus, the trend for the coming years is to maintain, or even increase, production rates for the A320 and A350 XWB programs.

The new version of the A330, the A330 Neo, seems to be accepted by the market, offering good prospects for the continuing manufacture of tail-cones. Nevertheless, this new version is still in the design phase, meaning that current production is initially set to decrease.

Looking at the A380, production remains stable and is expected to continue this way until 2019. There is a possibility of a Neo version with new engines seeing the light of day in the years to come.

In 2015, SABCA will continue taking the necessary measures to improve quality and lead times and to reduce production costs in response to customer demands. This is a priority for the Group, enabling it to best meet the targets of the different contracts.

As regards business aircraft, the production outlook is also encouraging, especially for the Gulfstream 650 and the Falcon F5X, for which production rates are to be stepped up.

Airbus A380

Falcon 5X:
rear lower tank
assembly line

QUALITY

SABCA's quality management system will be the subject of a compliance monitoring audit in 2015 with regard to its EN9100, ISO9001 and AQAP2110 certification.
SABCA is also getting ready for the PRI-NADCAP certification for thermal treatment processes at its Brussels plant. As for SABCA Limburg, it is in the course of gaining specific certification for the production and painting of composite items.

In the field of civil aviation, the Brussels plant is preparing for Production Organisation Approval (POA) under EASA PART21/G to be extended to cover the flight servo commands of Dassault Aviation business jets, while SABCA Limburg is finalising its application to have its POA extended to cover the flap support fairings (FSF) of the Airbus A350 XWB.

The plants in Brussels and Charleroi will spend 2015 finalising PART 145 approval related to the maintenance of civil aviation equipment.

Airbus A400M Flap Skin (CFRP)

Environment

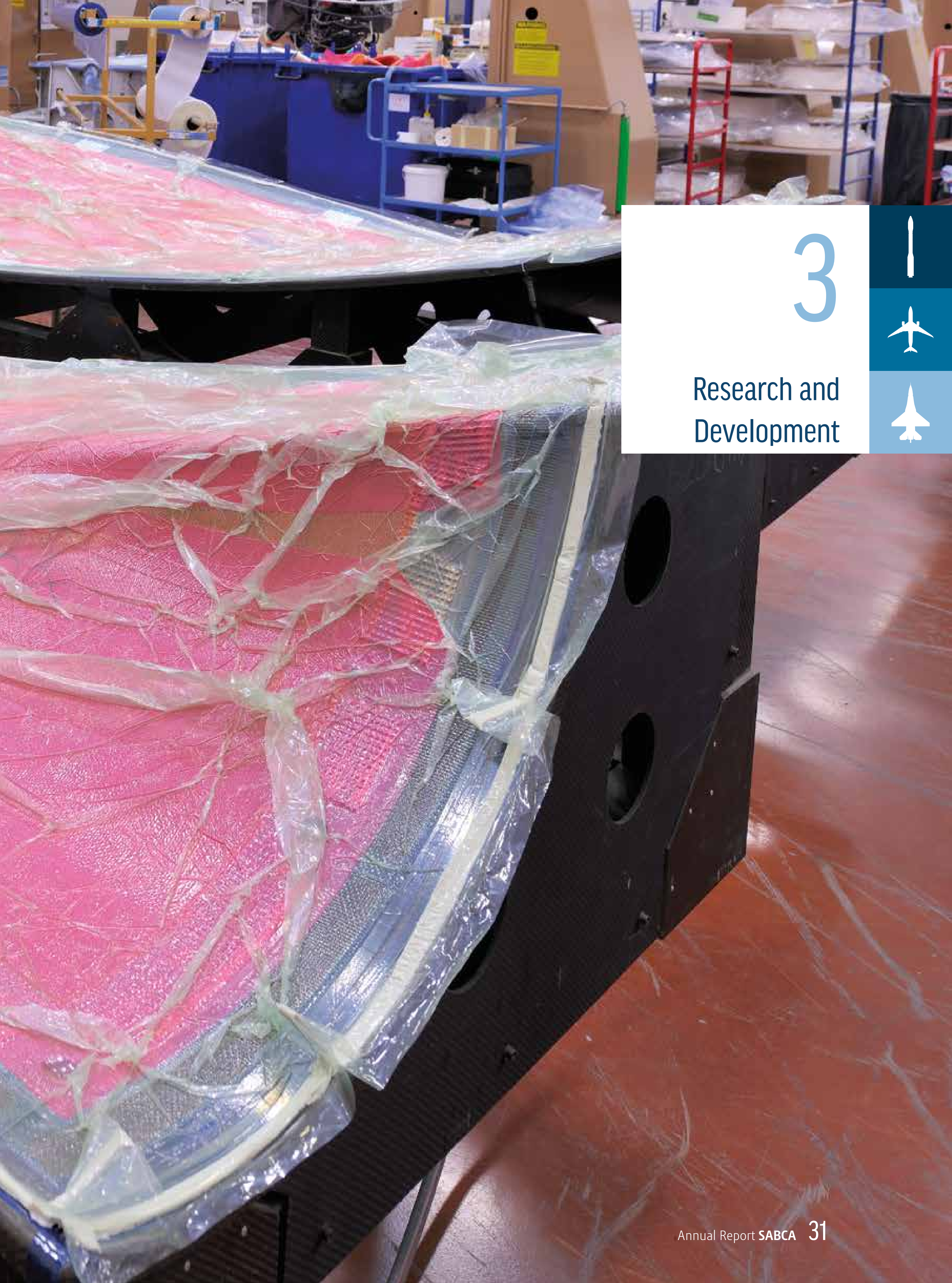
The introduction of the Environmental Management System under ISO 14001 will continue in 2015, with the target of gaining full certification in accordance with ISO 14001 in the course of 2016.

2015 will continue to see projects aimed at environmental improvements being implemented:

- the installation of a "dry" painting room at Gosselies.
- reducing CO_2 and VOC emissions and water consumption.

SABCA will similarly continue its optimisation efforts aimed at reducing its energy consumption. An awareness-raising campaign targeting staff will be launched in 2015 with a view to encouraging environmentally-friendly initiatives.

Coating of
an air intake
on an Alpha Jet



3

Research and Development

Aerospace

ARIANE 6

At the meeting of the ESA Ministerial Council on 2 December 2014 in Luxembourg, the Member States took the decision to start developing the new Ariane 6 launcher in two versions: the A62, capable putting a 4.5-tonne satellite into geostationary orbit (i.e. mainly for government missions), and the A64, capable of putting an 11-tonne satellite into geostationary orbit (i.e. mainly for commercial missions).
One of the key features of this Council meeting was the decision to develop a powder-fuelled (solid) booster (the P120C) for use in both the Ariane 6 and the Vega. The P120C will be used in the Ariane 6 as a solid booster (2 for the Ariane 62 and 4 for the Ariane 64), while it will be used in the Vega as a replacement for the current lower stage (the P80).
Apart from the P120C solid boosters, the central stage of Ariane 6 will be powered by a single Vulcain 2+ engine (based on the current Ariane 5 engine) burning liquid hydrogen (LH2) and liquid oxygen (LOX), while the upper stage will be powered by a restartable Vinci engine developed within the Ariane 5ME program.
SABCA has been selected to develop the thrust vector activation systems (TVAS) for these two cryo-technical stages.

ARIANE 5 MID-LIFE EVOLUTION (A5ME)

The Ariane 5ME program has enabled SABCA to develop a gearless electromechanical actuator (EMA) for the TVAS of the upper stage of the improved Ariane 5 version.
In carrying out this development work, SABCA was able to make use of the technology developed within the GSTP3 program. The critical design review (CDR) for the EMA was successfully completed at the end of 2014, with two prototypes for the pilot version of the launcher being shipped to Airbus Defence & Space for testing in early 2015.
As a result of the ESA Ministerial Council meeting, the Ariane 5ME program as such has been stopped, but its future development activities have been transferred to the Ariane 6 program.

VEGA CONSOLIDATION (VEGA-C)

The aim of this major program, also decided at the ESA Ministerial Council meeting, is to enhance the performance of the Vega launcher in response to market demand for launching 2-tonne satellites. The current Z23 stage of the Vega will be replaced by a higher-powered stage, the Z40. Preliminary studies will also target the upper stage (Avum), again with the intention of enhancing performance. The Vega's lower P80 stage will be replaced by a new solid booster developed jointly with the Ariane 6 (P120C).
The VEGA-C will thus have four stages: P120C, Z40, Z09 and AVUM+.
As in the Vega program, SABCA will be responsible for developing the thrust vector controls (TVC) as well as the inter-stage (0/1) structure.
The innovative technologies regarding electro-mechanical steering systems developed within the preliminary programs also provide opportunities to reduce costs.

INTERMEDIATE EXPERIMENTAL VEHICLE (IXV)

This is an experimental re-entry vehicle designed to collect aerothermal data related to this crucial mission phase. SABCA is in charge of the steering controls ensuring control of the vehicle when re-entering the Earth's atmosphere.
The system developed by SABCA, the flaps control system (FpCS) reuses to a certain extent the elements developed for the TVC of the VEGA second stage, while also including elements specifically required for the IXV.
Final certification tests were carried out in 2014 under the supervision of the Certification Commission, which gave its approval to the FpCS development. The flight version was shipped to Thales Alenia Space (a SABCA client), where it was built into the IXV. The first flight was successfully completed in February 2015.

Actuator A5ME:
electric motor

EUROPEAN LEVITATED SPHERICAL ACTUATOR (ELSA)

The aim of this project is to develop an electrical spherical motor designed to be the heart of a satellite attitude control system. The project is being conducted within the context of the European Commission's FP7 program, in collaboration with the Swiss CSEM (Centre Suisse d'Electronique et de Microtechnique) and the two companies SENER and MAXXON. SABCA has developed the steering electronics on the basis of the HBRISC2 processor. Phase 1 finished at the end of 2014 with the lab environment functioning of a demonstrator which reached a speed of 200 rpm. Phase 2 aimed at bringing the prototype to maturity is in preparation and should get started in 2015.

CONTROL LOOP PROCESSOR (CLP)

This program aimed at developing a generic processor for controlling electric motors in a space environment continued in 2014, in cooperation with the IMEC research centre in Leuven and the company SPACEBEL.
Phase 1 finished in early 2015 with the Preliminary Design Review and a demonstration of how the processor architecture functions (a FGPGA - a Field Programmable Gate Array).
Phases 2 and 3 target the development of the flight code, the validation of the software and the production of the application-specific integrated circuit (ASIC).
This processor is designed for use in the thrust vector systems of the Ariane 6 and Vega launchers. Other aerospace applications include controlling motors in space robotics or controlling spherical motors (cf. ELSA).

ADDITIVE MANUFACTURING (AM)

Additive manufacturing technology (3D printing) constitutes a break with conventional subtractive manufacturing processes. Computer-controlled, the technology involves producing items layer-by-layer on the basis of a 3D model.
In aerospace, this technology would enable increasingly complex and lightweight components to be produced, while at the same time reducing consumption of raw materials. It would also allow rapid prototyping in the development stage. SABCA has taken the decision to build up its competence in this field, setting up two research programs, one focused on aerospace applications (Aramis) and financed by the ESA and the other focused on civil aviation applications, for which an application for a grant has been submitted to the regional authorities.
These two programs, which will be carried out in partnership with universities and companies specialised in 3D printing, will be launched in the course of 2015.

FLPP

Within the context of the Future Launcher Preparatory Program (FLPP), ESA has awarded SABCA the task of designing the architecture and innovative technologies needed for the inter-stage metal structures.
2014 saw the selection of the most promising technologies. This is to be followed by the development and validation of their performance, together with confirmation of their competitiveness via concrete examples.
Two main focuses have been identified:

- The use of extruded panels assembled by friction stir welding for manufacturing inter-stage structures, whereby a demonstrator has been designed which is due to be produced and tested in 2015.
- The way the booster rockets are attached: The original plan was just to compare the existing systems. However, following the identification of an alternative system, ESA allocated additional budget with a view to conducting a large-scale test in 2015.

Airbus A320
Direct Drive Valve

Airbus A350
flying above an
Airbus A400M

Civil Aviation

A350 XWB

The development of the A350-900 XWB (including the preparation of the certification files) is drawing to an end.
A "design to cost" analysis is currently being conducted in conjunction with Airbus. Several possibilities have been identified for producing items using a cost-saving technology while optimising mass.

AIRBUS A320

Direct Drive Valve – Pressure Redesign (DDVPR)

Certification of the direct drive valve for use in the emergency braking system of the Airbus A320 finished at the end of 2014 with the first article inspection (FAI).
Delivery of the first batch of 24 valves took place at the end of December. The nominal production rate of 1200 valves a year is set to be reached in 2015.

DASSAULT FALCON 5X

SABCA is responsible for developing and manufacturing the plane's rear lower fuel tank.
The studies conducted throughout 2014 and the detailed specifications have been submitted, enabling production of the first prototypes to go ahead. A first one was shipped to the customer in March 2014. Activities aimed at optimising the specifications took place to support the customer in the development of the first planes, with tests including the compilation of calculation files for ground and flight testing and certification.

Defence

SABCA CHARLEROI

Based on the experience acquired in the modernisation of the Alpha-Jet Export, the engineering office drew up plans for modernising the plane's avionics in conjunction with Dassault Aviation, as well as for adapting other types of planes for use as advanced training planes for other users.

Further developments were also studied, this time for A109 helicopters (Belgian or foreign) (installation of new equipment, electrical modifications, etc.)

SABCA BRUSSELS

The development phase of the Airbus A400M is now drawing to a close. A series of modifications has been made with a view to improving the production process. These will allow the production rate to be stepped up as planned in 2015.

Composite Materials

With the support of the Belgian federal government and the Brussels-Capital Region, SABCA is researching alternative ways of using composite materials.

Manufacturing methods planned include:

- Automated fiber placement (AFP), a process allowing curved parts to be manufactured with a minimal loss of materials.
- Same Qualified Resin Transfer Moulding (SQRTM), a process with the advantage of extreme precision in the tolerance between two surfaces, and an increase in the degree of integration of the parts.

2014 saw the cowls of wing mechanisms based on the Airbus A350 being manufactured using fiber placement, and the spars of the horizontal stabiliser being made using SQRTM. Studies combining these two processes are due to be finalised in 2015, bringing the technology to maturity, allowing it to be used in the various programs and checking its cost-saving technical potential.

A demonstrator spar based on the horizontal stabiliser of a business aircraft has been produced using these technologies and will be tested in 2015.

MOV 2

4

Human Resources

Headcount Development

On 31 December 2014, SABCA employed 1,130 people. Compared to the headcount at the end of 2013, this represents an increase of 30.

Recruitment figures were high in 2014, not just because of staff retiring but also for increasing the production and aircraft maintenance workforce.

Training

SABCA continued its training effort in 2014 with a view to having employees acquire new skills and upgrade existing ones. In this context, a significant number of technical training courses and other specific courses (non-destructive tests, cutting tools, welding in accordance with ESA standards, aircraft systems, etc.) were held, supporting technological developments and learning about new regulations needing to be complied with.

Ensuring skill transfer to new-hires is of vital importance. To accomplish this, skill transfer plans have been drawn up and tutor training provided. The latter, validated by a pilot course, will be launched in early 2015 and will target specialists in the field affected by this activity.

Internal instructors also took part in a teaching course in the same vein.

Supervisors and newly promoted managers were given training in teamwork, leadership and performance evaluation.

The quality management team was not left out, with the further development of business processes being accompanied by specific training measures.

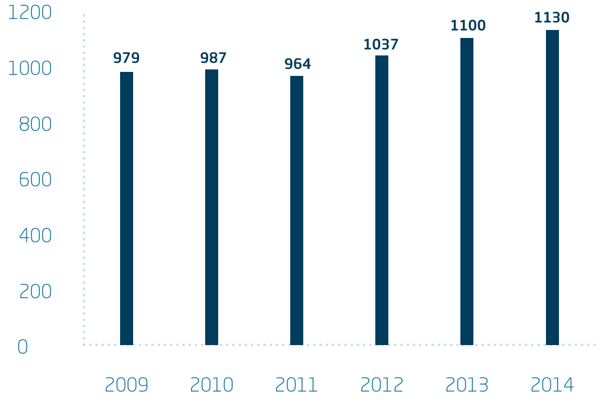
Last but not least, courses were held on such subjects as driving fork-lift trucks and health and safety at work in an effort to reconcile production and safety as effectively as possible.

Health and safety

Training in ways of preventing accidents and in safety in general is regularly provided for both old-hands and new-hires.

In 2014 recruitment of new first aid officers took place on a voluntary basis, with the volunteers benefiting from appropriate training.

HEADCOUNT DEVELOPMENT (SABCA GROUP)



F16 wing
overhaul

5 Corporate Governance Statement

As a Belgian company listed on the Euronext market of Brussels, SABCA S.A. ("SABCA" or "the company") is committed to comply with the corporate governance principles set forth in the 2009 version of the Belgian Corporate Governance Code (CGC).

This code is available on the website www.corporategovernancecommittee.be.

As recommended by the CGC, a Corporate Governance Charter was established, with the first version gaining Board approval on 13 September 2011. A new version was posted on the company's website www.sabca.com on 1 January 2014 in a section named "Investor Corner" clearly separate from commercial information. The Charter is reviewed as and when necessary.

The SABCA Board recognizes the importance of diversity in general and of gender diversity in particular, and will pay special attention to this aspect when identifying candidates for future nominations of directors.

Taking into account the size and the situation of the company, as well as the specific structure of its shareholders, the Board has considered it reasonable for the company not to fully comply with certain CGC provisions. These derogations concern the following provisions:

Provision 4.1: There should be a rigorous and transparent procedure for the efficient appointment and re-appointment of directors. The Board should draw up nomination procedures and selection criteria for board members, including specific rules for executive and non-executive directors where appropriate.

Due to the structure of company shareholders, comprising one majority shareholder and a second leading shareholder, the company has not yet established specific procedures related to the appointment of directors. The Board itself, led by the chairman, decides the appointments and possible re-appointments to be proposed to the general shareholders' meeting.
For the same reason, the company has not set up a nomination committee (see provision 5.3 hereafter).

This implies that the company derogates from all provisions of the CGC calling for nomination committee proposals or recommendations when directors or the management are to be nominated or assessed. This is the case for the following CGC provisions:

- 4.2: [...] The nomination committee should recommend suitable candidates to the board. [...]
- 4.6: [...] accompanied by a recommendation from the board, based on the advice of the nomination committee
- 5.3: see hereafter
- 6.3: The nomination committee should assist the board on the nomination and succession planning of the CEO and the other members of the executive management [...]
- Appendix D : nomination committee

Provision 5.3: [...] The board shall set up a nomination committee following the provisions set out in Appendix D.
The reasons why the Board has not created a nomination committee until now are given in the justification of provision 4.1 here-above.

1 COMPOSITION OF THE SABCA BOARD OF DIRECTORS

1.1 There are currently nine members of the Board; the list of members, plus an indication of the main function they exercise outside SABCA and the shareholder at whose proposal they were elected, is shown on page 4.

All members of the Board are non-executive directors, and three are independent directors.

1.2 The Board has not adopted any particular rules, either in relation to a possible age limit for its members, or with regard to exercising the position of director.

2 FUNCTIONING OF THE BOARD OF DIRECTORS

2.1 Frequency of meetings

The Board of directors meets whenever the company's interest so requires. This frequency enables the board to examine amongst others the half-yearly accounts (in September) and the annual accounts (in March), as well as any investments (in December).

The board met on three occasions in 2014.

Attendance of directors at board meetings

M. Remo Pellichero [1]	3
M. Benoît Berger	3
M. Olivier Costa de Beauregard	3
M. Philippe Delaunois [2]	3
M. Jacques de Smet [3]	3
M. Charles Edelstenne	3
M. Michel Martin [4]	3
M. Loïk Segalen	2
M. Remco Smit	3
M. Sjoerd Vollebregt	3

[1] representing SPRL Gestime
[2] representing SA C.G.O
[3] representing SA Gefor
[4] representing SPRL PASTEC-MIT

2.2 Competences

In the absence of any statutory restrictions, the board holds all powers assigned by law.

The board determines the strategic and short-term objectives for the company, approves and decides on the means needed to achieve these objectives.

At each meeting and in a general manner, the Board reviews all operating issues affecting the company.

2.3 Control of day-to-day management

At each board meeting, the CEO reports on business progress, the search for new business and market prospects, as well as the order book, the financial situation and opportunities for investing or disinvesting.

2.4 Invited participants

Members of the Group Committee are traditionally invited to attend board meetings.

3 COMMITTEES CREATED BY THE BOARD OF DIRECTORS

3.1 Standing Committee

The Standing Committee has been in existence since 1970. The members are: Mr Remo Pellichero, chairman, representing SPRL Gestime, Mr Jean-Marie Lefèvre and two representatives chosen by the main shareholders. For 2014, these two representatives were Mr Loïk Segalen (Dassault Aviation) and Mr Remco Smit (Fokker Technologies Group B.V.). Further members of the Standing Committee are Mr. Philippe Delaunois, representing the SA C.G.O., independent director, Mr Jacques de Smet, representing SA Gefor, independent director, Mr Michel Martin, representing SPRL PASTEC-MIT, independent director, and Mr Raymond De Dobbeleer, CFO. Generally speaking, the Standing Committee meets before board meetings. It assists the Board in preparing its decisions. The Standing Committee met three times in 2014.

Attendance of directors at Standing Committee meetings

M. Remo Pellichero [1]	3
M. Philippe Delaunois [2]	2
M. Jacques de Smet [3]	3
M. Michel Martin [4]	3
M. Loïk Segalen	2
M. Remco Smit	3

[1] representing SPRL Gestime
[2] representing SA C.G.O
[3] representing SA Gefor
[4] representing SPRL PASTEC-MIT

3.2 Audit Committee

The Audit Committee instituted pursuant to the law of 17 December 2008 is chaired by Mr Jacques de Smet, independent director conversant with matters relating to accounting and auditing, and representing S.A. Gefor. The non-executive directors, Mr Loïk Segalen and Mr Sjoerd Vollebregt are the other members of the committee. From time to time the committee is assisted by the external auditor, the CEO, the CFO, the internal auditor also in charge of risk management, and any other adviser deemed appropriate.

Internal rules of procedure have been established for the Audit Committee. The Committee reports to the Board on the exercise of its duties, making recommendations as regards steps to be taken.

In 2014 the Audit Committee met four times, in particular to examine the company's half-yearly and annual statutory and consolidated accounts; it also examined the results of the audit programme aimed at monitoring the effectiveness of the internal control and risk management systems.

Responsibility for the internal audit and risk management have been merged into one function reporting directly to the CEO. A staff member is appointed full-time to ensure this double responsibility.

Attendance of directors at Audit Committee meetings

M. Jacques de Smet [1]	4
M. Loïk Segalen	2
M. Sjoerd Vollebregt	3

[1] representing SA Gefor

4 DAY-TO-DAY MANAGEMENT

The Board chooses the person responsible for day-to-day management from among its members or not (articles 11 and 20 of the articles of association).
Day-to-day management of the company is executed by the CEO, Mr Jean-Marie Lefèvre.

A Group Committee and an Operational Committee (COp), both chaired by the CEO, meet once a month and contribute to the day-to-day management of the company.

The members of the Group Committee for 2014 were: Mr Jean-Marie Lefèvre, CEO, Mr Raymond De Dobbeleer, CFO, Mr Marc Humblet, marketing and sales director until 30 June 2014), Mr Marc Dubois, marketing and sales director (as of 1 July 2014), Mr Pierre De Graef, head of the Brussels plant, Ms Sabine Lelièvre, head of the Charleroi site (as of 1 April 2014) and Mr Peter Reynaert, head of SABCA Limburg.

The members of the Operational Committee for 2014 were the members of the Group Committee, plus Ms Josianne Evrard, head of the quality department, Mr André Ghysens, head of human resources, Mr André Baus, head of IT, Mr Pierre-Michel Léonard, head of the supply chain department.

Mr Peter Reynaert is the managing director of SABCA Limburg.

Mr Jean-Marie Lefèvre represents SABCA as CEO of the ASM Aéro SAS subsidiary.

5 PROFIT APPROPRIATION POLICY

In its proposals to the general meeting of shareholders, the board of directors aims at reconciling the high level of investments required for the company's aerospace activities with a reasonable return on capital.

6 SHAREHOLDERS

Dassault Belgique Aviation S.A., a virtually 100% subsidiary of the Marcel Dassault Industrial Group, holds 53.28% of the company's capital. The Dutch company, Fokker Technologies Group B.V., holds 43.57% of the capital notably through its subsidiary, Fokker Aerospace B.V. The balance of 3.15% is quoted on the Euronext market in Brussels.

7 RELATED-PARTY TRANSACTIONS

Sales and purchases are made at market price.

Balances outstanding at the year-end are not guaranteed and are made in cash. No guarantees were provided or received in 2014 for related-party receivables.

For the 2014 financial year, the Group did not recognize any provisions for bad debts relating to amounts receivable from related parties.

This evaluation is done by examining the financial position of the related parties and the market in which they operate.

The identifiers and the values are listed in note 14 of the consolidated accounts.

8 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

SABCA has formalised its internal audit activities via the internal control system based on the COSO2 model. In doing so, it has defined its control environment, identifying and classifying risks in order to highlight the ones with the greatest consequences, and making sure that internal controls exist and are effectively executed. Communication and information together with monitoring and surveillance are part of this approach.
The main objective is to increase process efficiency by reducing the level of risk, thereby improving overall performance and creating added value.

As in any control system, the risk management system installed provides reasonable assurance that the operational targets will be achieved.

8.1 Control environment

The functioning of the various units is managed via "Management Processes" describing the principles and procedures with their input and output and how they interact together.
An Environmental Policy Statement and an Internal Audit Code as well as a Quality Policy Statement exist and are communicated to all staff. Their compliance with legislation and regulations, and whether they take account of any changes which have taken place in our field of activity are reviewed on an annual basis.

8.2 Risk management process

SABCA has started formalising the process of analysing and assessing its business risks from 2009. These have now been categorised and prioritised in 7 areas on the basis of their probability and their impact level. The missions defined in an annual audit programme relate to risks considered as being major, with attention mainly focused on operational risks.

The financial side is the subject of particular attention, being focused on in the chapter on financial risk (see chapter 8.6 below).

8.3 Control activities

Control activities consist of the measures taken by the company to make sure that the main risks identified are kept under adequate control.

To accomplish this, the position of an internal auditor has been created, covering all processes within the SABCA Group.

The annual audit programme is submitted to the Audit Committee for approval.

The control (i.e. audit) activities aim at making sure that standards and laws are complied with and procedures applied, with the focus placed mainly on the operational side.
Audit activities benefit from performance indicators already used within processes, together with actions emanating from the control plans.

In addition, the process of the financial department includes internal control measures. Reviews of the financial process supplement this approach.

Quality audits are carried out by internal quality auditors using the appropriate existing procedures. They are also responsible for following up the actions and recommendations coming from internal or external audits.

The external company auditor and his team are responsible for external audits, along with a number of both Belgian and foreign audit organisations.

8.4 Information and communication

Each audit gives rise to a specific report. This method has now been extended to all processes, with a final report submitted for approval to the Audit Committee.
The results of quality audits carried out internally or by external agencies are channelled through the quality department which also makes sure that any points are followed up.

Performance indicators are presented on a monthly basis to the various committees responsible for managing the company.

8.5 Management

The management of internal audits including risk management is the responsibility of senior management which reports on this subject to the Audit Committee.

8.6 Principal risks and uncertainties

As a result of the work carried out by those in charge of risk management and internal controlling, the risks have been identified and classified in accordance with their acceptablility.

The principal risks and uncertainties faced by the Group are outlined below:

Cash and liquidity risks

The Group is not exposed to any significant market risk with regard to its financial debts.
Cash resources enable the Group to meet its commitments without any liquidity risk.

Credit risk

The Group performs its cash and foreign exchange transactions with recognized financial institutions.

The Group limits counterparty risk by performing most of its sales in cash and ensuring that the granted loans are secured by the Belgian Export Credit Insurer (DUCROIRE) or collateral.

Considering the trade receivables impairment method applied for the drawing up of consolidated financial statements the percentage of outstanding receivables not impaired at the closing accounts is immaterial.

Market risk

Exchange risks

Though the major part of its expenses is incurred in Euros, the Group is exposed to an exchange risk on sales denominated in USD, despite the fact that USD purchases have increased.

The Group covers this risk using forward sales contracts and, if necessary, foreign exchange options.

It hedges its net future cash flows only if they are considered highly probable and partially to ensure that the first future cash flows will be sufficient to exercise the foreign exchange hedges in place. The amount of the hedge may be adjusted according to the variability in the timing of expected net cash flows.

Operational risks

The long-term programmes constitute a risk for the Group, as their technological, economic and financial evolution has the potential to endanger their profitability:

- The difficulty of finding staff on the Belgian labour market, in particular for design and manufacturing activities;
- the difficulty of obtaining supplies of raw materials and components;
- uncertainty with regard to Belgian project funding policy;
- IT system security;
- the level of workload at the Charleroi plant, which is highly dependent on export contracts;
- supply chain reliability in the face of increases in production rates.

9 REMUNERATION REPORT

9.1 Composition and activities

9.1.1 Composition and activities

The Committee is made up of:

- SPRL Gestime, represented by its manager, Remo Pellichero, President, chairman of the board of directors;
- SA C.G.O., represented by its CEO, Philippe Delaunois, independent director;
- SA Gefor, represented by its CEO, Jacques de Smet, independent director.

The following also took part in the meetings:

- Jean-Marie Lefèvre, CEO (except for the part concerning him);
- The secretary of the Remuneration Committee: André Ghysens, head of HR.

In the course of 2014, two meetings were held.
For each member of the Operating Committee (COp) the Committee looked at:

- the different remuneration components, with particular attention paid to the fixed and variable parts;
- the group insurance policies;
- remuneration policy.

The Remuneration Committee's rules of procedure are to be found in Appendix D of the SABCA Corporate Governance Charter.

Attendance of directors at Remuneration Committee meetings:

M. Remo Pellichero[1]	2
M. Philippe Delaunois[2]	2
M. Jacques de Smet[3]	2

[1] representing SPRL Gestime
[2] representing SA C.G.O.
[3] representing SA Gefor

9.1.2 Remuneration policy

The aim of the company is to develop and maintain an attractive remuneration policy for its staff, balancing the interests of the company and those of its shareholders.

The Remuneration Committee reviews the situation of Operational Committee (COp) members, including members of the Group Committee.
The Committee listens to the explanations of the CEO and, after discussion and exchanges of views between its members, submits its final proposals to the Board which then decides on the matter.

Executives concerned:

- the members of the Group Committee:
  - Jean-Marie Lefèvre, CEO;
  - Raymond De Dobbeleer, CFO;
  - Pierre De Graef, head of the Brussels plant;
  - Marc Humblet, marketing and sales director (until 30 June 2014);
  - Marc Dubois, marketing and sales director (as of 1 July 2014);
  - Sabine Lelièvre, head of the Charleroi plant (as of 1 April 2014);
  - Peter Reynaert, head of SABCA Limburg.

- other members of the COp:
  - André Baus, head of the IT department;
  - André Ghysens, head of the human resources department;
  - Josianne Evrard, head of the quality department;
  - Pierre-Michel Léonard, head of the supply chain department.

The remuneration consists of the fixed remuneration, the variable remuneration and the (supplementary) pension plan. The Committee seeks to maintain the right balance between these three elements, the sum of which determines the company's ability to attract, motivate and retain highly skilled professionals, taking account of the scope of responsibilities and market standards.

- The fixed remuneration is based on the level of responsibility, with its evolution dependent on individual performance appraisals and market trends;
- The remuneration committee submits the remuneration modification proposals to the board;
- The variable remuneration for COp members is dependent on the assessment of their individual performance and company results;
- Group Committee members benefit from a specific supplementary pension plan, annual payments to which are dependent on the company's net result;
- The variable remuneration for any one financial year is subject to Annual General Meeting approval;
- A supplementary pension is established for each COp member.

There has been no significant change in remuneration policy since the last financial statements.

The remuneration policy contains no specific rule for severance compensation.

9.2 Remuneration of members of the board of directors and its committees*

Non-executive directors	in EUR
SPRL Gestime, represented by its manager **Remo Pellichero**, Chairman	5,000
Benoît Berger, Executive Vice-President Industrial Operations and Purchasing - Dassault Aviation	17,601
Hans Büthker, Chairman and Chief Executive Officer - Fokker Technologies Group B.V. as of 19 December 2014	510
Olivier Costa de Beauregard, CEO - Groupe Industriel Marcel Dassault	17,601
SA C.G.O. represented by its CEO **Philippe Delaunois**, independent director	19,601
SA Gefor represented by its CEO **Jacques de Smet**, independent director	24,101
Charles Edelstenne, CEO - Groupe Industriel Marcel Dassault	17,601
Michel Martin, independent director until 26 March 2014	4,621
SPRL PASTEC-MIT, represented by its manager **Michel Martin**, independent director as of 26 March 2014	14,480
Loïk Segalen, CEO - Dassault Aviation	19,601
Remco Smit, Chief Financial Officer - Fokker Technologies Group B.V.	19,101
Sjoerd Vollebregt, Chairman and Chief Executive Officer - Fokker Technologies Group B.V.	18,590

** Board of Directors, Audit Committee, Standing Committee and Remuneration Committee.*

There is no significant change in the remuneration policy of non-executive directors since the last financial statements. Committee members receive an attendance allowance of EUR 500 (EUR 1000 for the chairman) for each meeting attended. The corresponding amounts are included in the table above.

Via his company Gestime SPRL, Mr Remo Pellichero has a service contract for an annual fee of EUR 75,000 excl. VAT.

Modifications to the remuneration of the members of the board and committees are defined by the General Meeting following the proposal of the remuneration committee.

9.3 Statutory auditor

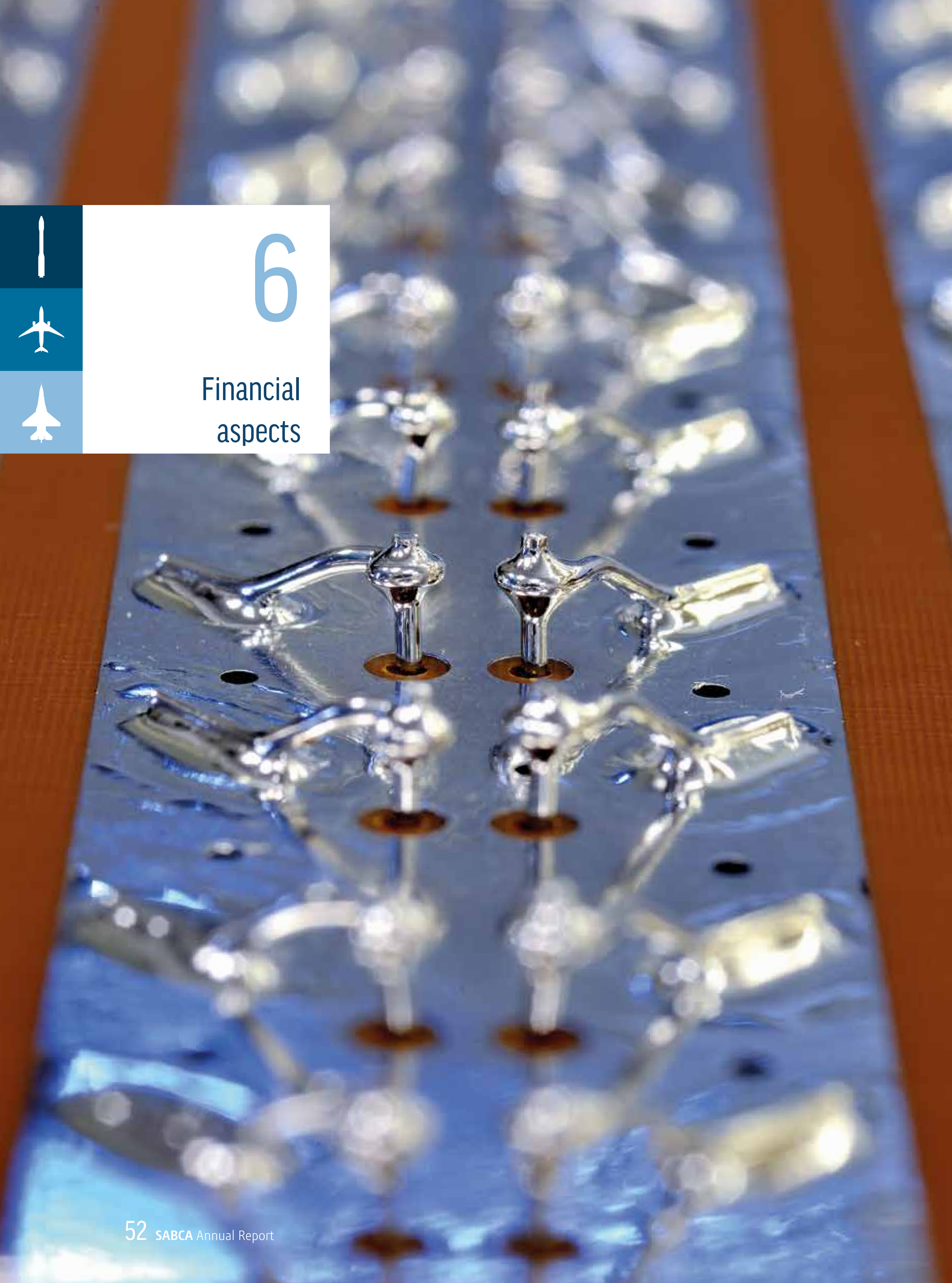
The fees of the statutory auditor for the financial year amount to EUR 84,000.

9.4 Remuneration of the CEO and other executives

Following the proposal of the Remuneration Committee, the Board set the following amounts as remuneration for the CEO and the other COp members in 2014.

in EUR	CEO Jean-Marie Lefèvre, salaried	Other COp members
Fixed remuneration	224,534	1,037,706
Variable remuneration	76,965	240,190
Total	301,500	1,277,896
Supplementary pension	108,908	374,876
Other	5,211	29,422

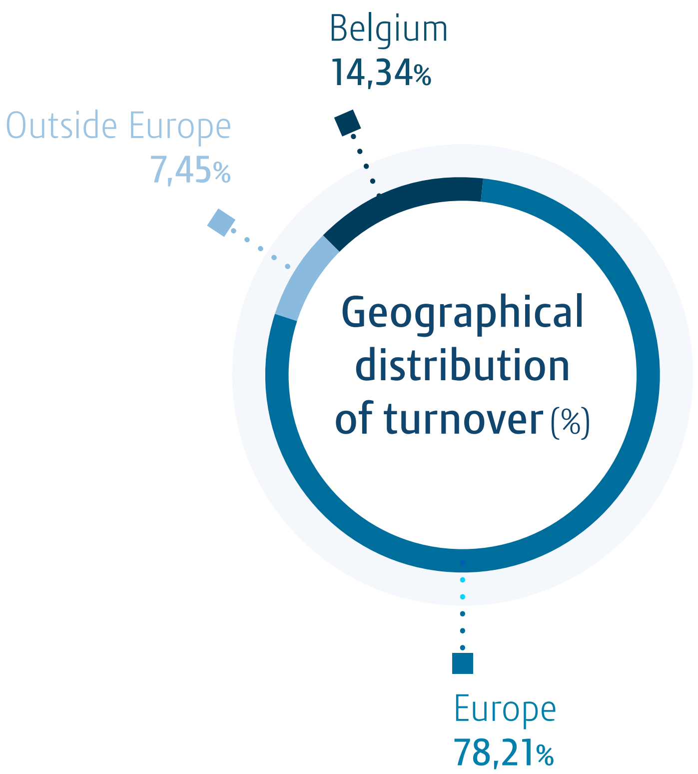
Aileron Servo actuator of the Falcon 900



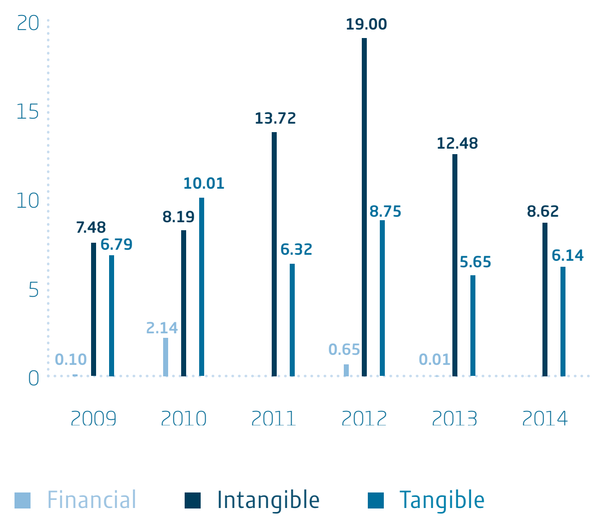
6

Financial aspects

Geographical distribution of turnover (%)



Investments (MEUR)



Turnover per field of activities (%)

Orders (MEUR)

1. SABCA GROUP

Consolidated income statement pursuant to IFRS

(in millions of EUR)	2010	2011	2012	2013	**2014**
Revenues	**160.54**	**159.06**	**175.79**	**206.15**	**203.30**
Turnover	134.98	138.25	146.95	171.51	176.41
Changes in work-in-progress	12.50	1.97	7.13	16.84	9.56
Own construction capitalised	7.81	12.16	17.57	10.14	6.55
Other operating income	5.25	6.68	4.14	7.66	10.78
Operating expense	**-140.33**	**-145.38**	**-166.10**	**-197.52**	**-223.94**
Result from continuing operations	**20.21**	**13.68**	**9.69**	**8.63**	**-20.64**
Finance costs	-8.18	-3.75	-2.97	-2.92	-5.24
Finance income	10.29	6.58	6.01	4.63	4.78
Result from continuing operations post finance result	**22.32**	**16.51**	**12.74**	**10.34**	**-21.11**
Income tax expense	-5.95	-4.18	-1.83	-1.49	6.77
Net result for the period	**16.37**	**12.33**	**10.90**	**8.85**	**-14.34**
Attributable to owners of parent	16.37	12.33	10.95	9.03	-14.35
Minority Interests	0	0	-0.05	-0.18	0.01
Total	**16.37**	**12.33**	**10.90**	**8.85**	**-14.34**

Earnings per share (in EUR)	2010	2011	2012	2013	**2014**
(nombre total d'actions : 2.400.000)					
* base	6.82	5.14	4.54	3.69	-5.98
* dilué	6.82	5.14	4.54	3.69	-5.98

	2010	2011	2012	2013	**2014**
Headcount at 31st December	**987**	**964**	**1,037**	**1,100**	**1,130**

1. SABCA GROUP (PURSUANT TO IFRS)

The SABCA Group found itself confronted with several difficult programmes in 2014, leading – from a financial perspective – to a deterioration in its results.

Apart from the measures taken to remedy the situation, the Board, confronted by major developments in each of its markets, has requested management to conduct a strategic review of the Group's positioning and to implement a plan aimed at ensuring SABCA's long-term prospects.

The SABCA Group achieved a turnover of EUR 176 million, up 2.9% against 2013.

The operating result shows a loss of EUR 20.6 million, compared to a profit on EUR 8.6 million in the previous year. This setback is due to development and production ramp-up problems, compounded by major difficulties in setting up both internal and external supply lines, in particular against a background of 100% capacity utilisation rates at civil aviation subcontractors.

This has negatively impacted the results for series production batches for civil aviation programmes in which the Group has firm commitments via long-term framework contracts.

Recognized at the end of the financial year for both SABCA and SABCA Limburg, these items have resulted in provisions for future losses related to them being booked in 2014. A loss-making contract is booked as a provision reflecting a best estimate of the expenses necessary for settling the current obligation.

The current obligation in the context of the programmes is estimated on the basis of actual sales and sales seen as likely by corporate management. This last point was clarified by the Board of Directors of 24 April 2015 and has led to a EUR 18.79 million drop in the operating result for the period.

The Group now needs to do everything to improve its competitiveness and an action plan to achieve this is currently being implemented at both SABCA and SABCA Limburg.

2. SABCA

Unconsolidated key results - Statutory accounts (pursuant to Belgian accounting principles)

(in millions of EUR)	2010	2011	2012	2013	**2014**
Turnover	**129.34**	**132.55**	**140.35**	**164.43**	**169.57**
Net equity	**56.19**	**60.64**	**67.21**	**70.61**	**42.79**
Investments	**20.34**	**20.04**	**28.41**	**18.14**	**14.76**
Results					
- operational	8.89	3.89	10.80	4.69	-27.34
- financial	2.33	2.75	1.82	1.24	1.86
- current	11.22	6.64	12.62	5.93	-25.48
- extraordinary	-1.81	0.29	-0.49	-0.01	-2.69
- before taxes	9.41	6.93	12.13	5.92	-28.17
- income taxes	-3.23	-0.60	-2.26	0.16	0.12
- after taxes	6.18	6.33	9.87	6.08	-28.05
Total dividends **proposed to the Ordinary General Meeting*	2.11	2.11	3.26	2.02	* 0.00
Current profit per share (in EUR)	**4.68**	**2.77**	**5.26**	**2.47**	**-10.62**
Net profit per share (in EUR)	**2.58**	**2.64**	**4.11**	**2.53**	**-11.69**
Net dividend per share (in EUR)	**0.66**	**0.66**	**1.02**	**0.63**	**0.00**

The financial result shows a loss of EUR 0.5 million, down EUR 2.2 million. The value adjustment of hedge instruments (Mark-To-Market) shows a loss of EUR 3.4 million for 2014, in contrast to 2013 when the item had a positive effect amounting to EUR 1.3 million. Moreover, the value adjustment of our assets and liabilities as a result of the higher value of the USD at the end of the financial year generated a profit of EUR 3.0 million.

The positive tax position is due to the effect of the provision for future losses, the reversal of already taxed reserves and the recovery of excess taxes paid in previous financial years.

In 2014 the Group recorded a net loss of EUR 14.34 million after current and deferred taxes, representing a decrease of EUR 23.19 million compared to 2013.

The net loss for the period attributable to the shareholders of the parent company amounted to EUR 14.35 million.

2. SABCA STATUTORY ACCOUNTS (PURSUANT TO BELGIAN ACCOUNTING PRINCIPLES)

Turnover amounted to EUR 170 million, up 3.1% over 2013.

The operating result shows a loss of EUR 27.34 million against a profit of EUR 4.69 million in 2013.

The additional difficulties encountered in development and production ramp-ups as well as the problems setting up internal and external supply chains affected the results of the first series production batches for civil aircraft programmes, which in turn considerably impacted this operating result.

The company has established the financial provisions necessary for covering the future losses associated with these programmes. The valuation rules for establishing provisions for loss-making programmes have been clarified in the sense that implicit company obligations are assessed on the basis of sales realised and communicated by customers and of the volume of sales deemed likely by corporate management.

The Board is of the opinion that this clarification leads to a better assessment of the risk. Its impact on the result for the financial year is a EUR 24.3 million decrease.

The company now needs to do everything to improve its competitiveness and an action plan has accordingly been initiated.

The financial profit amounts to EUR 1.86 million, against EUR 1.24 million in 2013.

Exceptional items, consisting mainly of a write-down of our holding in SABCA Limburg amounting to EUR 2.62 million, and taxes on the result led to a loss of EUR 28.05 million for the financial year, against a profit of EUR 6.08 million in 2013.

PROPOSALS FOR RESOLUTIONS

to be submitted to the Annual General Meeting of Shareholders of 28 May 2015.

APPROPRIATION OF THE RESULTS

The appropriation account included in the annual financial statements submitted to the AGM is as follows:

1. Loss for the financial year to be distributed	-28,110,757.99 EUR
2. Profit carried forward from the previous financial year	43,850,637.30 EUR
3. Profit available for distribution	15,739,879.31 EUR

Taking account of the recorded result, the Board of Directors is proposing to the Annual General Meeting that no dividend be paid for 2014.
The Board requests the AGM to approve the following appropriation:

Profit to be carried over	15,739,879.31 EUR

Registered office at 1130 Brussels, chaussée de Haecht 1470
Production sites in Brussels and Charleroi
Site at 6041 Charleroi, rue des Fusillés 11
RPM Brussels V.A.T. BE 0405 770 992
Consolidation includes the subsidiary SABCA Limburg N.V.
Registered office at 3560 Lummen, Dellestraat 32
RPR Hasselt V.A.T. BE 0438 251 146

SABCA expresses its gratitude to Mr Guillaume Dedeurwaerder for his artistic
and photographic collaboration.
Realisation and production: www.comfi.be

S.A.B.C.A.

SABCA S.A.
Société Anonyme Belge de Constructions Aéronautiques
Chaussée de Haecht 1470
B-1130 Brussels
Belgium

Tel:	+32 2 729 55 11
Fax:	+32 2 705 15 70
E-mail:	info@sabca.be

www.sabca.com

S.A.B.C.A.

ANNUAL ACCOUNTS

2014

S.A.B.C.A.

2014 Report of the board of directors

Ordinary General Meeting of May 28th, 2015

ANNUAL ACCOUNTS

Declaration of the persons responsible for the report

We attest that, to our knowledge, the financial statements authorized for issue by the Board of Directors on April 24th, 2015, have been prepared in accordance with the applicable accounting standards and give a fair view of the assets and liabilities, financial situation and income or loss of the company and the other company included in the scope of consolidation.
And that the management report includes a fair review of the evolution of the business results and financial situation of the company and the other company included in the scope of consolidation together with a description of the principal risks and uncertainties that they face.

Brussels, April 24th, 2015.

J-M. Lefèvre
Chief Executive Officer

R. Pellichero
Permanent representative of GESTIME ppll
Chairman of the Board

Consolidated statement of financial position

Following the standards IFRS (International Financial Reporting Standards)

(in thousand EUR)	2014	2013
Assets		
Non-current assets	**124,073**	**136,538**
Intangible assets	48,195	62,514
Property, plant and equipment	75,551	73,638
Affiliated enterprises	112	112
Financial assets and other non-current assets	215	274
Current assets	**211,111**	**200,514**
Inventories	44,400	36,382
Work-in-progress	78,320	68,756
Trade and other receivables	51,997	43,697
Cash and cash equivalents	34,216	47,055
Other current assets	2,178	4,624
Total assets	**335,184**	**337,052**
Equity and liabilities		
Total equity	**93,849**	**113,197**
Total equity attributable to owners of the parent	**93,636**	**112,997**
Capital	12,400	12,400
Reserves and results carried forward	80,711	100,072
Revaluation reserves on property, plant and equipment	525	525
Minority interests	**213**	**200**
Non-current liabilities	**140,618**	**139,466**
Long-term borrowings	97,110	111,790
Non-current provisions	36,873	12,854
Deferred taxation	6,635	14,822
Current liabilities	**100,717**	**84,389**
Trade and other payables	69,665	55,045
Tax and social liabilities	11,134	12,251
Other current liabilities	4,829	3,656
Short-term borrowings	19	13
Current provisions	15,070	13,424
Total equity and liabilities	**335,184**	**337,052**

Consolidated income statement

(in thousand EUR)		2014	2013
Revenues		**203,305**	**206,146**
Turnover		176,410	171,507
Increase (+), decrease (-) in work in progress		9,564	16,841
Own construction capitalised		6,550	10,138
Other operating income		10,781	7,660
Operating expenses	(-)	**-223,942**	**-197,517**
Raw materials and consumables used		44,431	42,412
whereof change in stocks		-6,621	-6,027
Services and other goods		61,432	64,821
Wage and salaries, social security costs and pensions		67,367	67,069
Depreciation and amortisation of which write down of intangible and tangible assets		28,755	16,795
Depreciation in amounts written off stocks, contracts in progress and trade debtors		-748	499
Provisions for liabilities and charges		21,134	3,893
Other operating income and expenses		1,571	2,028
Result from continuing operations	(+)	**-20,637**	**8,629**
Finance costs	(-)	**-5,244**	**-2,921**
Debt charges		527	563
Other finance costs		4,717	2,358
Finance income		**4,775**	**4,629**
Income from financial fixed assets		38	50
Income from current assets		411	973
Other finance income		4,326	3,606
Result from continuing operations post finance result	(+)	**-21,106**	**10,337**
Income tax expense		**6,765**	**-1,485**
Income taxes		117	162
Deferred taxes		6,648	-1,647
Net result for the period	(+)	**-14,341**	**8,852**
Attributable to owners of parent		**-14,354**	**9,030**
Share of the minority interests		**13**	**-178**
Result per share	(number of shares : 2,400,000)	(in euros)	(in euros)
* Basic result per share		-5.98	3.69
* Diluted result per share		-5.98	3.69

Consolidated statement of comprehensive income

(in thousand EUR)		2014	2013
Net result for the period		**-14,341**	**8,852**
Change in adjustments of hedging instruments	(1)	**0**	103
Deferred taxes		0	-35
Recyclable elements by later stage in result		**0**	**68**
Actuarial gains and losses on pension obligations		-4,531	3,856
Deferred taxes		1,540	-1,311
Non-recyclable elements in result		**-2,991**	**2,545**
Income and expense recorded directly on equity		**-2,991**	**2,613**
Recorded income and expense		**-17,332**	**11,465**
Attributable to owners of parent		-17,345	11,643
Minority interests		13	-178
Total comprehensive income result per share (number of shares : 2,400,000)		(in euros)	(in euros)
* Basic result per share		-7.22	4.78
* Diluted result per share		-7.22	4.78

(1) the amounts indicated correspond to the change in the value of the portfolio over the period. They are not indicative of results that will be recognized when the carrying blankets.

Comments on the consolidated statement of financial position

N.B.: The important differences between corresponding headings of compared periods are mentioned in italic.

(in thousand EUR)

Assets		2014	2013
Non-current assets		**124.073**	**136.538**
Intangible assets *This item includes the capitalization of the development costs relating to the programs of civil aviation in which the SABCA Group is a partner.*	(note 4)	48.195	62.514
Property, plant and equipment *Depreciation is higher than acquisitions.*	(notes 3 and 7)	75.551	73.638
Affiliated enterprises and financial assets and other non-current assets	(note 5)	327	386
Current assets		**211.111**	**200.514**
Inventories *Increase of the production rates in civil programs.*	(note 8)	44.400	36.382
Work-in-progress *Noticeable growth in new programs.*	(note 8)	78.320	68.756
Trade and other receivables *Increase in trade receivables and receivables from public authorities.*	(note 10)	51.997	43.697
Cash and cash equivalents *Financing of developments, inventories and work in progress related to new programs.*	(see cash flow statement and note 9)	34.216	47.055
Other current assests		2.178	4.624

(in thousand EUR)

Equity and liabilities

		2014		2013
Total equity			**93.849**	**113.197**
Total equity attributable to owners of the parent (see statement of changes in equity)			93.636	112.997
Result of the period		-14.354	9.030	
Dividends relating to previous financial year		-2.016	-3.264	
Total of the other elements of the comprehensive income		-2.991	2.613	
Movement during the period		-19.361	8.379	
Minority interests			213	200
Non-current liabilities			**140.618**	**139.466**
Long-term borrowings	(notes 7 and 11)		97.110	111.790
Significant reduction in advance payments for customers and public authorities.				
Non-current provisions	(notes 6 and 13)		36.873	12.854
The evolution of the provision for pensions and similar obligations and futurlong term losses is detailled in notes 6 and 13.				
Deferred taxation	(note 12)		6.635	14.822
Current liabilities			**100.717**	**84.389**
Trade and other payables (note 7)	(note 7)		69.665	55.045
Growth of short-term customers advance payments and suppliers.				
Short-term borrowings (note 7)	(note 7)		19	13
Current provisions (note 6)	(note 6)		15.070	13.424
Provision for future losses slightly increased.				
Other current liabilities (note 7)	(note 7)		15.963	15.907

Consolidated statement of changes in equity

(in thousand EUR)	Capital	Revaluation reserves	Reserves and Result carried forward	IAS 19 R	Hedging instruments on cash flow	Total attributable to the owners of the mother	Minority interests	Total equity
Issued at 31/12/2012	**12,400**	**525**	**97,047**		**-68**	**109,904**	**379**	**110,283**
Retreatment IAS 19 Revised				-5,287		-5,287		-5,287
Balance 31/12/2012 R	**12,400**	**525**	**97,047**	**-5,287**	**-68**	**104,617**	**379**	**104,996**
Result for the period			9,030			9,030	-178	8,852
Other elements of the comprehensive income				2,545	68	2,613		2,613
Total comprehensive income result			**9,030**	**2,545**	**68**	**11,643**	**-178**	**11,465**
Dividends			-3,264			-3,264	0	-3,264
Balance at 31/12/2013	**12,400**	**525**	**102,813**	**-2,742**	**0**	**112,997**	**200**	**113,197**
Balance at 01/01/2014	**12,400**	**525**	**102,813**	**-2,742**	**0**	**112,997**	**200**	**113,197**
Result for the period			-14,354			-14,354	13	-14,341
Other elements of the comprehensive income				-2,991		-2,991		-2,991
Total comprehensive income result			**-14,354**	**-2,991**	**0**	**-17,345**	**13**	**-17,332**
Dividends			-2,016			-2,016	0	-2,016
Balance at 31/12/2013	**12,400**	**525**	**86,443**	**-5,733**	**0**	**93,636**	**213**	**93,849**

Consolidated statement of cash flows

(in thousand EUR)		2014		2013	
Net cash flow generated by operating activities			**3,152**		**-18,234**
Net income		-14,341		8,852	
Income tax		-6,765		1,485	
Result on hedging instruments		3,385		-1,316	
Depreciation and amortization and fair value adjustments on assets		28,007		17,294	
Change in working capital		-20,873		-50,136	
Change in minority interests		-13		178	
Change in provisions, deferred taxes and reserves		14,479		5,541	
Incomes taxes paid		-727		-132	
Net cash flow used in investing activities			**-16,360**		**-17,633**
Purchase of intangible, tangible and financial non-current assets		-16,486		-17,661	
Disposals of intangible, tangible and financial non-current assets		67		29	
Increase and decrease of receivables		59		-1	
Net cash flow used in financing activities			**366**		**-2,316**
Change in amounts receivable in short-term (except financial debts)					
- increase		166			
Change in amounts receivable in long-term (except financial debts)					
- increase		1,998			
Change in short-term financial liabilities					
- reimbursements		-40		-4	
Change in long-term financial liabilities					
- reimbursements		-230		-205	
Interests					
- earned		545		1,241	
- paid		-57		-83	
Dividends paid to shareholders		-2,016		-3,264	
Net increase (decrease) in net cash and cash equivalents			**-12,839**		**-38,182**
Net cash and cash equivalents, at the beginning of the period	(*)	47,055		85,237	
Net cash and cash equivalents, at the end of the period	(*)	34,216		47,055	

(*) consistent with the consolidated statement of financial position

Notes

(Except contrary indication, all the data are in thousands of euros)

1. INFORMATION ABOUT CONSOLIDATION

Subsidiary	**SABCA Limburg**	**ASM Aéro S.A.S**	
	Dellestraat, 32	Technopôle de l'Aéroport Med 5	
	3560 - LUMMEN	NOUACEUR - CASABLANCA / MAROC	
Company number :	BE 0438.215.146	Commercial register	258999
		Number patent	32020377
		VAT number	40489159
% of ownership interest	99.99 %	60.00%	
Capital	12,394,676.24 EUR	12,000,000 MAD	(EUR 1,080,000)

FLABEL and SABCA (C.D.R.) have been left out of the scope of consolidation because not very significant.

2. EMPLOYMENT

* FTE = full time equivalent

	2014		2013	
	Total in units	FTE *	Total in units	FTE *
Average number of employees	1,098.3	1,045.9	1,066.7	1,011.9
Total employment at the end of the period	1,130.0	1,080.3	1,100.0	1,043.6

3. PROPERTY, PLANT AND EQUIPMENT NOTE

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasehold improvements and similar rights (***)	Assets under construction and advance payments	TOTAL
Beginning balance						
Gross amount (*)	63,537	128,949	18,578	2,950	1,969	215,983
Depreciation	-40,968	-106,005	-16,285	-1,652	-183	-165,093
Adjustments						
- Third party assets		22,748				22,748
Beginning balance	**22,569**	**45,692**	**2,293**	**1,298**	**1,786**	**73,638**
Movements during the period						
Acquisitions	791	6,224	832		2,090	9,937
Disposals	-92	-1,990	-126			-2,208
Transfers from headings	248	1,693	23		-1,964	0
Depreciation on disposals	-1,736	-4,954	-907	-206	-81	-7,884
Depreciation write back	92	1,892	86			2,070
Depreciation transfers	-22	-159			181	0
Ending balance						
Gross amount (**)	64,484	134,876	19,307	2,950	2,095	223,712
Depreciation	-42,634	-109,226	-17,106	-1,858	-83	-170,907
Adjustments						
- Third party assets		22,748				22,748
Ending balance	**21,849**	**48,398**	**2,200**	**1,092**	**2,012**	**75,551**

(*) Fully amortized 2013	43,585	90,337	14,199	0
(**) Fully amortized 2014	45,037	91,109	14,623	0
(***) at closing, 2,950 in building				

4. INTANGIBLE ASSETS NOTE

	Development expenses
Beginning balance	
Gross amount	138.052
Amortization	-75.538
Beginning balance	**62.514**
Movements during the period	
Acquisitions	6.550
Disposals	-23.557
Amortization expenses	-20.870
Amortization write back	23.557
Ending balance	
Gross amount	121.045
Amortization	-72.851
Ending balance	**48.194**

Research costs are not capitalized, are incurred as an expense in the income statement and represent for this exercise 2,071 (in 2013 : 2,338).
The strategy and efforts of the Group in terms of research and development are described in the Management report.

The proportion of development costs for a program to be included in the trading figures over the course of the financial year is determined by the degree of progress of the particular program, in accordance with the principle of prudence.
Amortization of development costs is determined in accordance with the recoveries pro rata to contractual deliveries and the residual risk at the charge of the company.

No revaluation is applied to intangible assets.

5. FINANCIAL ASSETS NOTE

	2014	2013
Affiliated enterprises		
SABCA (C.D.R.)	11	11
FLABEL Corporation		
- shares held by S.A.B.C.A.	81	81
- shares held by SABCA Limburg	20	20
	112	112
Other participations		
Arianespace Participation	106	106
- Acquisitions	2.142	2.142
- Depreciation and amounts written down	-2.036	-2.036
Others	64	64
Amounts receivable and cash guarantees	45	104
	215	274

The losses in value of nonquoted shares are considered only if the loss is important and lasting.
There is no financial asset which is past due and not impaired.

6. PROVISIONS NOTE

	Provisions for pension & equivalent	Provision for implicit obligation	Onerous contracts provisions **	Other provisions	TOTAL
Provisions, beginning balance	**12,853**	**4,700**	**6,948**	**1,776**	**26,277**
Impact IAS 19 R	4,532				**4,532**
Increase		0	29,533	562	**30,095**
Decrease	-681	-600	-6,675	-1,005	**-8,961**
Provisions, ending balance	**(*) 16,704**	**4,100**	**29,806**	**1,333**	**51,943**

(*) of which defined benefit plant obligations (note 13) : 15,629

**** The provisions for onerous contracts booked in the year 2014 (EUR 29.5 million) include an amount of EUR 10.6 million relating to losses on firm orders received from customers. It was noted at the end of the 2014 financial year that in the context of a long-term framework agreement under which the group is firmly committed, major difficulties in setting up internal and external supply chains, in particular taking into account the saturation of production capacity at subcontractors of the aeronautics sector, resulted in a negative impact on results.**

Following this finding, the Board of Directors deemed it necessary to provide clarification as regards identifying delivery commitments as part of the assessment of contractual obligations. The obligation is assessed according to sales made and sales considered likely by Management. This decision decreases the operating income by EUR 18.79 million. The provision for losses on delivery commitments is identified according to assumptions such as the contract performance duration, the breakdown of deliveries per year, the discount rate, and the change in unavoidable costs over the contract performance duration. The provision booked is intended for a performance duration of 15 years, which means a higher level of uncertainty. The uncertainty inherent in this assumption is demonstrated below in an analysis of sensitivity to the discount rate:

Discount rate	**5%**	**6%**	**7%**
Impact on provision made as a %	**+7,1%**	**underlying assumption**	**-6,4%**

7. BORROWINGS AND PAYABLES NOTE

	2014				2013			
	up to 1 year	1 to 5 years	over 5 years	TOTAL	up to 1 year	1 to 5 years	over 5 years	TOTAL
I. Interest-bearing borrowings according to their maturity								
Leases	260	1,040	260	**1,560**	485	892	500	**1,877**
Bank overdrafts	19			**19**	13			**13**
II. Other information								
Finance leases :								
- minimum lease payments payable, present value	260	1,040	260	**1,560**	485	892	500	**1,877**
- minimum lease payments payable, gross	210	928	256	**1,394**	543	1,040	518	**2,101**
- minimum lease payments payable, interest	50	111	4	**165**	58	148	18	**224**
III. Trade and other payables according to their maturity								
Trade payables	21,490			**21,490**	19,077			**19,077**
Advances received	48,174	19,280		**67,454**	35,968	30,092		**66,060**
Tax and social liabilities	11,134			**11,134**	12,250			**12,250**
Other liabilities and borrowings	4,569		76,530	**81,099**	3,171		80,307	**83,478**
TOTAL LONG TERM BORROWINGS INCLUDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION		**97,110**				**111,791**		

8. INVENTORIES NOTE

	Stocks merchandise and raw materials	Work in progress	Total stocks and W.I.P.
Net value at the beginning	**36,382**	**68,756**	**105,138**
Movements during the period			
Change stocks	7,191	9,564	16,755
Depreciation - increase	-942		-942
Depreciation - decrease	1,769		1,769
Net value at the ending	**44,400**	**78,320**	**122,720**

9. CASH AND CASH EQUIVALENTS NOTE

	2014	2013
Bank short-term deposits	28,993	44,710
Bank current accounts	5,199	2,311
Cash in hand and other	24	35
	34,216	47,056

10. AMOUNTS RECEIVABLE WITHIN ONE YEAR NOTE

	2014	2013
Trade receivables	45,066	41,852
Other receivables	6,931	1,845
	51,997	43,697

11. GOVERNMENT GRANTS NOTE

	2014	2013
INVESTMENT GRANTS	**300**	**172**
Carrying amount of capital grants recognised	2,867	2,974
Amount of income grants netted against reported expenses	-2,567	-2,802
DEFERRED TAX ASSETS AND LIABILITIES ON DITO	**0**	**63**
ADVANCES TO BE REIMBURSED CONDITIONALLY	**54,366**	**57,651**
Relating to research activities	4,476	3,921
Relating to development activities	49,890	53,730

	2014	2013
Split out :	**54,366**	**57,651**
- Reimbursement within one year	447	93
- Reimbursement after more than one year	53,919	57,558
	54,366	**57,651**
- Federal Public Services	53,598	56,834
- Brussels Capital Region	768	817

The reimbursement of the advances to be reimbursed conditionally is linked to the success of the product.

12. RECOGNIZED DEFERRED TAX ASSESTS AND LIABILITIES

TOTAL TAX CHARGE OF THE EXERCISE

Reconciliation between the theoretical tax charge obtained by applying the nominal taxe rate to the earnings before taxes and the effective tax charge obtained by applying the Group's effective tax rate.

	Base	Tax
Profit before income tax	-21,106	
Theoritical income tax at the rate of 33.99 %		-7,174
Sources of disparities		
- Non-deductible expenses	2,562	
- Impact of changes on non-taxed expenses and income	8,778	
- Notional interests	-1,692	
- Investments deduction	-3,061	
- Fiscal loss	-5,040	
-Others	56	
Tax base of the Group	-19,503	
Income tax calculated at 33.99 %		-6,629
Deferred tax at the social level and adjustments		-19
Previous years tax		-117
Total income tax expense for the year		**-6,765**

NOTE ON DEFERRED TAXES RECORDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Consolidated statement of financial position		Consolidated income statement & comprehensive income	
Sources of deferred tax	**2014**	**2013**	**2014**	**2013**
Assets				
Intangible assets	28,391	39,203	-10,812	4,568
Tangible assets	16,210	16,050	160	-1,198
Work in progress	10,261	2,195	8,065	4,977
Hedging instruments	-822		-822	
Total Assets	**54,040**	**57,448**		
Liabilities				
Reserves		1,752	-1,752	533
Provision for liabilities and charges	-25,966	-8,375	-17,591	-4,030
Short-term debts		-18	18	
Retrievable loss SABCA Limburg		-3,231	3,231	
Total Liabilities	**-25,966**	**-9,872**		
TOTAL OF SOURCES OF DEFERRED TAX	**28,074**	**47,576**	**-19,502**	**4,850**
Deferred income tax				
Deferred tax on the fair value adjustments calculated at 33.99 %	9,543	16,171	-6,628	1,647
Deferred tax on hedging instruments				35
Deferred tax on government grants and on realized surplus	44	63	-19	
Deferred tax on IAS19 R	-2,952	-1,412	-1,540	1,311
TOTAL DEFERRED TAX	**6,635**	**14,822**	**-8,187**	**2,993**

Defered tax assets related to provisions for pensions and similar obligations, for future losses and for implicit obligations are not taken into consideration, their reversal having to take place in a time significantly longer than the time during which the movements who have generated the deferred tax liabilities, are reversed.

13. DEFINED BENEFIT PLANS

1. SYSTEM A DEFINED BENEFIT

		2014	2013	2012 R	2012	2011
Components of defined benefit plan assets and liabilities						
Present value of wholly or partially funded obligations		28,751	24,519	27,793	26,058	21,007
Fair value of plan assets	(-)	-13,122	-13,521	-12,974	-12,974	-11,913
Present value of wholly unfunded obligations		15,629	10,998	14,819	13,084	9,091
Unrecognised actuarial gains (losses)					-6,274	-2,388
Defined benefit plan obligation (asset), total		15,629	10,998	14,819	6,810	6,703
Expense recognised in income statement for defined benefit		1,461	1,832	1,514	1,382	1,467
Current service cost		1,314	1,619	1,248	1,102	1,077
Interest cost		761	773	1,023	968	953
Expected return on plan assets		-407	-353	-551	-501	-395
Contributions by personnel		-207	-207	-206	-206	-198
Movements in defined benefit plan obligation (asset)						
Defined benefit plan obligation, beginning balance		10,997	14,819	10,296	6,703	8,042
Contributions paid	(-)	-1,361	-1,797	-1,454	-1,276	-2,807
Expense recognised		1,461	1,832	1,514	1,382	1,467
Defined benefit plan obligation, ending balance		15,629	10,998	10,356	6,810	6,703
Principal actuarial assumptions						
Discount rate used		1.20	2.90	2.70	2.70	4.40
Expected return on plan assets		1.20	2.90	2.70	2.70	4.00
Expected rates of salary increase		3,10 / 3,00	3,90 / 3,40	3,90 / 3,40	3,90 / 3,40	4,10 / 3,40
Future defined benefit increase		1.60	2.00	2.00	2.00	2.00
Expected rate of return on reimbursement rights recognised as an asset		not applicable				
Expected rate of increase of medical costs		not applicable				

A guarantee of 4.75% is paid by the insurer on premiums paid before 31/12/1998. An interest rate of 3.75% is applied to all increases in premiums between 01/01/1999 and 31/12/2005.
Since 01/01/2006, the technical interest rate applicable on premium increases amounted to 2.75%.

The proportions of the individual reserves to 31/12/2014 rates for each are as follows:
4.75% : 27% of reserves;
3.75% : 26% of reserves;
2.75% : 47% of reserves.

13. DEFINED BENEFIT PLANS

2. **SYSTEM A DEFINED CONTRIBUTIONS**

The plan insures the employee with a lump-sum payment upon retirement based on the contributions made.

Belgian law prescribes a minimum guaranteed rate of return (currently 3.75% and 3.25% for employee and employer contributions, respectively) over the career of the employee for defined contribution plans, which SABCA substantially insures with an external insurance company that receives and manages the contributions to the plan.

As the application of defined benefit accounting to such plans has been recognized by the IASB to be conceptually problematic, the Group accounts for these plans as defined contribution plans, but acknowledges that these plans have some defined benefit features, as the return provided by the insurance company can be below the legally required minimum return, in which case the employer has to cover the gap with additional contributions.

The method applied by SABCA consists in calculating the liability in the statement of financial position as the sum of any individual differences between the mathematical reserves and the minimum guarantee as determined by Article 24 of the Law of 28 April 2003 regarding occupational pensions (WAP/LPC).

At December 31, 2014, this would not have resulted in a net liability position for the Group.

Application of this method means that SABCA deems that the current guidelines in IFRS are not suited to defined contribution plans with minimum guaranteed return, and that another relevant and reliable method should be applied until the IASB comes up with an appropriate treatment.

14. INFORMATION CONCERNING RELATED-PARTIES

	2014	2013
Key management compensation		
Short-term employee benefits	3.377	3.211
Post-employment benefits	917	1.164
Other termination obligations	215	0
Considered headcount	29	27

Related-party transactions

The Group's related parties are :

- Dassault Aviation
- Fokker Technologies
- FLABEL Corporation
- SABCA (C.D.R.) sprl

	2014	2013
Related-party sales	39.006	20.221
Related-party purchases	193	1.025
Related-party receivables	13.134	9.693
Related-party payables	17	140

<u>Terms and conditions related-party transactions</u>

Sales and purchases are made at market price.

Balances outstanding at the year-end are not guaranteed and are made in cash. No guarantees were provided or received for related-party receivables.

For the exercise 2014, the Group did not recognize any provisions for bad debts relating to amounts receivable from related parties.

This evaluation is done by examining the financial position of the related-parties and the market in which they operate.

15. FINANCIAL COMMITMENTS

	2014		2013	
Commitments given				
Registration of mortgages		100		100
Mortgage mandates		2.275		2.275
Pledged accounts		3.196		3.194
- FLABEL Corporation	2.000		2.000	
- Customs	1.196		1.194	
Commitments received				
Export insurance guarantees Ducroire		30.490		33.208
Debts and receivables secured by bank guarantees		942		2.776

16. APPROPRIATION OF PROFITS (in Euros)

	2014	2013
Return of capital	0.00	2,016,000.00
or for each of the 2,400,000 shares		
a gross dividend	0.00	0.84
a withholding tax of 25 %	0.00	0.21
a net dividend	0.00	0.63
Total capital	12,400,000.00	12,400,000.00
Total shares conferring the right to vote	2,400,000	2,400,000
Total voting rights (denominator)	2,400,000	2,400,000

17. ADDITIONAL INFORMATION

A. ASSETS FINANCIAL INSTRUMENTS

The method of valorization on the consolidated statement of financial position (cost of fair-value) on assets financial instruments is detailled below.

	Value on consolidated statement of financial position on 31/12/2014			
	cost or amortized cost (1)	Fair value – Impact on result	Fair value – Impact on equity	Total
Non-current assets				
Other financial assets	327			327
Current assets				
Trade and other receivables	51,997			51,997
Cash equivalents	34,216			34,216
Total of assets financial instruments	**86,540**	**0**	**0**	**86,540**

(1) The book value of the assets financial instruments carried at cost or amortized cost matches on a reasonable approximation of fair value.

		Fair value – Impact on result	Fair value – Impact on equity	Total
Instruments listed on an active market	(level 1)			0
Technical valuation based on data :				
- observable data	(level 2)	-773		-773
-non observable on the market	(level 3)			0
Total of assets financial instruments carried on fair value		**-773**	**0**	**-773**

B. LIABILITIES FINANCIAL INSTRUMENTS

The method of valorization on the consolidated statement of financial position (cost of fair-value) on liabilities financial instruments is detailled below.

	Value on consolidated statement of financial position on 31/12/2014			
	cost or amortized cost (1)	Fair value – Impact on result	Fair value – Impact on equity	Total
Non-current liabilities	**97,110**			**97,110**
Current liabilities	**82,637**		**0**	**81,864**
Borrowings and other financial liabilities	625			625
Suppliers and other payables	82,012			82,012
Suppliers and other payables		-773		-773
Total of liabilities financial instruments	**179,747**	**-773**	**0**	**178,974**

(1) The book value of the liabilities financial instruments carried at cost or amortized cost matches on a reasonable approximation of fair value.

C. DERIVATIVE FINANCIAL INSTRUMENTS : value, impact on result and on equity

The method of valorization on the consolidated statement of financial position of the derivative financial instruments and his impact on result and equity is detailled below.

	Market value on 31/12/2014	Market value on 31/12/2013
Hedging instruments qualifying for hedge accounting		
Hedging instruments non-qualifying for hedge accounting	-773	2,612
Derivative financial instruments on exchange	**-773**	**2,612**

	Impact on equity	Impact on result – continuing operations	Impact on result – finance result (1)	Total
Net change of financial instruments	0		-3,385	-3,385

(1) The change of fair value on hedging instruments non-qualifying for hedge accounting as defined in IAS39 "Financial instruments".

18. FOREIGN EXCHANGE RISKS

The Group is exposed to a foreign exchange risk on the difference between its sales in US Dollars and its purchases in US Dollars. It partially covers this risk using forward sales contracts and foreign exchange options.

The Group hedges its net future cash flows only if they are considered highly probable and partially to ensure that the first future cash flows will be sufficient to exercise the foreign exchange hedges in place.

The Group has recorded related to the exchange differences 5,002 in income and 2,514 in charges.

A sensitivity analysis was performed in order to determine the impact of a 10 centime increase or decrease in the US Dollar / EURO exchange rate :

	2014		2013	
Net value US Dollars in portfolio	20,572		16,056	
Closing US Dollar exchange rate	1.2141		1.3791	
Change in closing US Dollar exchange rate	1.3141	1.1141	1.4791	1.2791
Change in net value US Dollars in portfolio	-1,289	1,521	-787	910

The portfolio of derivative financial instruments is as follows :

	2014		2013	
	US Dollars	Euros	US Dollars	Euros
Foreign exchange options	39.000	31.851	36.000	29.620
TOTAL	39.000	31.851	36.000	29.620

The market value of the financial instruments amounts to -773 for the exchange options.

The change in fair value of the hedging instruments on cash flows of the year is booked on basis of the exchange rate dated December 31 and the "mark-to-market" calculated by financial institutions, managers of financial instruments.

The values listed under "Exchange Options" correspond to the nominal amount of currency to be delivered. A factor of 2 is applied if the spot rate is smaller than the lower barrier of each contract accumulator.

The currency options are not considered as hedging instruments of future cash flows within the meaning of IAS 32/39; the requirements related to the management of the documentation were too cumbersome to manage. Consequently, the fluctuation of the fair value is included in the income statement.

	2014	2013
Impact on financial income	-3.385	1.316

19. MANAGEMENT OF RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the group are outlined below :
Following the analysis done by the internal auditor responsible for risk management, several risks were identified and listed according to their acceptability.

Cash and liquidity risks
The Group is not exposed to any significant market risk with regard to its financial debts.
Cash resources enable the Group to meet its commitments without any liquidity risk.

Credit risk
The Group performs its cash and foreign exchange transactions with recognised financial institutions.
The Group limits counterparty risk by performing most of its sales in cash and ensuring that the granted loans are secured by the Belgian Export Credit Agency (Ducroire) or collateral.
Considering the trade receivables impairment method applied for the drawing up of consolidated financial statements the percentage of outstanding receivables not impaired at the closing accounts is immaterial.

Market risk
Exchange risks
The Group is exposed to an exchange risk on sales denominated in US Dollars, the major part of its expenses being expressed in euros.
The Group covers this risk using forward sales contracts and, if necessary, foreign exchange options. It hedges its net future cash flows only if they are considered highly probable and partially to ensure that the first future cash flows will be sufficient to exercise the foreign exchange hedges in place. The amount of the hedge may be adjusted according to the variability in the timing of expected net cash flows.

Operational risks
The Group has a risk on long-term programs because of their technical, economic and financial evolutions, which could endanger their profitability.

Other risks
- Difficulty to find competent staff members in Belgian work market especailly for studies and manufacturing activities ;
- Difficulty of supply on the market of raw materials and components;
- Uncertainties regarding to the Belgian policy concerning the financing of projects
- Security of IT-system;
- The level of workload on the Charleroi site highly dependent on export contracts;

20. EVENTS AFTER THE BALANCE SHEET DATE

No event has taken place after December 31, 2014 that may have a significant impact on the accounts.

21. IDENTITY OF THE CONSOLIDATING MOTHER COMPANY

DASSAULT BELGIQUE AVIATION
Avenue des Arts 41
1040 Brussels - Belgium
Company number 0406.122.367

Percentage of control 53.28 %

22. AUDITOR'S FEES

	2014	2013
Audit services		
- Auditor's fees S.A.B.C.A.	84	80
- Auditor's fees SABCA Limburg	20	22
- Auditor's fees ASM Aéro	13	11
TOTAL	117	113

23. SPLIT OF TURNOVER

	2014	2013
Delivery of goods	136,667	125,917
Services	39,743	45,590
TOTAL	176,410	171,507

24. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Nil.

General consolidation principles

Compliance with accounting standards

The SABCA Group has prepared its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards) applicable as of December 31, 2014 as adopted for us by the European Union.
The Group has not early adopted the standards and interpretations published as of December 31, 2014 but whose application is only mandatory from accounting period beginning on or after January 1, 2015.
For those which concern the Group and with respect of actual accounting policies the adoption of these new standards and interpretations should not significantly impact the group's earnings and financial position, with the exception of the application of IAS19R whose effect is described in Note 13.

Accounting choices and management estimates

The preparation of the Group's consolidated financial statements requires management to make estimates and issue assumptions susceptible to have a financial impact on assets and liabilities.
These estimates concern notably the results on contracts in progress and contingent liabilities.
They are evaluated taking into account historical experience, elements known at the closing of the accounting year and various other assumptions that are believed to be reasonable.
Subsequent results may differ from those estimates.

Consolidation method

The consolidation method by global integration has been chosen.
This method consists in the incorporation in the company accounts of each assets and liabilities elements of the integrated subsidiary as a substitute for the inventory value of the participation. Similarly, costs and products of the subsidiary are cumulated with those of the parent company.
Shares that are not held by the consolidated companies are included in assets and liabilities under "third person interests". They represent their part in equities and results.
Reciprocal accounts and operations are eliminated.

Reference period

Consolidated companies close their social year on December 31st.

Consolidated subsidiary by global integration

SABCA directly and exclusively controls its subsidiary SABCA Limburg N.V., Dellestraat 32 at 3560 Lummen
BE 0438.251.146.

SABCA controls for 60 % its subsidiary ASM Aéro S.A.S. at Technopôle de l'Aéroport Med 5 – Nouaceur Casablanca Morocco, register 258999 – VAT 40489159.

Subsidiary excluded from the consolidation

SABCA (C.D.R.) SPRL, Chaussée de Haecht, 1470 at 1130 Brussels
BE 0451.147.295

Application of IFRS standards

(IFRS: International Financial Reporting Standards)

Like all listed European companies, SABCA is required to apply the IFRS accounting standards to its consolidated accounts from the financial year 2005 onwards.

Implementation of these standards adheres to the principle of prudence applied by SABCA when drawing up its accounts. The group has chosen to make use of the exemption allowing it to substitute the fair value of certain capital assets for their cost on the IFRS transition date, for plots of land but not for other capital assets.

The principal aspects of the IFRS standards applicable to SABCA are outlined below.

IAS 1 – Presentation of financial statements

Receivables and payables

Receivables and payables are stated at the consolidated statement of financial position at their nominal value.
The credits are the subject of reductions of value if their refunding at the limit, is in all or partly, dubious or compromise.
The accounting of the reductions of value will be done on individualised basis.

Cash and cash equivalents

Cash includes cash in hand and deposits with banks.
Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and are not subject to an important risk of change in value.
Cash and cash equivalents are carried on the consolidated statement of financial position at nominal value.

Dividends

Dividends are recorded in the income statement in the year of their attribution.
Dividends declared in respect of the period are no more accrued as short-term payables but included at the end of the financial year in a special heading of shareholders' equity.

Minority interests

Minority interests consist in third party shareholder's interests in the equity of subsidiaries and the appropriate proportion of profits or losses.

IAS 2 – Inventory

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories comprises the purchase, conversion and other costs incurred to bring the inventories to their present location and condition.

Cost of inventories is determined by the first-in, first-out method (FIFO).

Provisions for amounts written off on stocks are accrued in charges of the exercise:
- for parts related to production or maintenance programs, unusable or whose tolerances, norms, technical configuration, conception have changed;
- for parts not moved during the 24 previous months.

Amounts written off will be decreased in case of later use of the non destructed parts.

IAS 10 – Subsequent events

Post consolidated statement of financial position events that contribute to confirm changes in circumstances or position which existed at the consolidated statement of financial position date (adjusting events) are reflected in the financial statements.

Post consolidated statement of financial position events that represent charges in circumstances or position appeared after the consolidated statement of financial position date (non-adjusting events) are disclosed in the notes when material.

IAS 12 – Income taxes

Current taxes

Current taxes include expected tax charges based on the accounting profit of the current year and adjustments to tax charges of prior years.

Deferred taxes

Deferred taxes are calculated using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

IFRS 8 – Segment reporting

Business segment

The Group SABCA is allocated into the business group, aeronautical construction for the segment information comply with the standards IFRS.
All the activities of the Group SABCA are exercised in the sector of aeronautical construction and all the resources are affected to this one sector only.
The management report gives further relevant information on the percentage of net sales for each activity platform: civil aviation, defence and aerospace.

Geographical segment

Except for the activities by ASM Aéro, the total of activities of the group is located on the national territory.
The sales geographical breakdown between Belgian, Europe and out of Europe is also given in percentage, upon further relevant information, in the management report.

IAS 16 – Tangible fixed assets

Tangible fixed assets are recorded at historical cost, less accumulated depreciation and impairment losses.

Cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use. There are non borrowing costs capitalised in the costs of the assets.

Repair and maintenance costs are expensed in the period in which they are incurred, if they do not increase the future economic benefits of the asset. Otherwise, they are classified as separate components of items of tangible fixed assets.

The plots of land were valued at their fair value, taking account of their use, geographic situation and any legal obligations attached to them. This value was determined within the framework of IFRS 1 and will be maintained for the whole useful life of these plots of land.

Tangible assets received from third parties or acquired on behalf of third parties and held by the company for use in the production of goods are posted as tangible fixed assets, insofar as the company bears their risk and benefits from advantages relating to these assets.

The cross-entry for these tangible fixed assets is posted as a long-term debt in liabilities: they are not amortised but valued every year at their fair value.
Depreciation of tangible fixed assets is provided over assets' estimated useful economic lives: the method of depreciation, chosen "straight-line or decreasing" is the method which reflects the best the pattern of economic benefits associated with the asset considered.

Useful life is defined as follows per main type of tangible fixed assets:

- Land	non-depreciable	
- Buildings	30 years	straight-line depreciation
- Roofs	10 years	straight-line depreciation
- Heavy machines tools	10 years	straight-line depreciation
- Plant, machinery and equipment	10 years	decreasing depreciation
- Furniture and office equipment	10 years	decreasing depreciation
- Vehicles	5 years	straight-line depreciation
- Computer equipment	5 years	decreasing depreciation

Improvements to leased buildings are capitalised and depreciated over the remaining term of the lease or their expected useful life if shorter.
Gains and losses on disposals are included in the operating result.

IFRS 5 : Non-current assets held for the sale

When at the closing date of the financial statements it is more than likely that non-current assets will be disposed of they are qualified as assets held for sale.

Their disposal is considered highly probable when at the closing date a plan to sell them for a reasonable price in relation to their fair value has been initiated to find a buyer and to realize their disposal within a maximum of one year.

A non-current asset held for sale is evaluated at the lowest between its carrying amount in accordance in the IAS 16 and its fair value reduced by the costs of the disposal.

IAS 17 – Financial leasing contracts

Leases under which a substantial part of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases.
Payments under operating lease are considered as an expense in the income statement.

Leases under which the group assumes a substantial part of the risks and rewards of ownership are classified as finance leases.

Financial leasing contracts are recognised at the fair value of the minimum lease payments at the inception of the lease term and classified as leased tangible asset and are depreciated on their useful life, in line with the politic of depreciation applicable to the assets owned by the company. Lease payments are apportioned between the financial charges and the repayment of the lease liability so as to achieve a constant rate of interest on the remaining consolidated statement of financial position of the liability.

The corresponding rental obligations, net of finance charges, are included in long-term payables.
The reimbursements are allocated between finance charges and the liability of the leasing. It exists so a constant periodic rate of interest on the finance balance outstanding.

IAS 18 - Revenue

Work in progress
(also IAS 11 – Construction contracts and IAS 21 – Effects of Changes in Foreign Exchange Rates)

The cost of work in progress comprises direct and indirect costs of production; the indirect costs other than production are charged to the income statement of the period when incurred.

The costs are distributed to production programs as follows:
- direct booking of raw materials, parts, consumer goods, direct costs and specific subcontract costs, depreciation of specific equipments and relocation, lay-out costs proper to a program;
- booking of indirect costs through hour rates based on the work of the production personnel.

Revenue and charges are booked, in the statutory statements, following the completed contract method.

Concerning all consolidated financial statements, revenue and charges of contracts in progress are recognised using the percentage of completion method in line with IAS 18.

At the closing date the estimated total costs of the contract and the costs incurred for work performed to date are determined.
When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method to measure the amount of these products and charges to be booked during the exercise and the expected losses are charged as expenses immediately.

In connection with the nature of contracts and services the stage of completion method is measured:
- by comparing contract costs incurred for work performed to date and the estimated total costs for the contract;
- or by reference to the material progress of works estimated for the contract.

When an outcome of a contract cannot be estimated reliably, contract revenue booked is limited to the amount of recoverable contract costs charged without profit.

IAS 19 –Employee benefits

The company posts:
- a liability where a member of staff has rendered services in return for employee benefits, which will be paid to the latter at a future date,
- an expense where the company makes use of the economic benefit resulting from services rendered by a member of staff in return for employee benefits.

The defined benefit obligation is calculated by independent qualified actuaries using the "Projected Unit Credit"-method and the obligations between the expected costs of any past service (Defined Benefit Obligation) and any plan assets are recognised in the balance sheet.

In accordance with IFRS 1, the group has opted to recognize all actuarial gains and losses and past service costs at the date of transition to IFRS as an adjustment to equity.

First application of the IAS 19 Revised

The revised IAS 19 standard provides:

- The recognition of actuarial gains and losses in income and expense are recognized directly in equity.
- Immediate recognition of past service cost;
- The alignment of the expected rate of return on plan assets in the discount rate;
- Accounting for only administrative costs related to the management of assets against their actual performance.

Given the rules previously applied accounting policies, investment characteristics and assumptions, the Group is weakly affected at the consolidated income statement in the application of this new standard.

IAS 20 – Government Grants

Government grants related to assets are, after transfer to deferred taxes, recognised as deferred income and transferred as income over the periods necessary to match them with the depreciation expense of the asset they relate to.

A government grant is accounted for in the consolidated statement of financial position only when there is reasonable assurance that all the attached conditions can be met.

The receipt of cash creates the factor which generates debt.

Government grants constituted by advances which will be reimbursed conditionally are booked in long-term debts with the exception of the part paid during the year charged in short-term debts.

If there exists a reasonable assurance that the non-reimbursement conditions of those advances are met the reversal of the debt is able to generate a profit result.

IAS 21 – Foreign currency transactions

(cf. also IAS 39 – financial instruments)

Foreign currency transactions are recorded initially at the internal exchange rate prevailing at the transaction date.

The internal exchange rate is based on the best estimation of mid-term forecasts and is injected during the year in case of strong variation or official revaluation / depreciation.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the consolidated statement of financial position date.

Gains and losses resulting from the settlement of foreign currency transactions are recognised in the income statement as financial result.

IAS 24 – Information concerning related parties.

Adoption of standards
Under the information to take into consideration related to Key management compensation we find :
- the directors;
- the members of the Committee of Managers and of the Management Committee in charge of operations of the mother company mentioned in the annual report under the item “Corporate Governance”;
- the chiefs of department who are not member of the Management Committee in charge of operations of the mother company and other executive members of the subsidiaries.

IAS 36 – Impairment of assets

The carrying amounts of tangible and intangible assets are reviewed at each consolidated statement of financial position date to determine if they may be subjected for impairment losses.
An impairment loss is recognised in income whenever the carrying amount exceeds its recoverable amount which corresponds to the higher of an asset’s net selling price and value in use such as defined in IAS 36.
Reversal of impairment losses recognised in prior years is recorded in income when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

IAS 37 – Provisions, contingencies

Provisions
Provisions are recognised in the consolidated statement of financial position when:
- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation;
- a reliable estimate can be made on the amount of the obligation.

The risks and uncertainties which affect unavoidable many events and circumstances are taking into account to provide at the consolidated statement of financial position date the best estimate of the expenditure required to settle the obligation.

Restructuring
A provision for restructuring is only recognised when a detailed and formal restructuring plan has been approved and the restructuring has either commenced or has been announced publicly before the consolidated statement of financial position date.

The restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily entailed and is not associated with the ongoing activities of the enterprise.

Provision for losses on contractual commitmentsl
A provision for losses on commitments is recognised when:
- **it is likely that a contract is onerous (a contract of which the unavoidable costs required to meet the contractual obligations exceed the expected economic benefits of the contract);**
- **the contract, signed before the closing date, generates obligations for the Group, in the form of the delivery of goods, the provision of services or failing that, the payment of termination fees;**
- **the Group's obligation can be estimated reliably.**

The unavoidable costs that make up the provision represent the lowest amount of the net cost of fulfilling the contract (i.e. the loss forecast for the contract) and the cost arising from failing to fulfil the contract (for example, exit cost in the event of early termination).

The flows used in this analysis are discounted in order to take account of their allocation over time.

IAS 38 – Intangible assets

Development
Research costs are recognised in the income statement as an incurred expense.
Development costs are capitalised if and only if all the conditions disclosed under IAS 38 are met.

The valuation of development costs takes account not only of expenditure incurred but also insurance, guarantees, grants and finance obtained from public authorities as well as the certainty of sales to clients.

The proportion of development costs for a programme to be included in the trading figures over the course of the financial year is determined by the degree of progress of the particular programme, in accordance with the principle of prudence.

Amortisation of development costs is determined in accordance with the recovery of expenditure, pro rata to contractual deliveries, to the residual risk upon charge of the company.

IAS 39 – Financial instruments

Financial instruments

The group uses derivative financial instruments to hedge exposure arising from its industrial and commercial operations. These derivative financial instruments are treated, in accordance with IAS 39, either as « free-standing instruments held for trading" or as qualified for "hedge accounting".

Derivative financial instruments are initially recorded in the consolidated statement of financial position at cost and are re-measured at their fair value at every closing date.

Changes in the fair value of any such derivative instruments are recognised by their nature or in equity or in finance result.

For financial instruments, SABCA has applied IAS 39 from the financial year 2005.

Financial assets available for sale

Financial assets available for sale are carried at fair value and changes in the fair value are recognised directly in the income statement.

Statutory auditor's report on the consolidated financial statements to the general meeting of the company SABCA SA for the year ended December 31, 2014

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statements of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2014 and the explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of the company S.A.B.C.A. for the year ended 31 December 2014, prepared in accordance with the International Financial Reporting Standards as adopted by the European union, which show a consolidated statement of financial position total of KEUR 335.184 and a consolidated income statement showing a consolidated loss for the year of KEUR 14.341.

Responsibility of the board of Directors for the preparation of the consolidated financial statements

The board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards, 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.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of consolidated financial statements that give a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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

Unqualified opinion

In our opinion, the consolidated financial statements of the company S.A.B.C.A. give a true and fair view of the group's equity and financial position as at 31 December 2014 and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without prejudice to the opinion mentioned above, we draw the attention to the note 6 to the financial statements providing information on the clarification of the valuation rules with regard to provisions for onerous contracts.

Report on other legal and regulatory requirements

The board of Directors is responsible for the preparation and the content of the Director's report on the consolidated financial statements

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which do not modify the scope of our opinion on the consolidated financial statements:

- The Director's report on the consolidated financial statements includes the information required by the law, is consistent with the consolidated financial statements and is free form material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 24 April, 2015

Mazars Réviseurs d'Entreprises SCRL

represented by

Lieven Acke

Non consolidated balance sheet

after appropriation

Statutory accounts according to the Belgian accounting policies

(in thousand EUR)

Assets	Codes	2014			2013		
Fixed assets	20/28			**46,173**			**54,767**
Intangible assets	21			17,604			23,192
Tangible assets	22/27			24,975			25,365
Land and buildings	22		7,606			8,090	
Plant, machinery and equipment	23		15,279			13,339	
Furniture and vehicles	24		2,005			2,151	
Assets under construction and advance payments	27		85			1,785	
Financial assets	28			3,594			6,210
Affiliated enterprises	280/1		3,410			6,030	
Participating interests	280	3,410			6,030		
Other financial assets	284/8		184			180	
Shares	284	170			170		
Amounts receivable and cash guarantees	285/8	14			10		
Current assets	29/58			**189,584**			**182,504**
Amounts receivable after more than one year	29			1,050			4,138
Trade debtors	290		1,050			2,490	
Other amounts receivable	291					1,648	
Stocks and contracts in progress	3			98,303			85,587
Stocks	30/36		41,132			32,521	
Raw materials and consumables	30/31	18,143			12,898		
Goods purchased for resale	34	21,905			19,532		
Advance payments	36	1,084			91		
Contracts in progress	37		57,171			53,066	
Amounts receivable within one year	40/41			53,975			45,980
Trade debtors	40		42,135			39,781	
Other amounts receivable	41		11,840			6,199	
Investments	50/53			28,903			42,850
Other investments and deposits	51/53		28,903			42,850	
Cash at bank and in hand	54/58			4,352			1,119
Deferred charges and accrued income	490/1			3,001			2,830
Total assets	20/58			**235,757**			**237,271**

(in thousand EUR)

Liabilities	Codes	2014		2013		
Capital and reserves	10/15			**42,792**			**70,611**
Capital	10			12,400			12,400
Issued capital	100		12,400			12,400	
Reserves	13			14,352			14,293
Legal reserve	130		1,240			1,240	
Reserves not available for distribution	131		595			595	
Other	1311	595			595		
Untaxed reserves	132		757			698	
Reserves available for distribution	133		11,760			11,760	
Profit carried forward	14			15,740			43,851
Investment grants	15			300			67
Provisions and deferred taxation	16			**47,723**			**17,428**
Provisions for liabilities and charges	160/6			47,679			17,381
Pensions and similar obligations	160		1,074			1,876	
Major repairs and maintenance	162		1,987			1,987	
Other liabilities and charges	163/6		44,618			13,518	
Deferred taxes	168			44			47
Creditors	17/49			**145,242**			**149,232**
Amounts payable after more than one year	17			67,417			77,932
Advances received on contracts in progress	176		18,294			28,947	
Other amounts payable	178/9		49,123			48,985	
Amounts payable within one year	42/48			74,937			66,870
Current portion of amounts payable after more than one year	42		245			93	
Financial debts	43		19			17	
Credit institutions	430/8	19			13		
Trade debts	44		20,780			19,752	
Suppliers	440/4	20,780			19,752		
Advances received on contracts in progress	46		43,593			33,465	
Taxes, remuneration and social security	45		10,060			11,406	
Taxes	450/3	353			312		
Remuneration and social security	454/9	9,707			11,094		
Other amounts payable	47/48		240			2,141	
Accrued charges and deferred income	492/3			2,888			4,430
Total liabilities	10/49			**235,757**			**237,271**

Non consolidated income statement

Statutory accounts according to the Belgian accounting policies

(in thousand EUR)

		Codes	2014		2013	
Operating income		70/74		**197,386**		**200,337**
Turnover (notes 5.10)		70	169,565		164,429	
Increase (+); decrease (-) in stocks of finished goods, work and contracts in progress	(+)/(-)	71	11,195		20,070	
Own construction capitalised		72	8,622		12,476	
Other operating income (notes 5.10)		74	8,004		3,362	
Operating charges		60/64		**-224,726**		**-195,643**
Raw materials, consumables and goods		60	36,549		35,630	
Purchases		600/8	43,750		41,579	
Increase (-); decrease (+) in stocks	(+)/(-)	609	-7,201		-5,949	
Services and other goods		61	68,957		69,618	
Remuneration, social security costs and pensions (notes 5.10)		62	61,921		61,784	
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets		630	20,696		20,545	
Increase (+); decrease (-) in amounts written off stocks, contracts in progress and trade debtors (notes 5.10)	(+)/(-)	631/4	6,249		7,132	
Increase (+); decrease (-) in provisions for liabilities and charges (notes 5.10)	(+)/(-)	635/7	29,087		-389	
Other operating charges (notes 5.10)		640/8	1,267		1,323	
Operating profit /loss	(+)	9901		**-27,340**		**4,694**
Financial income		75		5,080		3,991
Income from financial fixed assets		750	38		40	
Income from current assets		751	399		950	
Other financial income (notes 5.11)		752/9	4,643		3,001	
Financial charges		65		-3,225		-2,753
Interest and other debt charges		650	466		471	
Other financial charges (notes 5.11)		652/9	2,759		2,282	
Profit/Loss on ordinary activities before taxes	(+)	9902		**-25,485**		**5,932**

		Codes	2014		2013	
Extraordinary income		76		24		525
Write-back of provisions for extraordinary liabilities and charges		762			500	
Profit on disposal of fixed assets		763	22		24	
Other extraordinary income (notes 5.11)		764/9	2		1	
Extraordinary charges		66		-2,713		-539
Amounts written off financial fixed assets		661	2,620			
Losses on disposal of fixed assets		663	15			
Other extraordinary charges (notes 5.11)		664/8	78		539	
Profit (Loss) for the period before taxes	(+)/(-)	9903		**-28,174**		**5,918**
Transfer from deferred taxes		780		11		11
Transfer to deferred taxes		680		-7		-15
Income taxes	(+)/(-)	67/77		117		162
Income taxes (note 5.12)		670/3			1,004	
Adjustment to income taxes and write-back of tax provisions		77	117		1,166	
Profit (Loss) for the period	(+)/(-)	9904		**-28,053**		**6,076**
Transfer from untaxed reserves		789		21		22
Transfer to untaxed reserves		689		-79		-91
Profit (Loss) for the period available for appropriation	(+)/(-)	9905		**-28,111**		**6,007**
Appropriation account						
Profit to be appropriated	(+)/(-)	9906		15,740		45,867
Profit (Loss) of the period available for appropriation		(9905)	-28,111		6,007	
Profit (loss) brought forward		14P	43,851		39,860	
Profit to be carried forward	(+)/(-)	(14)		-15,740		-43,851
Profit to be distributed		694/6		0		-2,016
Dividends		694	0		2,016	

Notes

(Unless otherwise specified, all the data are in thousands of euros)

STATEMENT OF INTANGIBLE ASSETS

(heading 21 of assets)

	Codes	1) Research and development expenses	2) Concessions, patents licences a.o.
Acquisition value			
At the end of the preceding period	805-P	125,589	3,024
Movements during the period:			
Acquisitions, including produced fixed assets	802	8,621	
At the end of the period	805	134,210	3,024
Depreciation and amounts written down			
At the end of the preceding period	812-P	102,397	3,024
Movements during the period:			
Recorded	807	14,209	
At the end of the period	812	116,606	3,024
NET BOOK VALUE AT THE END OF THE PERIOD		17,604	

STATEMENT OF TANGIBLE FIXED ASSETS

(headings 22 to 27 of assets)

		Codes	1) Land and buildings (heading 22)	2) Plant, machinery and equipment (heading 23)	3) Furniture and vehicles (heading 24)	6) Assets under construction and advance payments (heading 27)
Acquisition value						
At the end of the preceding period		819-P	53,631	95,172	17,725	1,967
Movements during the period:						
Acquisitions, including produced fixed assets		816	783	4,532	736	85
Sales and disposals		817	-92	-1,989	-126	
Transfers from one heading to another	(+)/(-)	818	248	1,693	23	-1,964
At the end of the period		819	54,570	99,408	18,358	88
Depreciation and amounts written down						
At the end of the preceding period		832-P	45,541	81,834	15,574	182
Movements during the period:						
Recorded		827	1,493	4,125	865	3
Written down after sales and disposals		830	-92	-1,989	-86	
Transfers from one heading to another	(+)/(-)	831	22	159		-182
At the end of the period		832	46,964	84,129	16,353	3
NET BOOK VALUE AT THE END OF THE PERIOD			7,606	15,279	2,005	85

STATEMENT OF FINANCIAL FIXED ASSETS

(heading 28 of assets)

	Codes	Enterprises (heading 280)	Enterprises (heading 284)
Participating, interests and shares			
Acquisition value			
At the end of the preceding period	839-P	13,141	2,217
At the end of the period	839	13,141	2,217
Depreciation and amounts written down			
At the end of the preceding period	852-P	7,104	2,047
Movements during the period :			
Recorded	847	2,620	
At the end of the period	852	9,724	2,047
Uncalled amounts			
At the end of the preceding period	855-P	7	
At the end of the period	855	7	
Net book value at the end of the period		3,410	170
Amounts receivable			(heading 285/8)
Net book value at the end of the preceding period	285-P		10
Movements during the period :			
Additions	858		5
Reimbursements	859		-2
Net book value at the end of the period	(285)		13

INFORMATION RELATING TO THE SHARE IN THE CAPITAL

Share in the capital and other rights in other companies

List of both enterprises in which the enterprise holds a participating interest (recorded in the heading 280 and 282 of the assets), and other enterprises in which the enterprise holds rights (recorded in the headings 28 and 50/53 of assets) in the amount of at least 10 % of the capital issued.

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY IDENTIFICATION NUMBER	Rights held by: the enterprise (directly) Number	Rights held by: the enterprise (directly) %	Rights held by: Subsi-diaries %	Data extracted from the most recent annual accounts: Annual accounts	Currency	Capital and reserves (+) or (-) (in thousands of units)	Net result (+) or (-) (in thousands of units)
SABCA Limburg N.V. Dellestraat 32 B 3560 LUMMEN BE 0438.251.146	499,975	99.99		31.12.2014	EUR	2,670	-7,106
SABCA (C.D.R.) SPRL Chaussée de Haecht 1470 1130 Bruxelles BELGIUM BE 0451.147.295	73	97.33		31.12.2014	EUR	11	0
FLABEL CORPORATION S.A. Boulevard Auguste Reyers 80 1030 Bruxelles 3 BELGIUM BE 0465.127.074	273	27.30	6.50	31.12.2013	EUR	400	4
ASM Aéro S.A.S. Technopôle de l'Aéroport Med5 27000 Nouaceur CASABLANCA - MOROCCO Foreign company	600	60.00		31.12.2014	MAD	5,913	1,019

OTHER INVESTMENTS AND DEPOSITS, ALLOCATION DEFERRED CHARGES AND ACCRUED INCOME

(heading 51/53 and 490/1 of assets)

Other investments

	Codes	2014	2013
Term deposits with credit institutions falling due :	53	28.903	42.850
up to one month	8686	3.707	5.513
between one month and one year	8687	16.096	5.737
over one year	8688	9.100	31.600

Deferred charges and accrued income

Analysis of heading 490/1 of assets if the amount is significant.	2013
Goods and services to provide	1.263
Valorisation USD MTM	822
Goods in acceptance and litigations	629
Accrued bank and loan interests	288

STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

Statement of capital

	Codes	Amounts in thousand EUR	Number of shares
Issued capital			
At the end of the preceding period	100P	12.400	
At the end of the period	(100)	12.400	
Structure of the capital			
Different categories of shares			
Without mention of nominal value			2.400.000
Registered shares	8702		2.245.807
Shares to bearer and/or dematerialized	8703		154.193

Structure of shareholdings of the enterprise as at year-end closing date:

DASSAULT BELGIQUE AVIATION S.A., rue de Strasbourg 13 B-1130 Bruxelles, 1,278,650 shares, equal 53.28 % of the capital (information provided of June 9, 2010). The share stock of DASSAULT BELGIQUE AVIATION S.A. is held at 99.94 % by the S.A. Groupe Industriel Marcel Dassault, 9 Rond-Point des Champs Elysées Marcel Dassault, F-75008 Paris (France) (situation of February 27, 2001).

Fokker Aerospace B.V. (the Netherlands) : 1,045,662 shares equal 43.57 % of the capital. Fokker Aerospace B.V. is under control of the dutch company Fokker Technologies Group B.V., Industrieweg 4 NL-3351 LB Papendrecht (the NETHERLANDS) (notification of November 5, 2002).

The annual accounts of S.A.B.C.A. are consolidated by global integration in the company accounts of the Group Dassault.

PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Analysis of heading 163/5 of liabilities if the amount is significant.	2014
Provision for futures losses	39.192
For global risk Ariane 5 and adaptation of the company to civil aviation programs	4.100
Provision for seniority premium	1.076
Provision for employee litigations	250

The provision for future losses is due to development and industrialisation problems as well as major difficulties in setting up internal and external supply chains, accounted for at year end.

The risk of future losses is assessed according to sales realized by customers and the sales volume considered likely by Management. This last point was specified by the Board of Directors on 24 April 2015 and results in a provision of EUR 24.03 million.

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

Analysis by current portions of amounts initially payable after more than one year	Codes	Amounts payable current portion: 1) not more than one year (heading 42)	2) between one and five years (heading 17)	3) over five years (heading 17)
Advances received on contracts in progress	889		18,294	
Other amounts payable	890	245	8,225	40,897
TOTAL		245	26,519	40,897

Amounts payable for taxes, remuneration and social security

	Codes	2014
Taxes (heading 450/3 of the liabilities)		
Acruing taxes payable	9073	59
Estimated taxes payable	450	295
Remuneration and social security (heading 454/9 of liabilities)		
Other amounts payable in respect of remuneration and social security	9077	9,707

Accrued charges and deferred income

Allocation of the heading 492/3 of liabilities if the amount is significant	2014
Accrued charges	2,888

OPERATING RESULTS

Operating income

Net turnover (heading 70)	169,565
Breakdown by type of activity	in percentage of turnover
Airframe, civil and military, construction and overhaul	64.2
Space products	29.6
Servosystems	5.3
Miscellaneous	0.9
	100.0
Breakdown by geographical markets	
Domestic	13.9
Export	86.1
	100.0

OPERATING RESULTS

		Codes	2014	2013
Operating income				
Other operating income (heading 74)				
whereof: compensatory amounts received from public authorities		740	94	120
Operating charges				
Employees recorded in the personnel register				
Total number at the closing date		9086	954	936
Average number of employees in full-time equivalents		9087	894.6	878.1
Number of actual working hours		9088	1,331,265	1,314,954
Personnel costs (heading 62)				
Remuneration and direct social benefits		620	34,608	34,767
Employer's contribution for social security		621	15,186	15,021
Employer's premium for extra-statutory insurance		622	3,062	3,228
Other personnel costs		623	9,065	8,769
Provisions for pensions (included in heading 635/7)				
Additions (uses and write-backs)	(+)/(-)	635	-801	-632
Amounts written off (heading 631/4)				
Stocks and contracts in progress				
- Recorded		9110	10,943	10,036
- Written back		9111	4,694	2,903
Provisions for risks and charges (heading 635/7)				
Additions		9115	48,866	15,808
Uses and write-backs		9116	19,778	16,197
Other operating charges (heading 640/8)				
Taxes related to operations		640	1,267	1,320
Others		641/8		3
Hired temporary staff and persons placed at the enterprise disposal				
Total number at the closing date		9096	178	187
Average number of employees in full-time equivalents		9097	174.7	186.8
Number of actual worked hours		9098	285,336	309,217
Charges to the enterprise		617	14,887	15,868

FINANCIAL AND EXTRAORDINARY RESULTS

Financial results

	Codes	2014	2013
Other financial income (heading 752/9)			
Government grants recognised in the income statement			
Investment grants	9125	78	1,036
Allocation of other financial income			
Exchange differences		4,516	1,181
Technical profits on sales and options		48	783
Discounts received		1	1
Other financial charges (heading 652/9)			
Allocation of other financial charges			
Exchange differences		1,572	1,941
Technical losses on sales and options (MTM)		860	
Delcredere		250	
Bankcharges		71	
Penalty intrest		5	

Extraordinary results

	2014
Allocation of other extraordinary charges	
Penalties	69
Miscellaneous	9

INCOME TAXES

Income taxes

		Codes	2014
Income taxes on the result of the current period :		9134	0
Taxes and withholding taxes due or paid		9135	609
Excess of withholding taxes paid recorded under assets	(-)	9136	-609
In so far as income taxes of the current period are materially affected by differences between the profit before taxes, as stated in the annual accounts and the estimated taxable profit, the main source for such differences with special mention of timing differences.			
Non-deductible expenses			-5,183
Notional interests			1,692

Value added taxes and other taxes borne by third parties

	Codes	2014	2013
Value added taxes charged			
to the enterprise (deductible)	9145	24,676	24,865
by the enterprise	9146	15,846	16,702
Amounts withheld on behalf of third parties for:			
Payroll withholding taxes	9147	11,232	11,153
Withholding taxes on investment income	9148	32	52

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Goods and values not disclosed in the balance sheet, held by third parties in their own name but at risk to and for the benefit of the enterprise:

	Codes	2014
Raw materials in deposit		1,620
Tooling in deposit		327
Materials in deposit		3,830

Comments relating to technical guarantees, in respect of sales or services.

The general sales terms provide for a fonctional guarantee during a 6 month period. There are very few exceptions to the rule. For example, the warranty for space products covers 24 to 60 month stocking.

Brief description of supplement retirement or survivors pensions plan in favour of the personnel or the executives of the enterprise and of the measures taken by the enterprise to cover the resulting charges.

The company contracted group insurance policies in favour of its employed personnel

- a guaranteed retirement or survivor's revenue, as a complement to legal pension and based on seniority as well as on remuneration at the end of the carreer;
- a death capital for the benefit of nominees in case of decease of the employee before retirement time.
  Premiums are paid by the employee and the company according to the insurance plan.

Premiums are paid by the employee and the company according to the insurance plan.

The company took out group insurance policies described firstly as a defined benefit plan insurance and secondly as a defined contribution plan insurance. The defined benefit plan insurance was calculated on an actuarial basis pursuant to IAS 19.

The plan assures the employee a lump-sum payment at retirement based on the contributions made.
Belgian law prescribes a minimum guaranteed rate of return (currently 3.75% and 3.25% for employee and employer contributions, respectively) over the career of the employee for defined contribution plans, which the SABCA substantially insured with an external insurance company that receives and manages the contributions to the plan.

As the application of defined benefit accounting to such plans has been recognized by the IASB to be conceptually problematic, the Group accounts for these plans as defined contribution plans, but acknowledges that these plans have some defined benefit features, as the return provided by the insurance company can be below the legally required minimum return, in which case the employer has to cover the gap with additional contributions.

The method applied by SABCA consists in calculating the liability in the statement of financial position as the sum of any individual differences between the mathematical reserves and the minimum guarantee as determined by Article 24 of the Law of 28 April 2003 regarding occupational pensions (WAP/LPC).

At December 31, 2014, this would not have resulted in a net liability position for the Group.

Application of this method means that SABCA deems that the current guidelines in IFRS are not suited to defined contribution plans with minimum guaranteed return, and that another relevant and reliable method should be applied until the IASB comes up with an appropriate treatment.

Other rights and commitments not reflected in the balance sheet

On the basis of the "comfort letter", the parent company SABCA irrevocably and unconditionally undertakes to provide, for a minimum of one year, adequate financial support in order to ensure the continuity of operations of its subsidiary SABCA Limburg.

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

	Codes	AFFILIATED ENTERPRISES	
		2014	2013
Financial fixed assets	(281/1)	3,410	6,030
investments	(280)	3,410	6,030
Amounts receivable	9291	18,820	17,877
over one year	9301	1,050	2,490
within one year	9311	17,770	15,387
Amounts payable	9351	17,096	22,029
within one year	9371	17,096	22,029

FINANCIAL RELATIONSHIP WITH

Directors, managers, individuals or bodies corporate who control the enterprise without being associated therewith or other enterprises controlled by these persons

Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person:

	Codes	2014
to directors and managers	9503	178

Auditors or people they are linked to	Codes	2014
Auditor's fees	9505	84

COMMITMENTS, RIGHTS AND SUSPENSE ACCOUNTS

(Art. 4, al. 2 of the R.D of October 8,1976)

	2014	2013
Guarantees given by third parties on behalf of the company	4,325	6,153
Guarantees received	25,335	4,832
Goods and values belonging to third parties held in deposit, consignment or for treatment	109,072	106,230
Goods and values belonging to third parties held by third parties on their behals, but at the risk and corporate profits of the comapny	5,776	7,175
Miscellaneous, commitments, rights and suspense accounts including		
2,245,807 registered shares S.A.B.C.A. handed by third parties	PM	PM
Temporary partnership S.A.B.C.A. - SONACA	12	12
Belgian Association for the Maritime Patrol Airplane (A.B.A.P.)	PM	375
	144,520	124,777

THIRD PARTY GOODS (analysis)

	2014	2013
Third party goods and values, held in deposit, consignment or for manufacturing		
Third party raw materials in the store room	5,347	5,454
Third party aeronautical parts and material, in the manufacturing or overhaul process	3,972	4,071
Third party tooling, in deposit	25,992	43,393
Equipment for repair-overhaul, in deposit	3,701	3,645
Third party materials in deposit	70,060	49,667
	109,072	106,230

Social report

STATEMENT OF THE PERSONS EMPLOYED

Employees for whom the entreprise submitted a Dimona declaration or who are recorded in the general personnel register

	Codes	Total	1. Men	2. Women
During the current period				
Average number of employees				
Full-time	1001	739.1	644.8	94.3
Part-time	1002	200.5	176.8	23.7
Total in full-time equivalents (FTE)	1003	894.6	781.9	112.7
Number of hours actually worked				
Full-time	1011	1,122,356	981,478	140,878
Part-time	1012	208,909	182,651	26,258
Total	1013	1,331,265	1,164,129	167,136
Personnel costs				
Full-time	1021	51,157	44,630	6,527
Part-time	1022	10,764	9,490	1,274
Total	1023	61,921	54,120	7,801

	Codes	Total	1. Men	2. Women
During the preceding period				
Average number of employees				
Average number of employees in FTE	1003	878.1	772.7	105.4
Number of hours actually worked	1013	1,314,953	1,160,504	154,449
Personnel costs	1023	61,784	54,368	7,416

	Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
At the closing date of period				
Number of employees	105	744	210	908.9
By nature of the employment contract				
Contract for an indefinite period	110	731	208	894.9
Contract for a definite period	111	13	2	14.0
According to gender and study level				
Men	120	648	184	792.4
- primary education	1200	14	6	18.9
- secondary education	1201	393	150	511.5
- higher non-university education	1202	164	25	182.9
- university education	1203	77	3	79.1
Women	121	96	26	116.5
- primary education	1210	1	1	1.8
- secondary education	1211	55	13	65.1
- higher non-university education	1212	25	8	31.4
- university education	1213	15	4	18.2
By professional category				
Management staff	130	12		12.0
Employees	134	431	99	508.0
Workers	132	301	111	388.9

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

During the period	Codes	1. Temporary personnel	2. Persons placed at the disposal of the enterprise
Average number of employees	150	37.7	137.0
Number of hours actually worked	151	59,591	225,745
Costs for the enterprise (in thousand EUR)	152	2,124	12,763

LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD

Entries	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
Number of employees for whom the entreprise submitted a DIMONA declaration or who have been recorded in the general	205	80	1	80.8
By nature of the employment contract				
Contract for an indefinite period	210	53		53.0
Contract for a definite period	211	27	1	27.8

Departures	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general register during the financial year	305	42	22	59.8
By nature of the employment contract				
Contract for an indefinite period	310	34	22	51.8
Contract for a definite period	311	8		8.0
According to the reason for termination of the employment contract				
Retirement	340	15	16	27.0
Dismissal	342	8		8.0
Other reason	343	19	6	24.8

INFORMATION ON TRAINING PROVIDED BY EMPLOYEES DURING THE PERIOD

Total of initiatives of formal professional training at the expense of the employer	Codes	Men	Codes	Women
Number of involved employees	5801	517	5811	80
Number of training hours	5802	9,138	5812	1,567
Costs for the company	5803	885	5813	143
of which gross costs directly linked to the training	58031	828	58131	134
of which paid contributions and payments to collective funds	58032	72	58132	11
of which received subsidies (to be deducted)	58033	14	58133	2
Total of initiatives of less formal or informal professional training at the expense of the employer				
Number of participating employees	5821	152	5831	12
Number of training hours	5822	20,436	5832	2,500
Costs for the company	5823	778	5833	85

SUMMARY OF THE RULES OF VALUATION

(Art. 28, paragraph 1° of the Royal Decree of January 30, 2001)

The rules of valuation were deposited on June 7, 1978 at the 6th Registration Office in Brussels – Volume 131, folio 66 section 18

INTANGIBLE FIXED ASSETS

These fixed assets are valued according to art. 60 of the Royal Decree of January 30, 2001. The board of directors decides, depending on the case, on the amount to be passed to the assets side as well as the depreciation rates to be applied. They can be the subject of accelerated or exceptional depreciation, in accordance with the fiscal prescriptions in this matter, if due to their alteration or modifications of the economic circumstances, the book value exceeds the usage value.
The research and development costs are depreciated according to the straight-line method over a three year period, the software costs over a five year period.
The intangible fixed assets purchased or produced since 2003 are subjected to a daily pro rata applicable to the first period of depreciation.

TANGIBLE FIXED ASSETS

The ACCOUNTING BOOK VALUE is defined in accordance with art. 36 to 39 of the Royal Decree of January 30, 2001.

ADDITIONAL COSTS AND NON-RECOVERABLE TAXES.

Additional ancillary costs are depreciated in the same time and in the same way as the amount in principal of the purchase price or the production cost of the equipment (art. 196, § 2,2° CIR new).. The ancillary costs related to old tangible fixed assets continue to be written off, following the depreciation plan in the same way as in the past.

DEPRECIATION

(a) *Method*

The straight-line method is applied for the former investments while the decreasing method is used for the investments that have been made since 1977, with the exception of any other fiscally authorized method within the context of investment stimulation. In that case, the board of directors examines the appropriateness of these depreciation methods case per case, as well as the additional depreciation rates related to economic and/or technological reasons (art. 64), and the extent to which they should be applied.
Since 1977, the whole of the depreciation rules authorized by the various government measures, have been applied (100% and sometimes even 110% of the value). The depreciation rules were applied for the whole year and for the first time during the year when the purchase takes place until end 2002
In accordance with the fiscal law dated December 24, 2002 the new rules related to the daily pro rata depreciation are applied to the new tangible and intangible fixed assets purchased or produced since the fiscal year 2004. The assets purchased or produced before the financial period 2003 can be continued to be depreciated following the old procedure. The advance payments and assets under installation and construction benefit of a specific accounting and fiscal treatment.

(b) *Applied depreciation rates*

Buildings:

5% or more is fiscally allowed, mainly for buildings erected on lands granted by third persons for a determined period and for the lay-out of the rented buildings.

Installations, machines, tooling:

10% generally speaking; yet, a rate of 20 or 25% is applied for laboratory or electronic material, numeric control machines i.e. high precision equipment or machines in a sector undergoing a rapid technological evolution; as well as for equipment used in shift working. Tooling and equipment, templates and numeric control software proper to a program are depreciated at 100% or during the period of the contract in conformity with the allowed fiscal rules.

Furniture, office and rolling stock:

10% except for vehicles and trailers, office machines, computers, cameras and copiers (20%).

Depreciation recoveries can be applied up to the taxed surplus depreciation as well as for the tax exempted depreciations exceeding above mentioned rates; also in case of transfer, sale, catastrophe or compulsory purchase.
With effect from the beginning of 2003 the daily pro rata was applied as well as to the straight-line method as to the decreasing or accelerating method of depreciation.

FINANCIAL FIXED ASSETS

STOCKS AND SHARES VALUES

The acquisition, subscription costs are booked as exceptional financial charges. The losses in value of non-quoted shares are considered only if the loss is important and lasting.

RECEIVABLES: (see below)

STOCKS

PURCHASE PRICE of materials, supplies and goods, suppliers invoices plus import, delivery, insurance and commission costs.

VALUATION OF STOCKS AT THE END OF THE FINANCIAL YEAR as well as RAW MATERIALS CONSUMPTION: FIFO method (First In, First Out).

AMOUNTS WRITTEN OFF ON STOCKS: Up to 100%.

(a) for parts related to completed production or maintenance programs, unusable or whose tolerances, norms, technical configuration, conception have changed.

(b) for parts that have not moved during the 24 previous months.

In case of later use of the non destructed parts, amounts written of are decreased.

CONTRACTS IN PROGRESS

ELEMENTS CONSTITUTING THE COST PRICE

Cost prices are determined taking into account all direct production costs on the one hand, as well as the whole of indirect costs on the other hand. For the latter, however, the board of directors reserves the right to book only part of these costs to cost price, individualized by a production program or not, the other part being booked directly to the result of the year or spread over several years. This right will only be used in case of exceptional disruptive and temporary circumstances (such as strikes, important and prolonged under-activity periods, restructuring and lay-outs) having such an impact on the cost price of works that they would considerably alter its image.

Method of distribution by individualized production programs

(a) direct booking of raw materials, parts, consumer goods, direct costs and specific subcontract costs, depreciation of specific equipments and relocation, lay-out costs proper to a program.

(b) booking of indirect costs through hour rates based on the work of the production personnel and/or certain machines. These hour rates include all direct and indirect remuneration and related charges as well as overheads and the financial industrial usage cost of the equipment. The latter can be spread over individualised production programs by derogating from the depreciation method and amount booked to the balance sheet on an economic and fiscal basis.

VALUATION OF THE WORK IN PROCESS

They include unfinished works regarding a same group of contracts, or for which the cost price elements are not complete, or for which definitive acceptance quality controls (possibly to be carried out by the customer) are not yet completed. These work in process are valuated at the cost price after deduction of the already invoiced works.

AMOUNTS WRITTEN OFF

(a) on works carried out: they are automatically and fully implemented up to the amount of the incurred costs exceeding the possible total contract invoicing.

(b) on works left to be carried out: the estimated costs of these works are added to reductions described in (a) only if the progress of work is higher than 75% and if the estimation of these costs and of the invoicing to be made can be sufficiently accurate (usual works). In the other cases, provisions for risks on received orders should be made with the greatest care and on an individual basis.

(c) **on sales realized and communicated by our customers and on the sales volume considered by the company's management** : in case of loss on program, a provision will be constituted to cover our implicit obligations.

RECEIVABLES

(a) Valuation of receivables (and payables) in foreign currencies at the internal standard exchange rate per currency, which is modified during the year only in case of important and lasting fluctuation of average rates or in case of official revaluation/devaluation.

(b) Amounts written off in the following cases:
- fluctuation of the exchange rate of a minimum of 5 % (and 1,250 euros, was 50,000 BEF) in proportion to the internal standard rate;
- bankruptcy, composition, nationalization (high political risks), subordination of receivables with risks;
- important, lasting and in nature and amount determined litigation of which the recovery is very precarious, the negotiations being concluded;
- very negative economical, financial or political information concerning exports.

(c) Provision for risks and costs on litigation in negotiations

(d) Decrease in amounts written off if the effective decrease can reasonably be envisaged during the first months of the following year or if the previous reductions were inappropriate or exaggerated.

ACCRUED OR DEFERRED CHARGES OR INCOME (assets - liabilities)

They are used only for amounts that can considerably influence the result of the year on the one hand and that are part of the usual activities of the company on the other hand. The board of directors individually analyzes the elements that are not part of the usual activity.

PROVISIONS FOR LIABILITIES AND CHARGES

They are systematically but very carefully established particularly when they can be fiscally harmful to the company or in case of loss superior to 50% of the capital.

PROVISIONS SET UP FOR TAX PURPOSES

They are determined according to fiscal rules, taking into account increases, advance payments, real and fictitious with-holding taxes on investment income, taxes credit, withholding taxes on real estate and chargeable foreign taxes. The exceeding part of the previous provisions will be considered only if three booking years have passed after their constitution without complementary enrolment, unless the board decides otherwise.

MISCELLANEOUS RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

They are valued at the maximum amount mentioned in the commitment documents. If there are no such documents, the reasonably estimated economic value of the goods they concern will be taken into account. This value will be considered as the net booking value for the goods belonging to the company.

Adaptation to the valuation rules chosen by the companies (art. 30 of the Royal Decree)

- Tooling, small equipment and small tooling constituting full individual sets of less than 250 euros (was 10,000 BEF) are no longer included in assets but in the cost price or in overheads depending on the fact that they are specific or not to a contract. This modification of the 1978 rules is dealt with in the new fourth paragraph of section 04,5 of the rules of valuation (Financial year 1979).
- Modification of the first paragraph of section 14 of the rules of valuation.
- At the end of each social financial year, investments granted will be progressively reduced by booking to the profit and loss account, in deduction of:
  a. either the depreciation regarding fixed assets for the acquisition of which they were obtained; or;
  b. the loan costs (Financial year 1981).

  Starting from 1991, the deferred taxes have been deducted from investments granted and realized gains if necessary. They will be reduced at intervals by booking to the profit and loss account at the rate of the reduction of investments granted and, in the case of realized gains at the rate of the inclusion in the taxable result of the concerned gains.

Modification to the valuation rules as at 31st of December 2014

The valuation rules relating to provisioning for unprofitable programmes were amended in the sense that the constructive obligations of the company are identified not only according to sales realized and declared by customers but also according to the sales volume considered likely by Management.

Comments on the non consolidated balance sheet

N.B.: the important differences between correspondig headings of compared periods are mentioned in italic.

Unless otherwise indicated, all datas are in thousand of euros

Assets

Fixed Assets				**46,173**
Intangible assets				17,604
Research and development costs, know-how				
Movements during the period				
Acquisitions	8,621			
Depreciation recorded	-14,209			
Net book value	-5,588			

The research and development activities focused on civil aviation programs in which the company has been taking part with its industrial partners.

Tangible assets				24,975
Land and buildings			7,606	
Plant, machinery and equipment			15,279	
Furniture and vehicles			2,005	
Assets under construction and advance payments			85	
Movements during the period				
Acquisitions	6,136			
Sales and disposals	-2,208			
Amounts written off	-4			
Depreciation recorded	-6,482			
Depreciation cancelled after sales & disposals	2,168			
Net book value	-390			

The acquisitions in 2014 are mainly related to industrial investments for construction .

Financial assets				3,594
Affiliated enterprises				
Participating interests			3,410	
- SABCA Limburg N.V.		2,670		
- SABCA (C.D.R.) SPRL		11		
- FLABEL CORPORATION S.A.		81		
- ASM Aéro S.A.S.		648		

A write-donw was performed on the participation in SABCA Limburg N.V.

Other financial assets			184	
Shares and other securities:		170		
- B.S.C.A.	52			
- Sambrinvest	12			
- Arianespace Participation	106			
- Arianespace	PM			
- Belairbus	PM			
- SONACA	PM			
- IGRETEC	PM			
Intercommunale pour la Gestion et la Réalisation d'Etudes Techniques et Economiques.				
- SABCA share in the participation of A.B.A.P. to the formation of S.E.C.B.A.T.	PM			
Amounts receivable and cash guarantees		14		
- Cash guarantees	14			

Current assets

Current assets				**189,584**
Amounts receivable after more than one year				1,050
Trade debtors			1,050	
Trade debtors after more than one year are related to advances paid to SABCA Limburg.				
Stocks and contracts in progress				98,303
Stocks			41,132	
Raw materials and consumables		18,143		
Goods purchased for resale		21,905		
Raw materials and consumables in stock for other contracts partially paid by customers				
Advance payments		1,084		
Contracts in progress			57,171	
This item contains principally the following programs: Airbus, Falcon airplanes and equipments civil aircraft and F16.				
Amounts receivable within one year				53,975
Trade debtors - supply of goods & services			42,135	
whereof affiliated enterprises	12,808			
Trade receivables are increasing. They go from 39,781 to 42,135 mainly due to the increase in turnover.				
Other amounts receivable			11,840	
V.A.T. Recoverable		2,482		
Excess of income tax payments to be recovered		1,807		
Loans and advances to the personnel		29		
Amounts owed by the State or public institutions		1,397		
Amounts owed by insurers		706		
Sundry amounts receivable		5,419		
Investments				28,903
Other investments and deposits			28,903	
Up to one month		3,707		
Between one month and one year		16,096		
Over one year		9,100		
Cash at bank and in hand				4,352
Bank & post office		4,329		
Petty cash		23		
Term deposits and cash equivalents amount to 33 million globally compared to 44 million for the previous financial year. This reduction is due to the increase in purchases of goods and services linked to the growth of cadences in civil aviation.				
Deferred charges and accrued income				3,001
Deferred or prepaid expenses		1,263		
Valuation USD / MTM		821		
Goods in acceptance and litigations		629		
Accrued bank and loan interests		288		
Total assets				**235,757**

Liabilities

Shareholders' equity

Shareholders' equity				**42,792**
Capital				12,400
Issued capital			12,400	
Represented by 2,400,000 shares without mention of nominal value				
Reserves				14,352
Legal reserve			1,240	
Reserves not available for distribution			595	
Extraordinary reserve		595		
Untaxed reserves			757	
Other untaxed gains:		88		
Building and equipment	2			
Realized tangible assets of more than five years	86			
Collective transport of employee		608		
Investment reserve:		61		
Surplus after incorporation into the capital				
Reserves available for distribution			11,760	
Reserve for replacement of tangible assets		2,866		
Reserve for installations in favour of the personnel		938		
Other available reserves		7,956		
Profit carried forward - retained earnings				15,740

See page 56 for the appropriation of the result of the financial year 2014.

Investment grants	300

Following the agreements signed with the Brussels-Capital Region in the scope of their political incentives and financial measures for industrial research a gross amount of 310 thousand euros was booked. On the other hand, 78 thousand euros were affected to other financial products.

Provisions and deferred taxes

Provisions and deferred taxes			**47,723**
Provisions for liabilities and charges			47,679
Pensions and similar obligations		1,074	
Major repairs and maintenance		1,987	
Other liabilities and charges		44,618	
For future losses	39,192		
programs	4,100		
For senority premium	1,076		
For social litigations	250		

Provisions for risks and charges are increasing with 30.3 million. The provision for future losses increases with 32.7 million but provision for retirement and similar obligations, risk for Ariane 5 and adaptation of the company to civil aviation and provision for seniority premium in favour of the personnel decreases with 2.4 million

Deferred taxation		44
Taxes relating to gains on disposals of fixed assets	837	
Transfer from deferred taxes on dito	-793	

Creditors

Creditors					**145,242**
Amounts payable after more than one year					67,417
Advances received on contracts in progress				18,294	
Customer advances			18,294		
Other amounts payable				49,123	
Valorisation USD MTM			1,078		
Advances on prototypes, received by the State and to be repaid			47,319		
- Science Policy PPS - FPS Economy - N.R.C. - A380		22,699			
- Science Policy PPS - FPS Economy - N.R.C. - A350		24,620			
Advances received from Brussels-Capital Region and to be reimbursed			726		
- Servoactuators		427			
- No-back device for electromechanical actuators		49			
- Zero lead differential roller bearing		250			

The amounts payable after more than one year go from 78 million to 67 million. This decrease is due to a sharp reduction in advances received from customers for the A340 program partly balanced by the advances received from the public authorities for the A350

Amounts payable within one year					74,937
Current portion of amounts payable after more than one year				245	
Science Policy PPS - FPS Economy and Brussels-Capital Region		245			
Financial debts				19	
Other banks		19			
Trade debts				20,780	
Suppliers			20,780 *		
- Invoices to be paid		19,350			
- Invoices to be received		1,430			
whereof affiliated companies	2,167				
Advances received on contracts in progress				43,593	
Financial invoices in progress		48,866			
Amounts not yet received to be deducted		11,935			
Long term financial invoices		-18,294			
Invoices redefined as advances		1,086			
Taxes, remuneration and social security				10,060	
Taxes			353		
- Estimated taxes payable		295			
- Taxes payable		60			
- Taxes withheld to be paid		-2			
Remuneration and social security			9,707		
- Social Security Office		-774			
- Remuneration due to the personnel		370			
- Holiday pay		5,718			
- Provisions for bonus and other personnel charges		3,835			
- Insurance for the personnel		531			
- Other social obligations		27			
Other amounts payable				240	
Amounts payable resulting from appropriation of profits			12		
- Dividends relating to previous financial years		11			
- Other beneficiaries to previous financial years		1			
Sundry amounts payable			228		
- Contributions		15			
- Customers payable		162			
- Other		51			
Accrued charges and deferred income					2,888
- Accrued charges		2,888			

Total liabilities	**235,757**

Sources and applications of funds

(in thousand EUR)

		2014
I.	**Sources**	
	Depreciation on amortization, write-downs	23,316
	Decrease amounts receivable after more than one year	3,088
	Provisions and deferred taxes	30,295
	Investment grants	233
	Reserves and capital gains	40
		56,972
II.	**Applications**	
	Loss for the period	28,053
	Decrease amounts payable after more than one year	10,515
	Purchase of fixed assets	14,762
		53,330
I. - II.	**Movement in working capital**	**3,642**
III.	Movement in stocks and contracts in progress	12,716
	Movement in short-term accounts receivable	7,995
	Movement in deferred charges and accrued income	171
		20,882
IV.	Movement in short-term non financial debts	8,060
	Movement in accrued charges and deferred income	-1,541
		6,519
III. - IV.	**Movement in short-term financing requirements**	**14,363**
V.	Movement in investments	-13,948
	Movement in cash at bank and in hand	3,233
VI.	Movement in short-term financial debts	6
V. - VI.	**Movement in cash**	**-10,721**

Statutory Auditor's Report to the general meeting of the company S.A.B.C.A. SA for the year ended 31 December 2014

As required by law and the company's by-laws, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the annual accounts, as wells as the required additional statements. The annual accounts include the balance sheet as at 31 December 2014, the income statement for the year ended 31 December 2014, and the disclosures, as well as the required additional statements.

Report on the annual accounts – Unqualified opinion

We have audited the annual accounts of the company S.A.B.C.A. for the year ended 31 December 2014, prepared in accordance with the financial-reporting framework applicable in Belgium, which show a balance sheet total of KEUR 235,757 and a loss for the year of KEUR 28,053.

Responsibility of the board of Directors for the preparation of the annual accounts

The board of Directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company's internal control relevant to the preparation of annual accounts that give a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

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

Unqualified opinion

In our opinion, the annual accounts give a true and fair view of the company's equity and financial position of S.A.B.C.A. as at 31 December 2014, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Emphasis of matter

Without prejudice to the opinion mentioned above, we draw the attention to the notes to the financial statements C7 providing information on the clarification of the valuation rules with regard to provisions for onerous contracts.

Report on other legal and regulatory requirements

The board of Directors is responsible for the preparation and the content of the Director's report, as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Company Code and with the company's by-laws.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the annual accounts:

- The Director's report includes the information required by the law, is consistent with the annual accounts and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the relevant requirements of the law and the company's by-laws.
- There are no transactions undertaken or decisions taken in breach of the by-laws or of the Company Code that we have to report to you.

Brussels, 24 April, 2015

Mazars Réviseurs d'Entreprises SCRL

represented by

Lieven Acke

Notes

Notes

Notes

SABCA S.A.
Société Anonyme Belge de Constructions Aéronautiques
Chaussée de Haecht 1470
B-1130 Brussels
Belgium

Tel: +32 2 729 55 11
Fax: +32 2 705 15 70
E-mail: info@sabca.be

www.sabca.com

S.A.B.C.A.