

# ANNUAL REPORT 2014





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# ANNUAL REPORT **2014**



Erection of an air cooled condenser (dry cooling)



**PART 1**

*General presentation  
of the Group*

# KEY FIGURES

in EUR million	2014	2013 (11)
<b>RATIOS</b>		
EBITDA / revenue	3,8 %	1,5 %
ROCE (1)	22,4 %	7,8 %
Net financial debt / equity (2)	95 %	251 %
Enterprise value / EBITDA (3)	5,7	22,5
<b>DATA PER SHARE (IN EUR/SHARE)</b>		
Group's share in net result for the year	0,11	(2,34)
Net result from continued operations	0,11	(2,50)
Equity (excl. Non-controlling interests)	5,35	2,59
Gross dividend	0,00	0,00
P/E (share price on 31.12) (4)	88,9	NR
Average number of outstanding shares	7 597 958	7 189 772
Number of outstanding shares on 31.12	8 998 386	7 185 214
Number of issued shares on 31.12	9 009 654	7 191 472
Market capitalization on 31.12 (EUR million)	91,9	108,4
Share closing price on 31.12	10,20	15,08
Year average share closing price	13,34	14,43
<b>NEW ORDER BOOKINGS</b>	<b>613,7</b>	<b>678,3</b>
<b>BACKLOG</b> (as of 31 December)	<b>794,1</b>	<b>748,2</b>
<b>INCOME STATEMENT</b>		
Revenue	606,4	513,2
EBITDA (5)	23,0	7,6
EBIT (result before interest & tax)	11,8	(2,4)
Result before tax (continued operations)	1,0	(13,3)
Net result from continued operations	0,9	(18,0)
Net result of discontinued operations	(0,0)	(0,4)
Group's share in net result for the year	0,8	(16,8)
Cash flow (6)	(2,7)	9,5

in EUR million	2014	2013 (11)
<b>BALANCE SHEET</b>		
Non-current assets	150.3	142.0
Current available-for-sale financial assets	0.0	0.0
Cash and cash equivalents	139.0	120.1
Other current assets	259.8	209.0
<b>Total assets</b>	<b>549.1</b>	<b>471.2</b>
Equity (7)	43.4	23.1
of which non-controlling interests	2.7	4.5
Financial liabilities (current & non-current)	180.1	178.1
Non-current provisions	6.5	6.0
Other non-current liabilities	11.5	10.2
Current liabilities (excl. Financial liabilities)	307.6	253.8
<b>Total equity and liabilities</b>	<b>549.1</b>	<b>471.2</b>
Net working capital (8)	(47.8)	(44.8)
Net financial debts (9)	41.1	58.0
Capital employed (10)	102.5	97.2
Average staff number (yearly average)	1.695	1.843

(1) EBITDA / capital employed

(2) Net financial debts / equity (incl. Non-controlling interests)

(3) Enterprise value = 31.12 market capitalization + non-controlling interests + net financial debts - investment in associates

(4) Share price on 31.12 / net result from continued operations (per share)

(5) EBITDA = operating profit before depreciation, amortization and non-recurring items

(6) Cash flow = net cash from operations after restructuring

(7) Equity including non-controlling interest

(8) Current assets (excluding Cash & cash equivalents) - non-financial current liabilities (continued operations only)

(9) Financial liabilities - Cash & cash equivalents

(10) Non-current assets + net working capital + current net available-for-sale financial assets

(11) Some 2013 figures have been restated; see note 7 in part 3 - Financial statements for more explanation

# DISCUSSION WITH FRANCIS LAMBILLIOTTE HAMON CEO

« Our objective for the future is to maintain our leading global position in our various niche markets and to maintain our Research and Development, particularly by innovating with new, technologically advanced, competitively priced products. »

**In 2013, the Hamon Group recorded a consolidated turnover of EUR 513 million. In a climate of relatively slow and uneven economic recovery, was the Group's performance satisfactory in 2014?**

The Hamon Group's performance was very good in terms of new orders and increased turnover. Diversified around the world, order bookings reached more than EUR 600 million in 2014, more than 60% of which came from emerging countries, i.e. non-NAFTA and non-Western European countries. Our turnover of EUR 606 million represented an 18% increase on 2013. While EBITDA in 2014 was higher than in 2013, it was still negatively impacted by the reorganization and refocusing of the Hamon D'Hondt business, which greatly affected our EBITDA in 2014. Save for the Process Heat Exchangers Business Unit, of which Hamon D'Hondt is a part, EBITDA for the rest of the Group more than doubled to EUR 35.4 million as a result of our policy to diversify our products and regions.

**Did the order backlog reach, or even surpass, its highest level?**

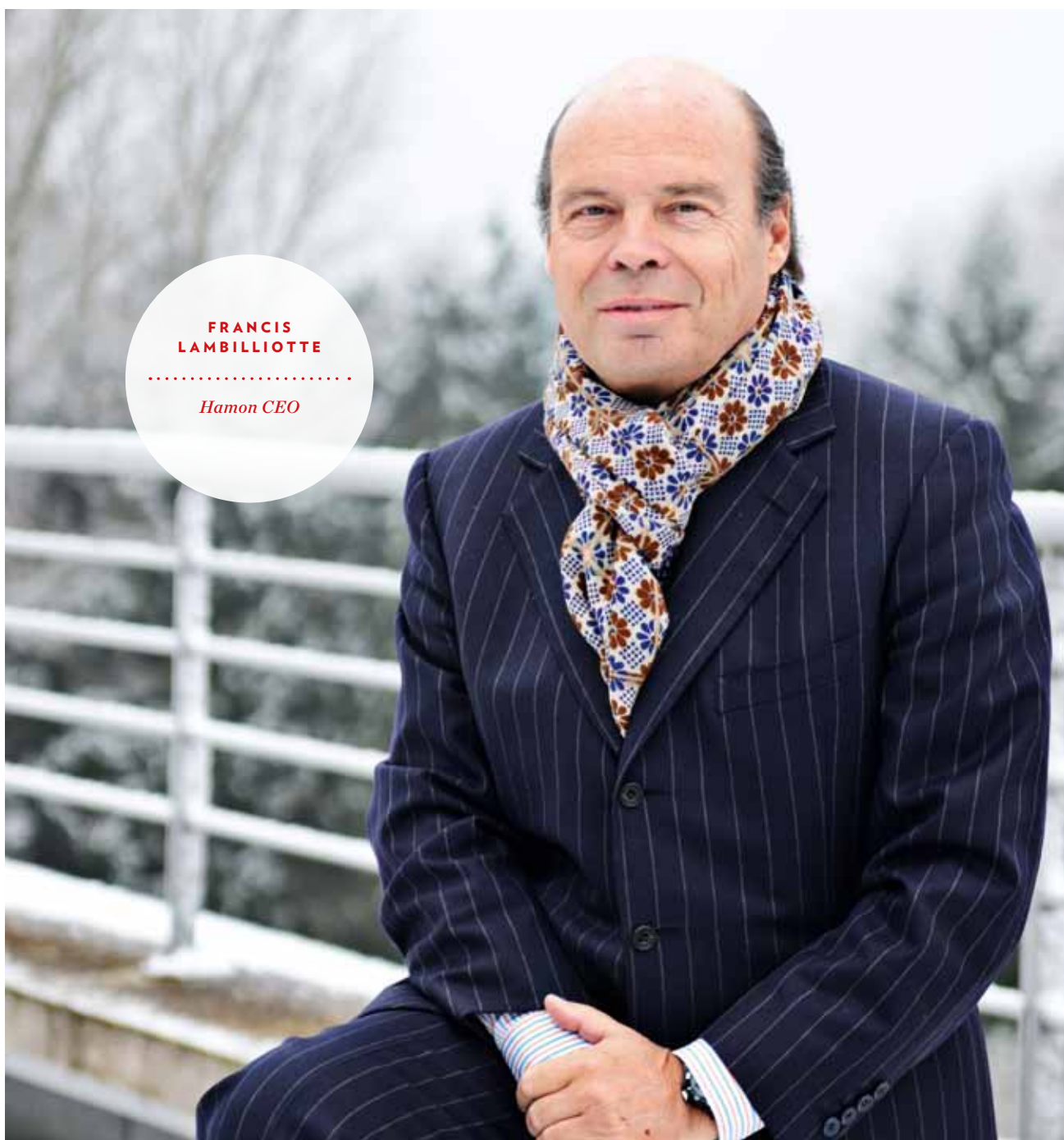
The order backlog at the end of December 2014 stood at almost EUR 800 million, compared to EUR 748 million at the end of December 2013. It was a high amount, which we achieved only once and in one half of 2013, thanks to the ReACT™ project in Wisconsin (U.S.). The order backlog for 2014,

therefore, was once again at an all-time high and will mean a large volume of work and business for the coming two years.

**What were the main events – and major commercial developments – in 2014 for each Business Unit (BU)?**

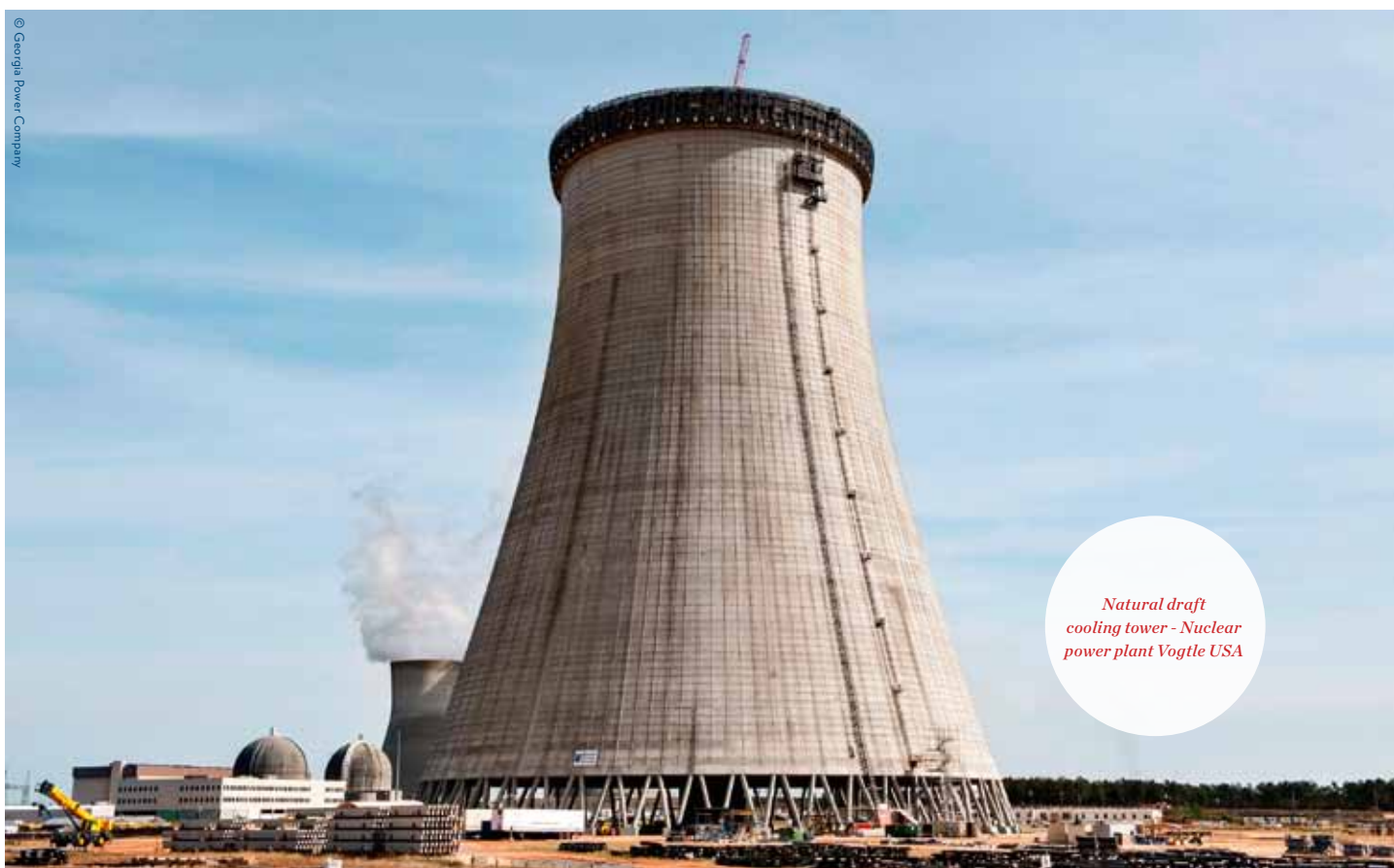
In 2014, we confirmed the success of the strategic developments we initiated several years ago. Dry Cooling now accounts for more than 50% of the Cooling Systems Business Unit's workload. Wet Cooling also made a major contribution to the results, with a significant increase in EBITDA thanks to rapid and profitable projects. The Air Quality System Business Unit (AQS, formerly Air Pollution Control EMEA/Brazil) also performed well, with more than 50% of the total new orders in the acid gas removal sector (versus dust removal). Demand for the BU's desulfurization products is high in Asia, and also in Central and South America. The EBITDA for this business unit returned to positive figures in 2014. In the U.S., the NAFTA Business Unit, which includes Deltak (heat recovery boilers), acquired in 2011, and our environment and thermal business – Chimneys, Air Pollution Control, Cooling Systems – was extremely profitable in 2014, achieving record results. Admittedly, new orders were down in relation to the previous year as 2013 was an exceptional year due, as mentioned earlier, to the size of the ReACT™ order, the construction of which began in the last quarter of 2014 and which is progressing to schedule. Also of note are a number of successful projects in





**FRANCIS  
LAMBILLIOTTE**

*Hamon CEO*



*Natural draft  
cooling tower - Nuclear  
power plant Vogtle USA*

heat recovery; Deltak is continuing to grow in the U.S. thanks to the gas boom and is starting to penetrate the Asian markets. Concerning the Process Heat Exchangers Business Unit, as communicated in the summer of 2014, an accounting error was found at our French subsidiary Hamon D'Hondt. The restatement of its figures revealed the economic need to appropriately reposition the subsidiary's business activities, and also to improve internal controls within the Group. The goal of the program to reposition Hamon D'Hondt is to ensure that, in the future, it is more focused on higher value contracts and not on volume. It has also been downscaled in line with the lower business volumes and more selective order bookings. A new management team and new organization have been put in place for greater transparency and improved cost awareness/control. The objective of all these measures is that it achieves the operating break-even point in the second half of 2015 and returns to profit in 2016.

#### **Are emerging countries still the main area of growth for the Hamon Group?**

Yes, growth remains very high in Asia, even though it is no longer in the double figures in China. It is, in any case, much

higher than in Europe. Asia is, therefore, a major center of growth for Hamon, but it is not alone – the Middle East, Central America (particularly Mexico) and South America are regions where we are also scoring major successes. The Hamon Group continues to be a global player in these different markets, thanks to our geographic and product diversification. This approach has enabled us to balance our position, between economies that have different growth rates and with equipment to increase production capacities or to replace existing equipment.

#### **The pressure on profit margins in Asia, due to fierce local competition, particularly from Korea, is ongoing. Is it having an impact on your results and performance in this region of the world?**

The pressure on prices is, of course, constant overall. However, thanks to our geographic and product diversification, we now cover a much broader market than before, with a much wider customer base and an ever-growing number of products. This means that we can be more selective in the orders that we accept. Currently, we are turning down certain contracts that present too high a risk or with too low a profit margin.

The implementation of best practices, which was started this year as part of our STAR project, which will be discussed later, has enabled us to improve our margins. In other words, the pressure on margins is still there, but we are organized to counter it so that it does not have any major negative impact. We are also focusing on after-sales, which often comes with higher margins.

**For several years, the Group has sought to increase its profitability and results. Will the STAR project, launched last May and aimed at improving profitability while reducing risks, accelerate this process?**

Quite so. This project, which we launched in spring 2014, aims, among other things, to standardize contract management practices at all levels, from estimate to completion, in order to prevent the risk of delay as far as possible and to maintain, or even improve, our profit margins. This approach is now applied across the Group with improved awareness and risk management from the project's start to finish. Another goal of the STAR project is to improve the cost of the products we sell by globalizing the various services. For instance, administrative and sourcing centers are, where possible, grouped together, as are the centers of excellence for certain products, while other companies within the Group specialize in detailed engineering, for example.

**After the Hamon D'Hondt issue this summer, what measures have you taken to avoid such incidents?**

We did not wait for the issue at Hamon D'Hondt to review the internal control measures required for a Group that has grown enormously in recent years. We had in fact already launched the STAR project with a view to controlling our risks, as explained above. We had also reviewed the organization of the finance department at the end of 2013. Today, there is a finance director in each BU, who may also have regional responsibility. In addition, we have reviewed and improved our external and internal audits and, in general, the internal controls applied within the Group. To do so, an internal audit director reporting to the Audit Committee was appointed at the start of 2015.

**Did employment in the Group's subsidiaries remain unchanged in 2014 or did it increase?**

Employment corresponds with the developments in new order bookings and with the needs of current and future projects. Recruitment is rising more in the new markets than in Europe, but it is clear that we are keeping in line with business

volumes and by monitoring overheads. Our strategy, implemented a few years ago, is to maintain the centers of excellence of our business activities in the West, and the development of detailed engineering and project management at local level.

**What are the prospects for 2015?**

With the implementation of the best practices and the current level of order backlog, the Hamon Group should remain on its path to growth. We should, in 2015, see a rising EBITDA and a significant increase in turnover.

**What are the main challenges for the future?**

The challenge for the future will be to maintain our leading position in our various niche markets, and to continue to develop competitively priced, technologically advanced products. In addition, maintaining a good level of new order bookings to grow the business in the years to come while retaining reasonable margins will be a key priority for us. In the short term, our objective is also to bring the subsidiary Hamon D'Hondt and the Process Heat Exchanger Business Unit back on the path to profitability. Additionally, the growth of Deltak (HSRGs) from the U.S., Cooling Systems and AQS – particularly in Asia, which is now aware of the environmental challenges – and after-sales services for our customers will be key areas of focus. All of this will be positive for Hamon! We therefore have every confidence in the future of the Group and its continuing opportunities.

# GROUP PROFILE

Hamon is one of the leaders in its niche markets related to energy and environmental protection.

## POSITIONING

Hamon, an international engineering, procurement and construction company (EPC), is positioned as one of the world leaders, both for equipment and aftermarket sales and service it provides to the following niche markets:

- Cooling systems
- Air Quality systems
- Heat Recovery systems (and Steam Generators)
- Process Heat Exchangers
- Industrial chimneys

The main targeted customers are:

- Electric power plants;
- Oil, gas and petrochemical industries;
- Other heavy industries including steel, cement, minerals, glass and waste incineration.

Besides end users, Hamon also sells its products and services to large engineering firms (Engineering, Procurement and Construction).

Hamon offers its customers, at competitive prices, innovative systems using the latest technology and that effectively respond to their needs, while practicing strict cost control.

## VISION

To be the leading provider of technology and equipment, enabling our customers to produce cleaner energy and to operate while maintaining air quality.

## MISSION

- Develop new technologies, conceive, design, install and provide aftermarket services for key components of our installations: cooling systems, process heat exchangers, air pollution control systems, heat recovery systems and chimneys.
- Improve our customers' performance in the energy, oil and gas sectors and other heavy industries, such as steel, glass, cement and chemicals.
- Execute all our projects on time, within budget and in accordance with customers specifications.
- Provide quality service within all of our activities, while ensuring the satisfaction and development of our staff and protection of the environment while offering our shareholders a return at least equal to the market rate of others in our sector.

## VALUES

### 1. Professionalism

Hamon attaches great importance to the innovation and performance of the services and products it provides its customers.

### 2. Respect for the individual

Hamon respects the Universal Declaration of Human Rights and aims to foster a positive relationship with its teams.

### 3. Respect for the environment

Hamon holds the protection of the environment at the heart of its operations and services.

### 4. Respect for cultural diversity

Throughout the world, Hamon promotes cultural diversity in its working relationships with its partners, teams and local communities.

## MAIN ACTIVITIES OF HAMON

The main activities of the Group include sales, research and development, design, the manufacture of certain key components, project management, procurement, on-site installation (civil engineering), commissioning and after-sales.



Hamon focuses on high added-value business activities, such as **design**, whether this concerns the thermal design (for cooling systems and heat exchangers), process design (for example, for chemical treatment systems for flue gas emissions) or mechanical design of all of our equipment. There is also a distinction between the preliminary design phase (sizing for the preliminary tender), the design for the final tender, and detailed engineering for the finalization of the order when the contract is signed by the customer.



Another focus of our business activities is the management of our **supply chain**. This starts with the assembly dates and delivery schedules on site at the customer, then incorporates logistics, production (and its planning) in our factories, purchasing from our suppliers (with, once again, all the aspects relating to logistics), and quality control, both at our suppliers, in our factories and on site. It also includes various administrative aspects (trade finance, customs clearance, tax matters, order monitoring, etc.). The management of these different and often very complex tasks is essential to our projects, particularly when those projects involve several countries or emerging countries, as is most often the case. Our supply chain comprises hundreds of suppliers, located around the globe: local suppliers (for example, subcontractors or local laborers) and global components suppliers located thousands of miles away.

We are continuing to further develop a global sourcing approach, with internal buying teams located worldwide and a global supplier network, in order to meet our supply needs with a high level of quality, innovation, productivity and consistent reliability, all while maintaining tight control of our stock. The STAR project launched in 2014 and mentioned several times in this report, aims, among other things, to improve the cost of producing our products by globalizing the various services.

These measures are part and parcel of the Hamon Group's continuous improvement philosophy, leading to improved profitability for the Group and greater customer satisfaction.

In 2014, our material and service purchases amounted to a total of some EUR 433 million, approximately 71% of our turnover.

It should also be noted that we are ensuring that the aspects and values of sustainable development and corporate social responsibility are transmitted across our entire supply chain (see Corporate Social Responsibility chapter).



Lastly, **Research & Development** activities are also essential to ensuring that we provide our customers with ever more efficient cutting-edge systems. For further details on our R&D, see the end of the Corporate Social Responsibility chapter, section 5.4. Innovation / R&D.

It was not possible to give a detailed description in this report of all of the Group's other business activities, but they are all instrumental to our customers' satisfaction and to the success of our projects and of the Group.

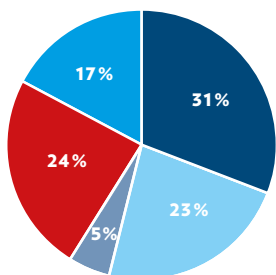
**OUR PRESENCE IN THE WORLD**

In 2014, Hamon employed on average 1 695 people in 26 countries and on five continents across the world. Note that among these countries, none appear on the list of fragile states /territories identified by the World Bank. Moreover, Hamon employs several hundred people under fixed-term contracts for installation projects (most notably on new job sites).

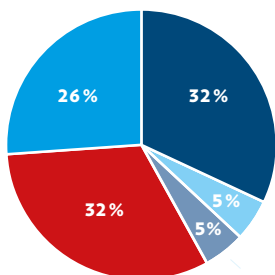
In 2014, the Group achieved a consolidated turnover of EUR 606 million. See the other key figures presented in the first pages of this annual report.

**BREAKDOWN OF NEW ORDER BOOKINGS BY REGION**

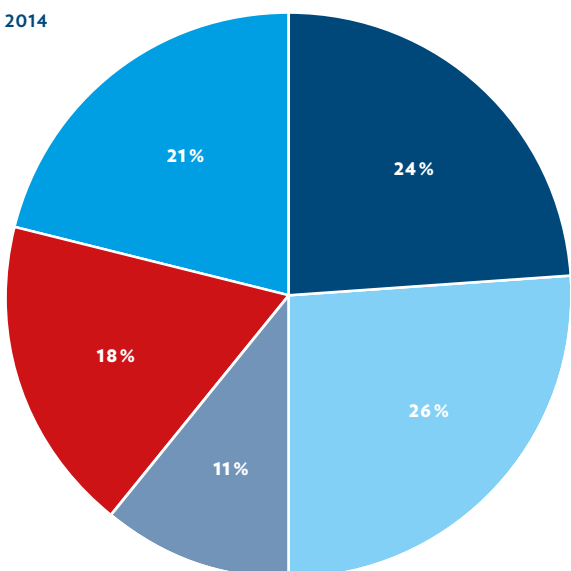
2012



2013



2014



- Asia-Pacific
- USA + Canada
- Africa & Middle East
- Europe
- Other Americas



- Offices
- Factory
- R&D center



# EVOLUTION OF OUR MARKETS

Overall, our markets remained fairly good in 2014, as Hamon has the advantage of a worldwide presence and a wide product offering: the higher demand in emerging markets compensated for the low growth in developed countries, although in these regions after-sales was fairly busy.

## MAJOR MARKETS FOR HAMON

The major end users of Hamon equipment are producers of electricity, followed by the oil and gas industries, as shown in the chart on next page. These are followed by other heavy industries, such as steel, non-ferrous metals, waste incineration, cement and chemicals.

For a breakdown of distribution by geographical area, see the previous section on the Group profile. We notice that in 2014, the emerging countries represented again more than half of our new order bookings, after a rebalancing of the developed countries in 2013.

It is worth noting that new orders are divided between new installations and aftermarket service, the latter representing a growing share.

Hamon's main activities are cooling systems and air pollution control (now called air quality systems outside of North America), as shown in the chart on next page.

## MARKETS REMAINED STRONG IN 2014

Overall, our markets remained strong in 2014, but with major disparities between regions.

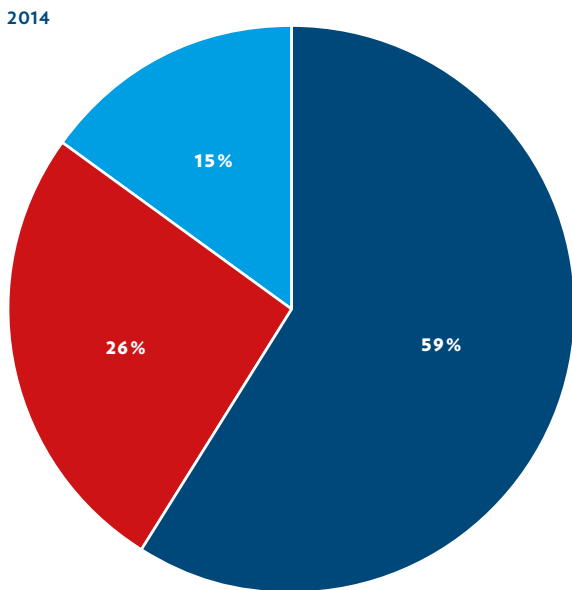
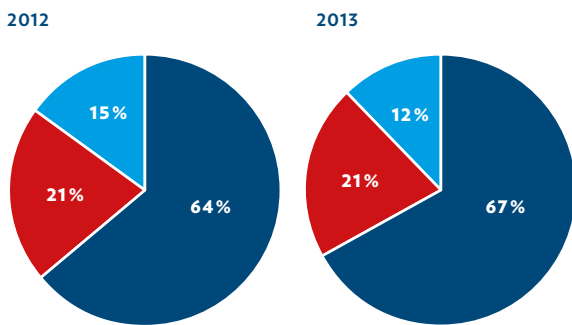
This was also reflected in the world's economic growth. Recovery continued in North America, while growth remained slow in Europe. For the emerging countries, 2014 saw a significant slowdown in Latin America, but stayed high in Asia. China remained the driving force in Asia, even though its growth dropped slightly from 7,7% in 2013 to 7,3% in 2014. India is still awaiting post-election decisions.

Interest rates remained very low, which was beneficial for the financing of investment projects. Nevertheless, due to political or economic uncertainties, customers are more selective in their investment projects, with decisions sometimes postponed, or sometimes suspended.

As regards the major Engineering, Procurement & Construction (EPC) companies, order levels remained steady in 2014 in

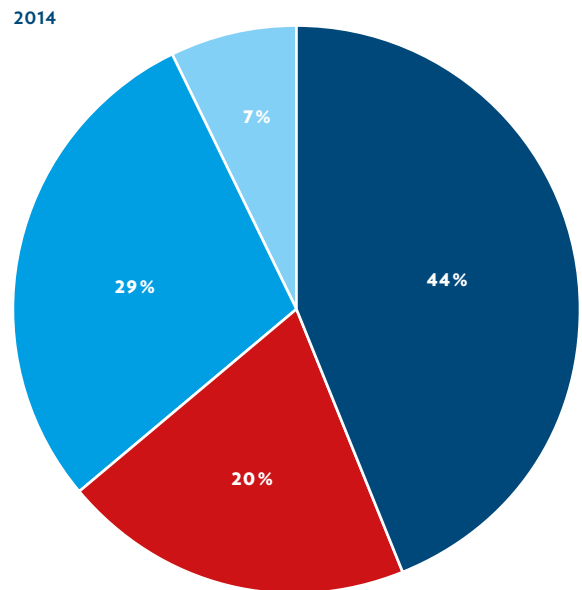
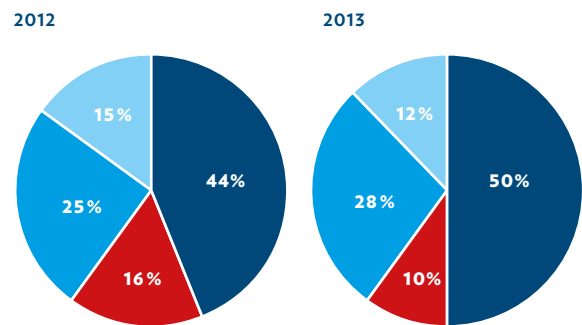


**NEW ORDER BOOKINGS PER INDUSTRY, IN EUR MILLION**



● Power plants ● Oil and Gas ● Other industries

**BREAKDOWN OF REVENUE PER BUSINESS UNIT, IN EUR MILLION**



● Cooling Systems ● NAFTA ● AQS ● Process Heat Exchangers

relation to 2013. Several mergers or acquisitions among the EPCs were launched in 2014, for example:

- GEA sold its Heat Exchanger division to the investment fund Triton in April 2014.
- Alstom sold its Thermal, Renewable and Grid divisions to General Electric.
- Foster Wheeler was bought out by the British firm AMEC.

Note that competition between the major engineering groups (EPC) remained very fierce, particularly from Asian competitors (South Korea, China, etc.).

As in the past, the markets in emerging countries primarily consisted in the construction of new units, while in developed countries (Europe, North America), it also involved the renovation of existing units and after-sales services.

As regards **power plants**, there were no great changes in 2014:

- Coal remained the leading primary energy source, with further projects, for example, in Asia. The North American market for coal-fired plants, however, was moribund.
- A few projects for gas-fired plants were developed, for example in Saudi Arabia (conversion of single-cycle plants into combined-cycle plants, construction of new plants).
- The situation with nuclear plants is fairly varied: some countries are due to close plants in the near future, while

others have decided to extend the life of certain plants, and others, such as China and the UK, have launched fairly ambitious civil nuclear programs.

- The growth of renewable energies seems to peak, due, for instance, to budgetary problems and lower subsidies in many developed countries.

Overall, the transition from one primary energy source to another is fairly beneficial for Hamon as the Group's solutions are used by fuel-fired plants and nuclear plants alike.

As regards the **oil and gas sector**, the second half of 2014 saw a significant drop in oil prices, with a further decrease at the start of 2015. As such, the price of a barrel of Brent crude oil lost more than half of its value, dropping from USD 110 to less than USD 50, which has had a negative impact on the investment projects of the major oil groups, primarily upstream (oil exploration and production) and particularly in the U.S. in shale oil production.

Also of note is the price of a number of primary materials (steel, aluminum, plastic, etc.), used in the construction of our installations, which dropped significantly over the course of 2014. This means that the price of a given installation has dropped, all things being equal.

Lastly, as regards exchange rates, the USD, after dropping against the EUR in the second half of 2013, rose significantly against the EUR in the second half of 2014. Overall, the average exchange rate over the 2014 was the same as in 2013.



*Air cooled condenser  
(dry cooling) - solar power  
plant of Agua Prieta  
(Mexico)*

# CORPORATE SOCIAL RESPONSIBILITY

Hamon, an industrial and engineering company, has always sought to apply the principles of sustainable development in its business activities. Hamon's approach is to analyze, measure and bear its share of responsibility towards society.

## 1. INTRODUCTION

To formalize its approach, Hamon has chosen the **ISO 26000** international guidelines related to Corporate Social Responsibility, adopted by almost one hundred countries in November 2010. The objective is to align Hamon's strategy and management in order to respect the principles and domains of action provided by these guidelines. The main aspects covered are:

- Organizational governance;
- Human rights;
- Labor practices;
- Environment;
- Fair operating practices;
- Consumer issues;
- Community involvement and local development.

In order to implement this efficiently, Hamon has put in place a number of actions; it also measures their effectiveness and reports on its performances. The methodology developed by the **Global Reporting Initiative** (GRI) is the framework used for this reporting. Following the example of the IAS/IFRS standards in the financial sector, the aim of the GRI, an international body based in the Netherlands, is to provide all organizations of any size, geographic location or sector with a reliable, credible and standardized framework for this non-financial reporting.

The methodology consists of several kinds of information:

- General information, such as: strategy of the organization, its profile, the perimeter of this report, corporate governance, etc.
- Information specific to the organization and its activities and to the challenges related to sustainable development. The Group explains its management approach and reports on some key performance indicators.

The standardized correspondence grid, reproduced at the end of this report, is a kind of standard table of content for GRI. It enables readers to find the information they are looking for.

The performance indicators set out by the GRI cover three main areas:

- Economic performance (much detailed in other parts of this annual report);
- Environmental performance;
- Social performance in:
  - work relations;
  - human rights;
  - Society;
  - transparency of product information (less relevant for Hamon as it does not sell consumer goods).

This report is based on the latest guidelines, known as **G4**. The main change introduced by the G4 guidelines, and it is sizeable, is that from now on, information covered in the report will essentially focus on that deemed relevant by Hamon's management and by its stakeholders as regards day-to-day business. As such, Hamon held a stakeholder consultation at the start of 2014 in order to hear their points of view. For further details, see in the annexure the section Parameters of the Corporate Social Responsibility report.

According to the GRI G4 guidelines, there are two possible levels of reporting; Hamon has decided to report **"in accordance"** with the **"core"** criteria of the guidelines.

Hamon has also been a signatory of the **UN Global Compact** and an associate participant since September 2013. As such, Hamon ensures that it supports the ten principles of the Global Compact.

This commitment requires the issuing of an annual report on the progress made on these ten principles (COP – Communication On Progress). There are two levels of reporting; Hamon has chosen the **"GC Active"** level.

This chapter is our Communication on Progress on these ten principles. It is also available (via our annual report) on the Global Compact site and on the GRI site. The table of correspondence with the ten principles is also available in the annexure of this report; it outlines where the reader can find the information relating to each of these principles.



The GRI and the Global Compact, along with the ISO 26000 (Corporate Responsibility), ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health & Safety) standards are the key charters, principles, standards and other initiatives to which the Group adheres. Note that not all of the Group's subsidiaries are ISO 9001 & 14001 and OHSAS 18001 certified.

Hamon does not serve on any governance body, participate in any projects or committees, or provide any major financing, beyond simple contributions, for national or international advocacy associations or organizations, with the exception of the French subsidiary, Hamon Thermal Europe (France), which is an active member of the Bureau National des Plastiques et de la Plasturgie (Plastics and plasturgy standardization bureau)

and which contributed to the drafting of the French standards concerning plastic products.

It is not Hamon's policy to have its non-financial report verified by independent external bodies.

## 2. STATEMENT OF HAMON'S CONTINUED SUPPORT FOR THE UN GLOBAL COMPACT

*«I am pleased to confirm that, as of September 2013, Hamon supports the ten principles of the United Nations Global Compact in the field of human rights, working conditions, the environment and the fight against corruption. You will find in our Communication On Progress the concrete measures taken by the Group to further align our strategy, culture and day-to-day operations with these ten principles. We are also committed to sharing this information with our stakeholders and promoting the Global Compact and its ten principles.»*

**FRANCIS LAMBILLIOTTE** . CEO of the Hamon Group  
30 January 2015

### 3. SOCIAL RESPONSIBILITIES

The men and women who work for the Hamon Group and contribute daily to its success are our prime resource and, as such, they are a major focus of this section.

#### 3.1. HEADCOUNT

Hamon places particular focus on its staff in the broadest sense, in other words, not just its employees but also the interns, consultants, temporary workers, etc. who work for the Group. This concerns various aspects, such as:

- The recruitment of highly motivated staff with technical and interpersonal skills;
- The training, career prospects and self-fulfillment of those staff;
- Remuneration;
- Performance reviews based on specific and measurable objectives;
- Health and safety in the workplace;
- The elimination of discrimination in respect of employment and occupation;

More specifically, the strategy towards recruiting new talent in the Group is in line with our "Think globally, act locally" ethos.

Whilst our markets are growing on a global scale, our employees must also have a global vision. They must be open to other cultures and show sufficient creative intelligence to enable continuous improvement and promote change while respecting local values and regulations. Hamon recruits highly qualified men and women with leadership skills and a sense of responsibility and offers them the opportunity to develop in their career with the Group. Some of these staff are transferred to overseas subsidiaries that have recently been created or which have seen major growth in the last few years. Hamon seeks to recruit local talent who are experts in their respective fields, have strong problem-solving skills, and are customer and business focused.

#### Headcount by type of contract

On 31 December 2014, the total workforce (in its broadest sense) by type of contract was as follows:

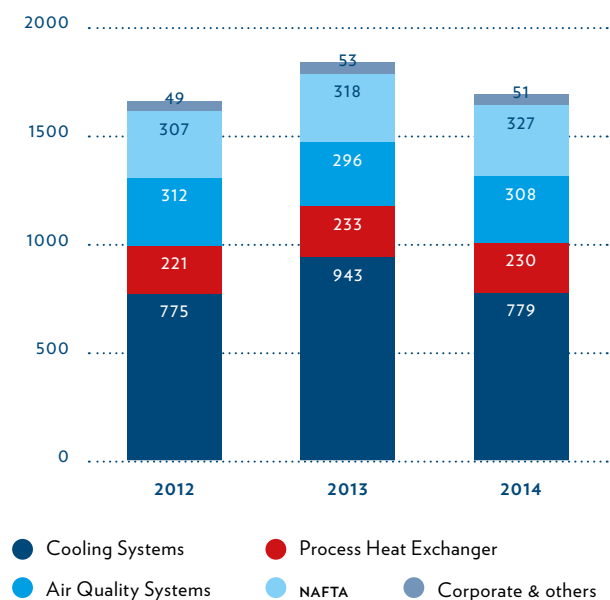
Situation as 31/12/2014	Number of people	% total
Employment contracts (and equivalent)	1734	87,9 %
Consultants	204	10,3 %
Interim and internships	34	1,7 %
<b>Total</b>	<b>1972</b>	<b>100 %</b>

#### Note :

The headcount is calculated on the basis of the number of people, and not on a full-time equivalent basis.

In addition to the above, Hamon also employs a few hundred local temporary workers, mainly at its building sites, whose numbers always vary. Located in our regions of operation around the world, these projects generally only last a few months. In the following analysis, only the people with an employment contract or similar (1 734 people at the end of 2014) are taken into account.

#### Average headcount per BU



#### Notes :

- The graph above shows the average over 12 months of the year, as does the graph below.
- It includes the fully consolidated subsidiaries, and in 2012 and 2013, the subsidiaries consolidated proportionally on a pro rata basis of the capital held by Hamon.

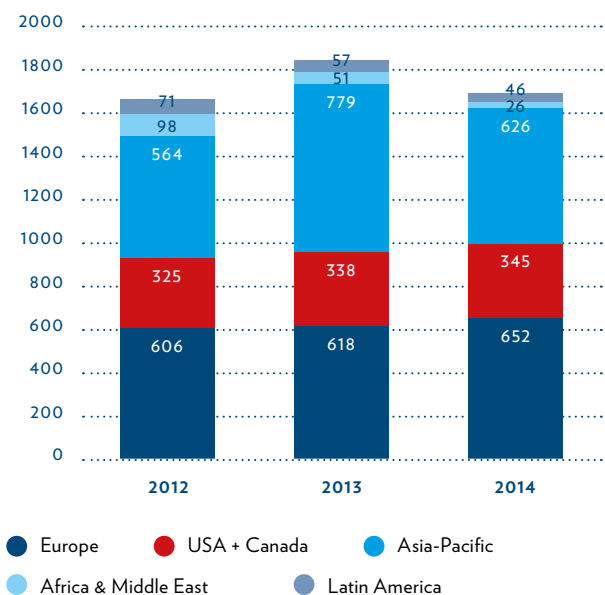
- The NAFTA BU is the combination of the two BUS formerly reported under "Air Pollution Control and Heat Recovery NAFTA" and "Chimneys". It does not include the American "Corporate" workforce.

We can see that the average headcount dropped significantly in relation to the previous year, from 1 843 to 1 695 people at Group level (-148 people, or -8%). This decrease was primarily due to the fact that, as of 2014, three subsidiaries that were previously consolidated are no longer consolidated (as regards headcount):

- Hamon Shriram Cottrell (India; Cooling systems), previously fully consolidated.
- Hamon D'Hondt Middle East (Saudi Arabia, Heat Exchangers) and Hamon Cooling Towers Co. (UAE, Cooling Systems), previously consolidated proportionally.

Together, these three subsidiaries accounted for 203 and 208 people respectively in 2012 and 2013. On a like-for-like basis, the average headcount for 2013 amounts to 1 635 people. As regards the various BUS, we can see that there was a significant decrease for Cooling Systems, due to the fact that the majority of the workforce of the three subsidiaries removed from the scope of consolidation in 2014 belonged to this BU. They accounted for 187 of the 208 people in 2013.

**Average headcount per region**

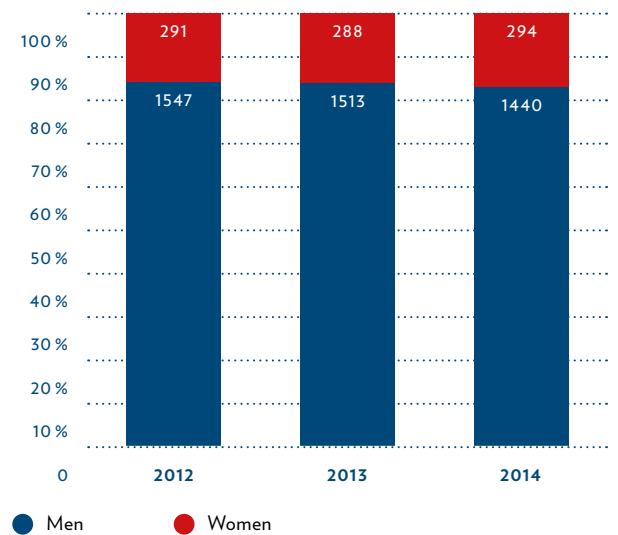


As mentioned for the figures per BU, the figures for 2012 and 2013 are not comparable to those for 2014, as three

subsidiaries were removed from the scope of consolidation (as regards headcount).

We can see a significant decrease in Asia (-153 people), due to the removal of the subsidiary Hamon Shriram Cottrell (India) in 2014. The noticeable decrease in Africa and the Middle East (-25 people) is due to the removal of the subsidiaries Hamon D'Hondt Middle East (Saudi Arabia) and Hamon Cooling Towers Co. (UAE). On a like-for-like basis, we would see a slight increase in headcount in all regions, except in Africa and the Middle East and in Latin America (mainly Brazil), where our headcount dropped, despite the opening of a new office in Mexico.

**Headcount per gender as of 31 December**



The percentage of women at the end of 2014 was up slightly on the previous year, rising from 16% to 17%.

As concerns social dialogue and staff representation, on 31 December 2014, 37% of the staff were covered by a collective agreement.

**3.2. TRAINING AND DEVELOPMENT OF THE ORGANIZATION**

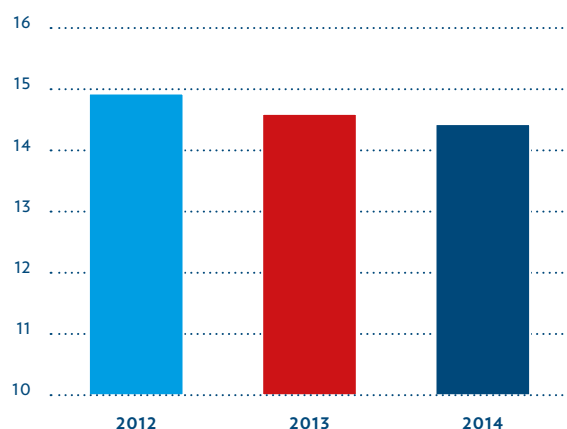
The need for training and ongoing skills has been highlighted by our stakeholders (see Parameters of the CSR report in the annexures). It is an important factor for our development.

The challenges of Hamon's business activities and changes in the social context (our customers' business environment, technological performance and environmental protection, competition in our markets, etc.) mean that we must strengthen

and increase our expertise. Hamon's staff are pivotal to our success. It is important to continuously increase their level of versatility and competence in each business unit. This is Hamon's custom and it is this that gives us our added value. Training our staff is a solution to these challenges.

In addition to formal training, our employees receive daily "on-the-job" training. In the Hamon 'multi-department' culture of work and project management, employees use their own specific skills and knowledge, and also learn through other team members. During the annual performance appraisals, employees are encouraged to define their own training needs, so we can offer each individual a specific training program and help everyone's evolution within the Group.

### Hours of training per employee per year



In 2014, Hamon's staff underwent approximately 25 000 hours of training, which represents an average of approximately 13 hours per year per person. There was a slight decrease in relation to previous years. This training concerned, particularly, health and safety, the use of new IT tools, the use of specific equipment, English, etc.

### 3.3. HEALTH & SAFETY

Hamon delivers solutions for industrial environments and operates eleven factories or workshops. The risks inherent in our business activities, although well known, are many. It is essential that this matter receives constant attention. The health and safety of our employees in their workplaces remains a priority, whether in factories, in our offices or on site. Due to their varied nature and the changing environment, construction sites present specific risks for the workers operating at such sites.

Hamon continuously seeks to improve its performance in order to align with its values. Even though "zero risk" is impossible, every incident or accident is one too many as it has an impact on the physical and emotional well-being of our workers. That is why this area has received particular Group-wide attention in the past few years via, for example, an annual questionnaire that every subsidiary with at least 15 employees must fill out (see the list of subsidiaries in the annexure Parameters of the CSR report). In 2014, Hamon introduced a Group health and safety policy. Hamon also recommends that its main subsidiaries obtain OHSAS 18001 certification. At the end of 2014, four subsidiaries had this certification and one was SCC certified\*\* (SHE Contractor Checklist).

The following graphs show the accident frequency and severity rates, along with the number of occupational diseases and the rate of absenteeism.

Note that, for these statistics, there may be differences in the calculation methods and criteria used by the different countries and subsidiaries (each country has its own social and labor regulations).

These figures only concern staff reported as people employed by the Group in 2014 (in other words, consultants and temporary workers are not included). Note that the scope of consolidation in 2012 was slightly different from that in 2013; the consolidation scope in 2013 was the same as in 2014.

Out of the 26 subsidiaries included in this analysis for 2014, two were not fully consolidated (Hamon Shriram Cottrell in India and Hamon D'Hondt Middle East in Saudi Arabia). We nevertheless thought it relevant to include them in the analysis. The other 24 subsidiaries employed 1 637 people (average headcount for 2014), in other words, 97% of the Group's workforce. See annexure Parameters of the CSR report for more details on this subject.

Hamon has not implemented a global action plan at Group level in the area of health and safety; however, a number of subsidiaries do have a local action plan

### Frequency rate of occupational accidents by region (Number of accidents / million working hours)

In total, there were 41 occupational accidents in 2014, compared to 25 in 2013.

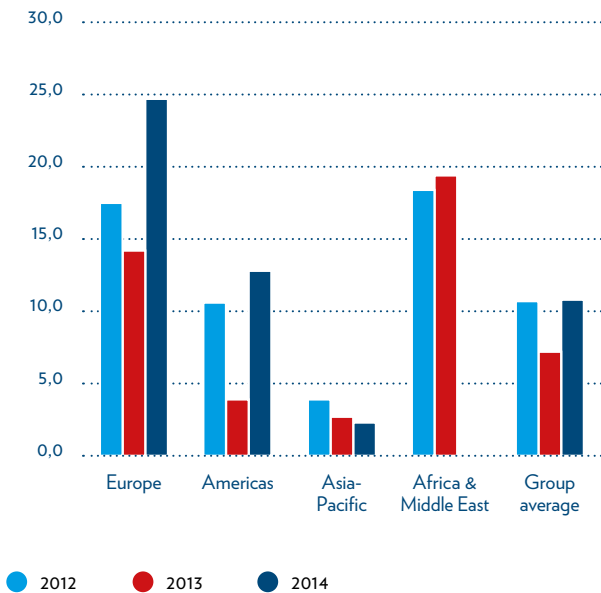
We can see that there were contrasting changes in the accident frequency rates:



- A significant increase in Europe (primarily due to two factories, one in the north of France and one in Belgium) and in America (primarily due to accidents on construction sites and in one of our factories).
- A decrease in Asia-Pacific and in Africa-Middle East.
- Overall, an increase at Group level, with 11 accidents per million hours worked.

Note that there were no deaths due to occupational accidents in 2014.

Number of accidents / million working hours

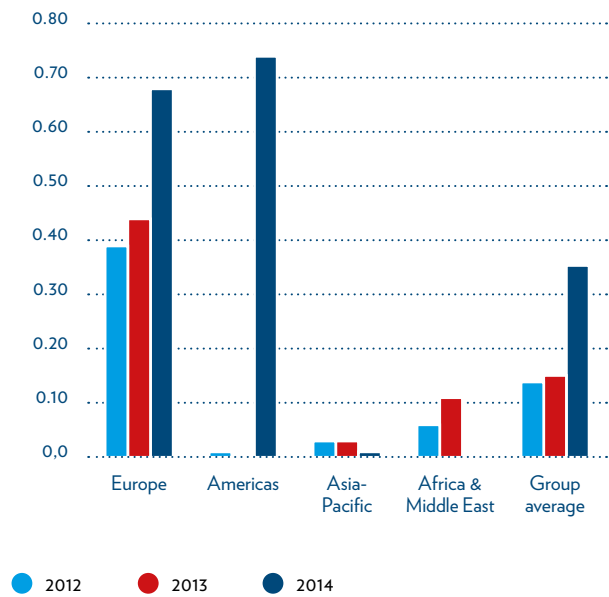


Severity rate of occupational accidents by region (Number of days lost / thousands working hours)

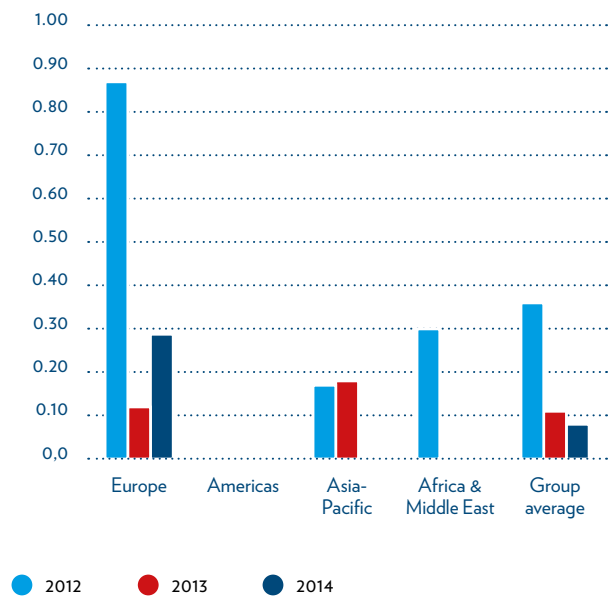
The severity rate increased greatly in Europe. This change was primarily due to the accidents in the factory in Belgium.

The rate also increased greatly in America, due to accidents on construction sites and a serious accident in one of our factories. However, the rate greatly declined in other regions. At Group level, the severity rate increased to 0.35 days lost per thousand hours worked. In total, 1 339 days were lost due to occupational accidents, compared with 527 in 2013.

Number of days lost / thousands working hours



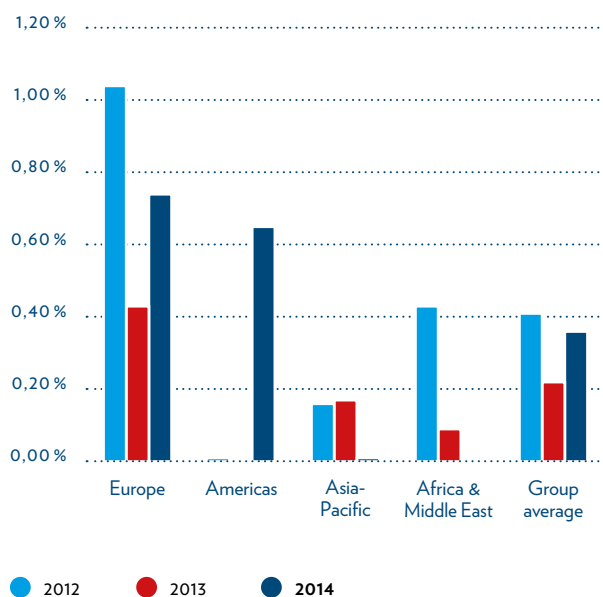
Occupational disease rate by region (Number of days lost / thousand working hours)



In 2014, the number of days lost to occupational diseases amounted to 319 days (factory in the north of France), compared with 397 in 2013. After a significant decrease in 2013, this rate increased in Europe. It was, however, zero in the other regions. At Group level, the rate decreased in 2014

(from 0,11 to 0,08 days per thousand hours worked). This was also due to the increase in the number of hours worked (from 3,48 million hours in 2013 to 3,79 million hours worked in 2014).

### Proportion of working days lost due to occupational accidents and diseases



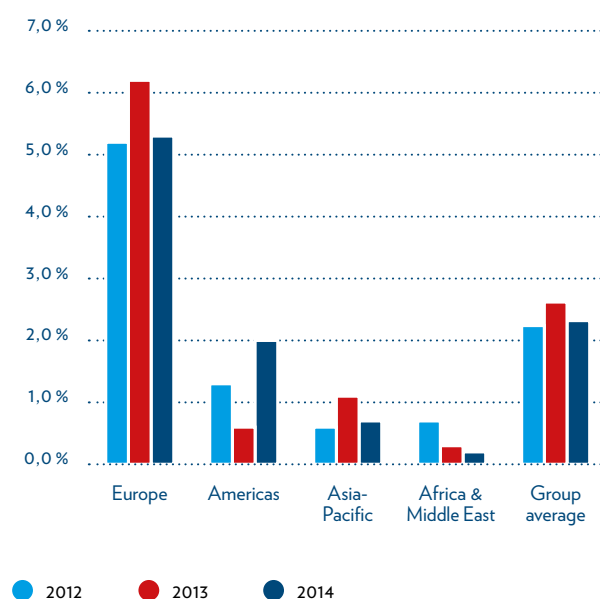
In total, 1 658 days were lost due to accidents and occupational diseases in 2014, against 924 in 2013. In terms of days worked, this gives 0,36 %, against 0,22 % in 2013. This rise is due to the significant increase in the number of days lost due to accidents in Europe and the U.S.

### Rate of absenteeism by region

The total number of days lost through absenteeism dropped from 11 126 in 2013 to 10 810 in 2014. Note that, in this figure, more than 3 600 days were from 16 people on long-term sick leave, primarily in Belgium, Brazil and France. Overall, the rate dropped everywhere except in Brazil. At Group level, it amounted to 2,3 % in 2014, against 2,6 % in 2013.

If we exclude the number of days lost due to accidents or occupational diseases, the number of days lost dropped from 10 202 days in 2013 to 9 152 days in 2014, which gives an appreciable decrease (-10 %), while the number of days worked increased by 10 %.

### Rate of absenteeism



#### Notes :

- Includes the days lost due to accidents and occupational diseases.
- In certain subsidiaries (for example in the U.S.), the number of days of absence are not counted, as staff members have a holiday quota which includes days absent.

### 3.4. HUMAN RIGHTS

As a signatory to the United Nations Global Compact, Hamon is committed to respecting and ensuring that all of its employees and partners respect human rights in their business relationships. This commitment is very much a part of the Group's DNA and reflects the values it seeks to convey every day.

At the end of 2014, Hamon introduced a Group human rights policy; this document has been incorporated in its Code of Ethics.

In 2014, Hamon continued to promote ethics and human rights, as a priority in its business relationships, and more particularly:

- Through its participation in the United Nations Global Compact
- Through its commitment to observe the Universal Declaration of Human Rights.

- Through its commitment not to employ children.
- Through its commitment not to use compulsory or forced labor. This point received greater attention in 2014.

Naturally, Hamon upholds a number of other human rights issues, such as the fight against discrimination with respect to recruitment and occupation.

Through a questionnaire sent to the Group's main subsidiaries at the end of every financial year, Hamon seeks to raise awareness among its subsidiaries concerning human rights and ensure that they fully uphold the points covered in the Universal Declaration. In 2014, the 26 subsidiaries included in the reporting scope outlined in the annexure Parameters of the CSR report complied with this declaration (where legislation in the respective countries allowed).

### Child labor

This aspect is particularly relevant, as regards our business activities and as a signatory to the United Nations Global Compact, both:

- internally: for our subsidiaries in emerging countries, particularly those with factories,
- externally: as regards our suppliers located in emerging countries (and particularly factories that manufacture components).

The Group policy on human rights, added to our Code of Ethics at the end of 2014, specifically mentions that Hamon wishes to absolutely prohibit all forms of child labor. Hamon continuously ensures that it does not employ children and is very vigilant in the matter.

This point is also included in the annual questionnaire sent to the main subsidiaries. In 2014, only one of the 26 subsidiaries employed people under 18 years of age: our French subsidiary Hamon Thermal Europe, which employed four trainees aged between 16 and 17 years old on work placements. This type of placement is strongly recommended for certain students as part of their training.

As regards our suppliers, our General Purchasing Conditions, used increasingly systematically by the Group's subsidiaries, contain several clauses relating to compliance with current social and labor regulations, and in particular as concerns child labor. These were also adapted at the end of 2014 to further highlight the requirement for our suppliers to pass on these concerns across their entire supply chain.

New suppliers or recurring suppliers of a significant size are assessed via a questionnaire and are regularly audited.

### Compulsory or forced labor

As with child labor, Hamon absolutely prohibits any form of forced or compulsory labor and remains vigilant in this matter in all of the regions in which the Group operates, and particularly in its factories located in emerging countries.

Likewise, outside of its direct scope of operation, Hamon is, as far as possible, vigilant with regard to its suppliers located in emerging countries, and particularly those with factories that manufacture certain components for Hamon.

The Group's human rights policy, disseminated via our Code of Ethics, which was reviewed at the end of 2014, specifically prohibits compulsory or forced labor.

The annual questionnaire sent to the Group's main subsidiaries draws their attention to the need to be vigilant in their field of operation.

In 2014, no incident of this nature was reported by Hamon's subsidiaries.

Hamon has also ensured that this requirement is included in its General Purchasing Conditions, used increasingly systematically by the Group's subsidiaries.

Hamon's new suppliers or recurring suppliers of a significant size are assessed and audited in this regard. For both child labor and forced or compulsory labor, Hamon seeks to improve awareness not only among its own suppliers, but also among all parties involved further down its supply chain.

### Grievances concerning human rights violations

This is the alarm that is sounded in the event of disputes concerning any human rights violation within the Group's business activities and in its relations with other companies (for example, in our supply chain: customer or supplier), staff members or other individuals. For Hamon, it is a key performance indicator.

In practical terms, this new point has been added to the questionnaire sent by the Group's Legal Department to all large subsidiaries, in order to verify whether they have been involved in any dispute of this nature over the past financial year. In 2014, there were no human rights grievances filed, examined or settled via the official grievance settlement system:



- no grievance filed;
- no grievance examined;
- no grievance previously filed and settled in 2014

### 3.5. FIGHT AGAINST CORRUPTION

The Hamon Group, through its history and culture, strives to be a good citizen and manage its business transparently and ethically. Hamon adopts a zero tolerance policy towards corruption.

This is clearly set out in its Code of Ethics, written in 2009 and reviewed at the end of 2014 and which contains a specific chapter dedicated to the matter.

This code has gradually been shared with all of the Group's subsidiaries, which have distributed it to all their employees (office staff). At the end of 2014, 97% of the employees (office staff) of the 26 subsidiaries included in the scope of consolidation had received or had access to this Code of Ethics. The entire Board of Directors of Hamon & Cie along with the members of the Executive Committee had also

received it. In many subsidiaries, new employees receive it along with a copy of the internal staff regulations.

With the same goal in mind, the Group is considering pursuing its commitment by training its staff or governance bodies in anti-corruption.

### 3.6. OTHER TOPICS RELATED TO HUMAN RESOURCES MANAGEMENT

Hamon has always and continues (through its various subsidiaries) to support local communities. Hamon & Cie has, for several years now, sponsored the Mont-St-Guibert Volley Ball Club. Since 2013, the Group has supported the United Nations Global Compact, as explained above. The total amount of donations and various sponsorships made by the Group in 2014 amounted to approximately EUR 20 000.

The Group also assists universities and their students. As such, Hamon & Cie oversaw the work of two groups of students in 2014: one at the Université Libre de Bruxelles and one at the Université Catholique de Louvain (work concerning Corporate Social Responsibility).

One major project during 2014 was the STAR project. This project, implemented with the help of consultants, aims to strengthen synergies between the BUS, improve the Group's profitability and reduce risks through the widespread use of Group best practices.

As announced in 2013, the Group has sought to gradually introduce a certain number of Group policies. This work, which is still ongoing, has resulted in the following achievements:

- Legal and administrative organization
- Human rights (incorporated in our Code of Ethics)
- Human resources
- Environmental protection
- IT
- Certain more operational aspects such as the General Purchasing Conditions and the supplier approval process.

In certain cases, these policies also contain more detailed implementation procedures.

#### 4. ENVIRONMENT

Environmental protection is a key focus of Hamon's business. Thanks to increasingly efficient heat exchange and gas treatment systems, the Group helps its customers reduce the impact of their business activities on the environment.

In addition, Hamon seeks to reduce the environmental impact of its factories and equipment in operation at the customer site (energy consumption, noise, visual impact, etc.). The code of conduct, implemented by Hamon, addresses all aspects relating to the protection of the environment, both in our factories and offices, and on construction sites.

Hamon also raises awareness among its suppliers, via assessment questionnaires and audits, and asks them to comply with the environmental regulations in force.

Hamon ensures that it applies the precautionary principle, in other words, lack of accurate information or uncertainties concerning the environmental impact of certain factors (for example, the impact of greenhouse gases on the climate) must not be used as a pretext to ignore or put off the implementation of tangible measures to protect the environment. Hamon promotes the ISO 14001 certification of its subsidiaries.

At the end of 2014, three of them (out of the 26 in the scope of consolidation) had obtained this certification.

Two aspects relating to the environment were highlighted as very relevant at the stakeholder consultation (see Parameters of the CSR report in the annexure):

- The impact of Hamon's factories on the environment: the three points below address this aspect.
- The environmental impact of Hamon's products and equipment in operation at the customer site: the third point below addresses this aspect.

##### 4.1. ENERGY CONSUMPTION WITHIN THE ORGANIZATION

The Group's factories consume a large amount of energy. The high-consumption business activities are, for example, the thermoforming of heat exchange surfaces (manufactured for cooling towers) and the heating of ovens (fixing fins on condenser tubes). For this reason, the measurement and analysis of our energy consumption is focused on our eleven factories. The use of this energy (natural gas, electricity, fuel, etc.) has an impact on the environment, for example, by emitting greenhouse gases. We therefore strive to measure and minimize our energy consumption per unit manufactured.

Hamon measures the energy consumption of its factories and carries out a count via its annual questionnaire, already mentioned above. Actions to decrease consumption are left at the initiative of the factories on a case-by-case basis.

##### Direct energy consumption per source and electricity consumption (GJ/year)

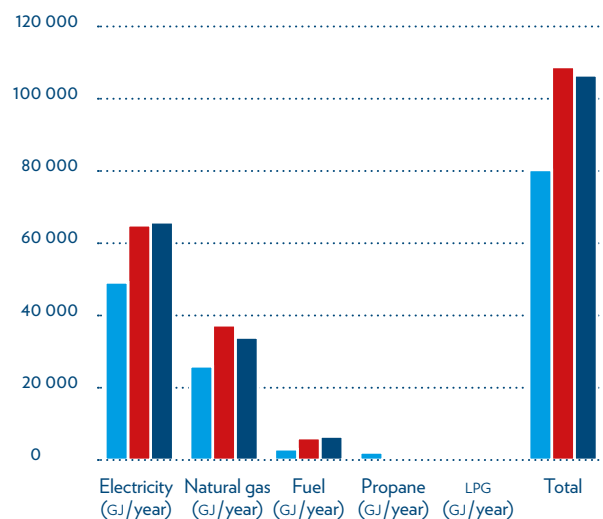
Total consumption fell slightly compared to 2013 (107 001 GJ, against 108 818 in 2013). The energy mix changed somewhat, with a slight increase in the consumption of electricity and a decrease in natural gas.

If we look at this consumption in terms of the number of hours worked in these eleven factories, the ratio is down (from 63.6 MJ/hour in 2013 to 60.2 MJ/hour in 2014), which indicates an improvement in energy efficiency. This overview must however be taken cautiously, as the hourly energy consumption of each of the factories varies depending on the nature of their business activity.

It is not possible for us to distinguish what proportion of the electrical energy is from renewable sources. The other sources of energy (natural gas, fuel, propane, LPG) are non-renewable.

Note that, in 2014, our factories did not buy any heat, steam or cooling. Likewise they did not sell any electricity, heat, steam or cooling.

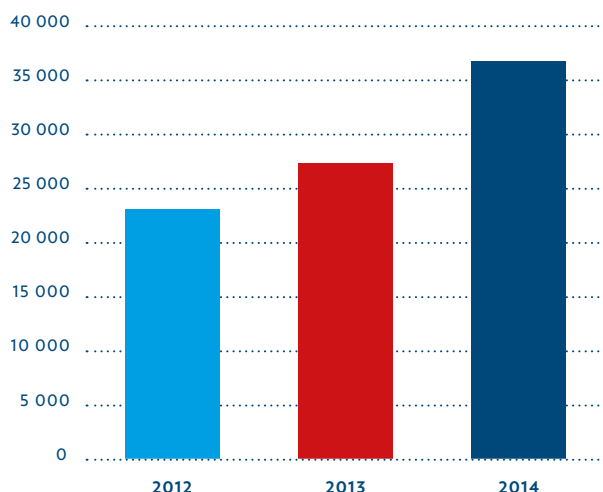
#### Direct energy consumption per source and electricity consumption (GJ/year)



● 2012 ● 2013 ● 2014

#### 4.2. TOTAL VOLUME OF WATER WITHDRAWN BY SOURCE

##### Total volume of water withdrawn by source (m<sup>3</sup>/year)



Hamon's factories consume a large amount of water, for example, for sanitary facilities, for cooling certain machines and for hydrostatic tests. Water consumption (and the wastewater

generated) has an impact on the environment. We therefore strive to measure and minimize our water consumption. As with energy consumption, Hamon measures the water consumption of its eleven factories via an annual questionnaire. Each factory implements, on a case-by-case basis, measures to reduce this consumption or its impact.

All water consumed was city water. Consumption rose significantly in 2014 (from 27 391 m<sup>3</sup> in 2013 to 36 728 m<sup>3</sup> in 2014, +34%). This was partly due to the increase in production in our factories, with the number of hours worked increasing by 4%. It was also due to the steep rise in water consumption by our new Korean factory, and by one of our two American factories.

#### 4.3. MEASURES TAKEN TO MITIGATE THE ENVIRONMENTAL IMPACT OF OUR PRODUCTS (AND FACTORIES)

During their use at the customer site, Hamon's products have an impact on the environment:

- Energy consumption (for example, by the motors operating the fans to circulate the cooling air);
- Noise emissions (falling water in the cooling towers, motor noise, etc.);
- Visual impact (structures that are sometimes fairly high, which has an impact on the landscape);
- Water consumption and /or steam plumes (for example, evaporative cooling systems, wet gas scrubbers);
- Impact of end-of-life waste, when dismantling the system or when replacing certain components (for example, electrostatic precipitator collecting plates).

The Hamon Group takes measures to improve the performance and reduce the environmental impact of its systems, often right from their conception and design. Increasingly, these measures are integrating the entire life cycle of our products. In 2014, several concrete action plans were implemented, for example:

- The replacement of steel packaging with recyclable packaging (wood) for the transport of the finned tube bundles of our air-cooled condensers.
- For the electrostatic precipitators: systematic installation of drip basins under the transformers in case of oil leaks.
- The gluing of heat exchange surfaces for cooling towers in enclosures to preserve the volatile organic components and prevent ground contamination in the event of a leak.
- The reduction of noise emissions from baghouse cleaning systems and the reduction of their energy consumption.

Hamon also takes various measures to limit the environmental impact of its factories. In addition to aspects relating to energy and water consumption (covered in the previous points), these measures concern, for example:

- Participation in the Life + Project to recycle PVC waste from our French factory which produces heat exchange surfaces for cooling towers.
- The installation of a dust evacuation and filtration system for the extrusion machines at our Chinese factory which produces internal components for cooling towers.
- The implementation of a monthly QHSE audit in our French heat exchanger factory.

## 5. ECONOMIC PART

During the stakeholder consultation, four economic aspects were deemed truly relevant to the long-term future of our business. These aspects are specific to our business and activities.

### 5.1. RELIABILITY AND SAFETY OF OUR EQUIPMENT (IN OPERATION AT THE CUSTOMER SITE)

Our equipment is used by our customers in complex industrial processes: power plants, refineries, steelworks, cement works, etc. They only account for a small percentage of the total investment made to build these factories. Nevertheless, if one of our installations should break down (or cause an accident), it would often result in a shut-down at the customer's factory and significant revenue losses.

In certain extreme cases (for example, that of cooling towers for nuclear plants), the consequences could be much more drastic (even if, in this specific case, several other back-up cooling systems are included). Another example is that of the oil and gas sector: a leak in a heat exchanger could cause an explosion or fire with serious consequences.

For this reason, the reliability and safety of our equipment is vital for our customers and for the long-term future of our business activities.

As such, Hamon continuously seeks to ensure the reliability and safety of its equipment, through:

- Ever more accurate design using increasingly powerful tools and software;

- Stringent quality control during the design phase, when purchasing components from suppliers, on assembly at the site and during the commissioning and acceptance tests. This also involves the ISO 9001 certification of a number of subsidiaries. As such, at the end of 2014, 19 of the 26 subsidiaries in the reporting scope were ISO 9001 certified.
- Staff training and also, in many cases, end-user training. Hamon also seeks to provide end users with accurate, detailed user and maintenance manuals.

The display of safety signs and the preparation of safety manuals are generally carried out by the customer.

Hamon's installations have fairly long life cycles (often 20 to 30 years or more). They are often installed at factories or plants that have even longer life cycles and in which some installations or components (including ours) are sometimes replaced or renovated after a couple of decades.

As we have provided thousands of systems around the world in the last few decades, it is not possible to gather and compile information concerning the reliability and safety of our equipment. In addition to the problem of identifying the right person to contact at the customer and making an accurate and comparable analysis regardless of the type of equipment, this type of information also presents confidentiality issues. That is why we do not provide any key performance indicator for this aspect.

### 5.2. PERFORMANCE OF OUR PRODUCTS /EQUIPMENT (AT THE CUSTOMER SITE)

The performance of our equipment is of course very important to our customers. This concerns, for example, the temperature of the water leaving our cooling systems, or the level of pollutants at the outlet of our air pollution control systems.

In some cases, for example that of cooling towers, more efficient installations would have a direct economic impact on our customer. As such, colder cooling water helps electricians improve the thermodynamic efficiency of their steam turbines and therefore produce more electricity for the same amount of primary energy consumed.

When it concerns end users, our customers not only take into account the investment cost of purchasing our systems, but also the operating costs throughout their life cycle. Increased efficiency therefore improves our competitiveness with our customers and ensures the long-term future of our business.

Hamon seeks to continuously improve the performance of its products. This is achieved, notably, through:

- Research & development.
- Design methods and tools, helping to further optimize our installations.
- Stringent quality control (see previous point).
- The signing of licensing or partnership agreements allowing us to commercialize cutting-edge technologies (for example, the REACT™ technology – see Review by Business Unit chapter, NAFTA).

As with analyzing the reliability and safety of our equipment, we are not able to gather, compile or divulge this kind of data (see above).

We can say, however, that one Belgian and one French subsidiary have introduced a means of assessing our systems by our customers (satisfaction survey).

### 5.3. COMPLIANCE WITH CUSTOMER SPECIFICATIONS (COST, QUALITY, DEADLINES, ETC.)

Compliance with the specifications received from our customers during the tendering process is an important factor in customer satisfaction and also in our financial performance in each project. This concerns, for example:

- The technical specifications (temperatures, pollutant levels, pressure loss, etc.).
- Delivery schedules and lead times.
- The various restrictions or requirements of our customers (for example, concerning the origin of certain components, logistics considerations, etc.).
- The price.

Corrective measures are sometimes necessary when it is found, during preliminary or final acceptance tests for example, that our systems do not fully meet the customer's specifications, to avoid any warranty claims.

Hamon strictly observes the specifications of its customers. This requires excellent cooperation and flawless work by the many parties involved in the project's delivery, both internally and with the customer and our suppliers. One person plays a key role: the project manager. Hamon ensures that projects

are allocated to project managers based on their skills and the project's level of complexity.

In the supplier – Hamon – customer supply chain, problems may sometimes arise, or even claims be made:

- Between the customer and Hamon: for example if Hamon does not meet certain customer requirements.
- Between Hamon and the customer: for example if the customer changes the specifications during the project.
- Between Hamon and its suppliers.

The scale of these claims can vary greatly. Some are settled very quickly while others can lead to legal proceedings. Hamon takes every possible measure to manage and settle customer and supplier claims and disputes as quickly as possible.

As hundreds of projects are managed every year worldwide, and given the diversity and variety of this kind of action, Hamon cannot measure its performance in this area.

### 5.4. INNOVATION / R&D

Innovation and research & development are very important for the long-term future of our business:

- To continuously improve our existing products and services.
- To develop new products.

This enables us to maintain our technological leadership, and to continue to improve our solutions to meet customers' requirements.

In practical terms, R&D is managed by each Business Unit within the Group:

- Cooling Systems have an R&D center attached to the Drogenbos Electrabel power plant (Belgium). This center carries out many developments and tests, for example on new types of exchange surfaces. Developments for dry cooling systems are also carried out in our Chinese factory.
- For the other BUS, developments are primarily carried out locally in the various subsidiaries. This includes, for example, the development of new software for more accurate design.

There is also the signing of technology licensing agreements, such as the one signed for the REACT™ technology a few years ago.



The most relevant performance indicator is the ratio between our R&D investments and our consolidated turnover. The table below shows the changes in this ratio.

in thousand EUR	2012	2013	2014
Capitalized R&D spending	1 912	1 611	1 030
R&D spending in the profit and loss accounts	1 663	1 772	1 875
Total R&D spending	3 575	3 383	2 905
Revenue	474 408	513 824	606 381
R&D spending in % of Revenue	0,8%	0,7%	0,5%

# STATEMENT OF CORPORATE GOVERNANCE

## THE MEMBERS OF THE EXECUTIVE COMMITTEE

**Gerda Clocheret**  
Group Human Resources Director

**Francis Lambilliotte**  
CEO, Managing Director,  
Chairman of the Executive Committee

**Philippe Delvaux**  
General Manager of  
the Air Quality Systems BU



**Michèle Vrebos**  
Group Legal Director  
and Secretary General

**Rodica Exner**  
General Manager of the Cooling Systems BU;  
Vice Chairman of the Executive Committee

**Christian Leclercq**  
Group Financial Director

**William Dillon**  
General Manager NAFTA

## I. CORPORATE GOVERNANCE

### 1. GENERAL CONSIDERATIONS

#### 1.1 REFERENCE CODE

Hamon adopted the **2009 Belgian Code of Corporate Governance** as a reference, in line with the provisions of (1) the 6 April 2010 law whose purpose is to reinforce corporate governance in listed companies and (2) the Royal Decree of 6 June 2010 related to the designation of the Corporate Governance Code to be followed by listed companies. This Code is available on the website of the Corporate Governance Committee [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

The Hamon **Corporate Governance Charter** describes in a detailed way the governance structure of our Company as well as policies and procedures related thereto. This Charter is available on our website [www.hamon.com](http://www.hamon.com) and is also available for review by simple request at the head office of the Company.

The present **Statement of corporate governance** gives information on the corporate governance events which took place in 2014.

#### 1.2 ADHERENCE TO THE 2009 BELGIAN CODE OF CORPORATE GOVERNANCE

Hamon meets all the criteria of the Code, with the exception of the fact that the Audit Committee does not necessarily meet four times per year as recommended by the Code. Indeed, Hamon only publishes financial information twice a year, so the number of meetings of the Audit Committee is adapted accordingly. The Committee meets to review the annual and half year accounts of the Group. The Committee meets more often if it deems it necessary.

### 2. GOVERNANCE STRUCTURE

Hamon is governed by a Board of Directors which, in accordance with Articles 14 and following of the articles of association, has extensive power. The Board of Directors is a collegial body whose actions must be presented in an annual report to the Annual General shareholders Meeting.

The Managing Director communicates all the information relating to the business and finance of the Company that is required to ensure the smooth running of the Board of Directors. The non-executive directors discuss in an analytical and con-

structive manner the strategy and the key policies put forward by the executive management and help to develop them.

They then carry out a thorough evaluation of the performance of the executive management in meeting the agreed-upon objectives.

In June 2005 the Board of Directors established and took responsibility for specialized committees to help in some specific areas: Audit, Remuneration and Nomination Committees.

The Board of Directors has granted the day-to-day management of the Company to the Managing Director, who is assisted in his functions by the members of the Executive Committee. The Company has not set up a Management Committee within the meaning of Article 524 of the Company Code.

Hamon is divided into operational Business Units, each one being represented on the Executive Committee.

The General Shareholders Meeting exercises powers which are assigned to it by law and by the articles of association.

The working methods of the different aforementioned bodies are contained in the Corporate Governance Charter, available on Hamon's website.

The structure of the Company's shareholding is presented in the section "Relations with our shareholders and other stakeholders" below.

### 3. BOARD OF DIRECTORS

#### 3.1 APPOINTMENTS

Article 14 of the articles of association stipulates that the Board of Directors must have at least five directors of which at least half must be non-executive and at least two must be independent. The Corporate Governance Charter goes further and stipulates that at least three directors must be independent.

The members of the Board of Directors are nominated at the Annual General Meeting of shareholders. If it becomes necessary to replace one of the directors, the new director will be chosen from candidates presented by the shareholder having proposed the outgoing director.

The directors whose term is at an end will stay in place until such time as the Annual General Meeting has approved a replacement. The Annual General Meeting has the power to

dismiss a director at any time. Outgoing directors are re-eligible under the restriction of article 526 ter of the Company Code which stipulates that independent directors cannot be appointed for more than three consecutive terms and that the total duration of appointment cannot exceed twelve years. There is no age limit to be a director.

### 3.2 COMPOSITION

As of 31 December 2014, the Board of Directors is composed of eight members, seven of whom are non-executive directors and three are independent directors according to the definition of article 526 ter of the Company Code. Four of them have been proposed by Sopal International s.A. In accordance with the Company Code, the terms of the directors to be appointed or renewed at the next Annual General Shareholders Meeting will be limited to four years.

The mandates of the majority of the directors were renewed at the Annual General Meeting of 22 April 2014. Five mandates will expire on the date of the next Annual General Meeting of 28 April 2015: Philippe Bodson, Philippe Vlerick and Francis Lambilliotte. Besides, the nomination of two new Board members will be proposed to the Annual General Meeting as a result of the renegotiation of the shareholders agreement between Sopal International SA and the Sogepa (cfr hereunder point 12).

Sogepa SA represents the interests of the Walloon Region on the Board of Directors.

Barons Philippe Bodson and Philippe Vlerick and Mr Martin Gonzalez del Valle are independent directors according to the above mentioned article 526 ter of the Company Code.

Name	Function	Start / renewal	End
Baron Philippe Bodson *	Chairman, Independent Director	26.04.11	28.04.15
M. Jacques Lambilliotte *	Director	22.04.14	26.04.16
M. Francis Lambilliotte	Managing Director	28.04.09	28.04.15
M. Jean Hamon *	Director	22.04.14	26.04.16
M. Bernard Lambilliotte *	Director	22.04.14	24.04.18
M. Martin Gonzalez del Valle *	Independent Director	22.04.14	25.04.17
Sogepa SA représentée par M. Olivier Gutt *	Director	22.04.14	26.04.16
Baron Philippe Vlerick *	Independent Director	06.12.11	28.04.15

\* Non-executive directors

- **Baron Philippe Bodson**, Chairman of the Board of Directors of Hamon & Cie, is an independent director since May 2008. He has an engineering degree (University of Liège) and holds an MBA (INSEAD - Fontainebleau - France). After having held executive positions in a number of companies (e.g. Glaverbel, Tractebel) and chairmanship of the FEB, Baron Bodson is currently chairman of the Board of Directors of Exmar, Floridienne and the investment management firm Be Capital. He also sits on the board of Cobepa.
- **Jacques Lambilliotte**, Director, was general manager, chairman of the board of directors and managing director of Laminoirs de Longtain from 1953 to 1983. He has a civil engineering degree.
- **Francis Lambilliotte**, Managing Director since 1987, joined the Company after having worked at Cobepa for several years. He is a commercial engineer (Solvay Business School).
- **Jean Hamon**, Director, was the director of the finance department of Hamon Paris from 1965 to 2000. He holds degrees in engineering and in mathematics.
- **Bernard Lambilliotte**, Director, is a commercial engineer (Solvay Business School) and holds an MBA (INSEAD-Fontainebleau- France). He is currently Chief Investment Officer at Ecofin, an investment management firm (based in London), which he founded. He is also director of Kapitol s.A. Previously, he held several finance positions at Pictet & Cie, Swiss Bank Corporation and Drexel Burnham Lambert.
- **Martin Gonzalez del Valle**, independent Director since June 2005. He is a co-founder and partner of Realza Capital, one of the largest private equity firms in Spain. For 12 years he worked in the private equity sector as partner and CFO of Investindustrial Partners Spain and as senior director

and member of the executive committee of Mercapital. He was deputy general manager of Crédit Agricole Indosuez in Madrid, and held several senior positions in household and sanitary goods companies. He is currently chairman of the board of directors of Esindus (non-executive function), and director of the listed Spanish company Iberpapel SA. He has a law degree from the University of Madrid and holds an MBA (Insead-Fontainebleau-France).

- **Olivier Gutt**, representing Sogepa, is Director since September 2011. He represents the interests of the Walloon Region within the Board. Mr Gutt is a lawyer, with a law degree from the ULB. He then studied further at Solvay Business School (for a post graduate degree in business), then returned to the bar where he practiced for six years. In 1980, he then decided to join the banking sector at the SNCI, where he remained for twelve years – including a stint in the cabinet of the Walloon Economy. In 1992, he returned to the bar with the firm Lallemand, before becoming a magistrate at the Commercial Court of Namur and Chairman of the Competition Council. Mr Gutt is Vice President of Sogepa which he joined it in 2002.
- **Baron Philippe Vlerick**, independent Director since 6 December 2011. He holds a Bachelor's degree in Philosophy, a Law degree, a Masters at the Vlerick School of Management and an MBA from Indiana University, Bloomington, United States. Baron Vlerick, who heads the Group Vlerick (Uco, BIC Carpets, Vlerick Vastgoed, etc.), is chairman of Pentahold, vice-chairman of the boards of directors of KBC Groep, Spector Photo Group and Corelio and is director of several companies including Besix Group, Etex and Exmar.

### 3.3 ACTIVITIES

The Board of Directors met six times in 2014 (including the meeting of 9 October, 2014 relating to the capital increase before the public notary).

The main subjects discussed were:

- The approval of the results of the Group, the review of forecasts, annual budgets and the strategic business plan;
- The monitoring of the business and the financial situation of the Group and some of its subsidiaries;
- The review of some development and investment projects in the frame of the development strategy of the Group;
- The review of the financial situation of Hamon D'Hondt;

(v) The capital increase of Hamon & Cie ( International) SA;

(vi) The nomination of the new Board members

All Directors attended the five Board meetings, except:

- Philippe Bodson, unable to attend on 22 April
- Bernard Lambilliotte, unable to attend on 22 April
- Jean Hamon, unable to attend on 22 April and 3 October
- Sogepa, represented by Olivier Gutt, unable to attend on 19 February.

All the Directors did not attend the meeting of 9 October, 2014 relating to the capital increase before the notary public, as they were duly represented by Baron Philippe Bodson and Francis Lambilliotte.

## 4. COMMITTEES

Under its own responsibility, the Board of Directors set up an Audit Committee, a Remuneration Committee and an Appointment Committee in June 2005. The composition of these Committees was reviewed on 27 May 2008, when the new Chairman of the Board of Directors was appointed.

### 4.1 AUDIT COMMITTEE

#### 4.1.1 Composition

Since 1 January 2011, the Audit Committee is composed of three non-executive directors, including two independent directors according to section 526 of the Company Code with expertise in auditing, as evidenced by the curriculum vitae listed above.

Members of the Audit Committee	Function
Baron Philippe Vlerick *	Chairman
M. Martin Gonzalez del Valle *	Member
M. Bernard Lambilliotte	Member *

\* Independent Directors

#### 4.1.2 Activities

The Audit Committee met five times during the fiscal year 2014, together with the auditor.

The main subjects discussed at the Audit Committee were:

- (i) The closing of the financial statements as of 31 December 2013
- (ii) The closing of the financial statements as of 30 June 2014
- (iii) Impairment tests on the book value of some assets
- (iv) Follow up of the situation of Hamon D'Hondt

All the Directors attended the Committee meetings, except Bernard Lambilliotte, who was unable to attend on 29 January and 14 February 2014.

#### 4.2 REMUNERATION COMMITTEE

Since 1 January 2011, the Remuneration Committee consists of a majority of independent directors according to the Company Code article 526 ter and one non-executive director.

Members of the Remuneration Committee	Function
Baron Philippe Bodson *	Chairman
M. Jacques Lambilliotte	Member
Baron Philippe Vlerick *	Member

\* Independent Directors

The members of the Remuneration Committee have the necessary expertise as far as remuneration is concerned, as can be clearly seen in their professional experience.

The Managing Director takes part in the Remuneration Committee meetings discussing the remuneration of the members of the Executive Committee and of the senior management.

The Remuneration Committee met twice in 2014; all the members attended this meeting.

The main subjects discussed were:

- (i) The remuneration package for the Executive Committee and the senior management
- (ii) The establishment of variable remuneration for the senior managers
- (iii) Contents of the Remuneration Report
- (iv) Remuneration of Francis Lambilliotte published in the remuneration report related the 2013 accounts.

#### 4.3 NOMINATION COMMITTEE

Since 1 January 2011, the Nomination Committee was made up of a majority of independent directors according to the Company Code article 526 ter and of one non-executive director:

Members of the Remuneration Committee	Function
Baron Philippe Bodson *	Chairman
M. Jacques Lambilliotte	Member
M. Martin Gonzalez del Valle *	Member

\* Independent Directors

The Nomination Committee met once in 2014 to discuss the proposed nomination of two new Board members by the Board to the Annual General Meeting of 28 April, 2015, as a result of the renegotiation of the shareholders agreement between Sopal International SA and the Sogepa ( cfr point 12 hereunder, last paragraph). All members attended this meeting.

#### 5. EXECUTIVE COMMITTEE

The Board set up an Executive Committee to assist the Managing Director. This Committee is not a Management Committee in the sense of article 524 bis of the Company Code.

As of 31 December 2014, the members of the Committee were:

- **Francis Lambilliotte**  
*Managing Director, Chairman of the Executive Committee*
- **Rodica Exner**  
*General Manager of the Cooling Systems BU; Vice Chairman of the Executive Committee*
- **William Dillon**  
*General Manager Americas*
- **Philippe Delvaux**  
*General Manager of the Air Pollution Control EMEA/Brazil BU*
- **Christian Leclercq**  
*Group Financial Director*
- **Michèle Vrebos**  
*Group Legal Director and Secretary General*
- **Gerda Clocheret**  
*Group Human Resources Director*

The day-to-day management of the Company is handled by Mr Francis Lambilliotte, as Managing Director of the Group.

## 6. REMUNERATION REPORT

In accordance with the Company Code, article 526 quater, the Remuneration Committee prepared a Remuneration Report conforming to article 96 of the Company Code.

### Procedure

The Remuneration Committee, in consultation with the CEO, called upon the services of an external consultant specialized in HR matters so as to (i) establish a policy relating to the remuneration of the Directors and members of the Hamon & Cie Executive Committee and (ii) to set the individual compensation of the abovementioned people. The consultant prepared a report to the Executive Committee on the market best practices in the different fields of the Group for companies of similar size both in Belgium and abroad, given the international character of the composition of the Executive Committee of the Group. Market practices are reviewed annually and each time discussed in the Committee, whose decisions could lead to the revision of certain elements.

There has been no significant change in the remuneration policy compared to last year. The compensation policy for the next two financial years should not be significantly different from the current policy.

## Compensation and Benefits of the Directors and the Management

### • Compensation of Directors

All directorships are paid, except that of Managing Director Francis Lambilliotte, in accordance with the decision of the Annual General shareholders Meeting. The Managing Director receives remuneration in his capacity as CEO (see below).

The remuneration of the non-executive directors consists of both a fixed lump sum and an attendance fee per meeting to which they are present. The Chairman receives a higher annual lump sum for his advices and experience. The emoluments accruing to non-executive directors are subject to a proposal of the Board of Directors at the Annual General shareholders Meeting. They were last revised at the AGM of 27 April 2010, which decided to allocate, with effect from 1 January 2009, a remuneration (lump sum and attendance fees) to the directors for the performance of their duties of a maximum of EUR 240 000 per year (to be indexed on the retail price index every January against the level in January 2008), and to be divided up annually amongst its members by the Board of Directors.

In 2014, the remuneration of these mandates amounted to EUR 204 000.

The non-executive directors do not receive stock options or bonuses tied to the Company performances.

### • Gross remuneration and other perks to the non-executive directors

in EUR	As members of the Board of Directors	As members of the specialized Committees	Total
Baron Philippe Bodson	49 000	8 000	57 000
Jacques Lambilliotte	10 000		10 000
Bernard Lambilliotte	24 000	7 000	31 000
Jean Hamon	10 000		10 000
Martin Gonzalez del Valle	25 000	10 000	35 000
Sogepa	24 000		24 000
Baron Philippe Vlerick	25 000	12 000	37 000

- **Remuneration of the CEO**

The remuneration of Mr Francis Lambilliotte, CEO, was made up as follows in 2014 (figures in EUR):

Gross fixed remuneration	938 000
Variable remuneration	841 000
Pension (defined contribution)	180 500
Other remuneration components (perks, health / life insurances, company car)	154 000

These figures represent the full company cost  
(including social security costs)

The articles of association of Hamon & Cie foresee that it is possible to pay the managers of the Company a variable remuneration without applying the constraints under Article 520 ter al 2 of the Companies Code.

Furthermore, no agreement was entered into or extended with the CEO since 3 May 2010 providing any severance payment. No agreement shall therefore be submitted for approval at the next Annual General shareholders Meeting.

- **Remuneration of Executive Committee members**

The remuneration of the Executive Committee members consists of a fixed sum and a variable amount.

The fixed sum corresponds to international market rates for the various functions involved. The purpose of the variable remuneration is to assure Executive Committee members that they are paid based on the performance of the Group on the one hand and on their personal performance on the other. Variable compensation is related to the results of the Business Units and the Group and to the achievement of personal goals; the percentage of the variable amount in relation to the fixed compensation is a function of their contribution to the results of the BU and the Group. This percentage may be up to 200% of the fixed compensation for certain functions and in some countries.

Individual performances are subject to an annual assessment by the Managing Director who takes into account how far the mutually agreed objectives, set the previous year, have been met. The performance of the Executive Committee members and senior staff is discussed by the Managing Director in the Remuneration Committee.

The remuneration and other benefits for the Executive Committee members (excluding Francis Lambilliotte) in

2014 were as follows (figures in EUR):

Gross fixed remuneration	2 280 940
Variable remuneration	1 812 839
Pension (defined contribution)	266 639
Other remuneration components (perks, health / life insurances, company car)	264 933

These figures represent the full company cost  
(including social security costs)

The articles of association of Hamon & Cie provide for the payment to managers of the Company a variable remuneration without applying the constraints under Article 520 ter al 2 of the Companies Code.

Furthermore, no agreement providing severance payment has been presented and therefore this need not be approved by the Annual General shareholders Meeting on 22 April 2014.

### Stock options

As part of the long-term incentives, the Executive Committee members and the Managing Director as well as other Belgian and foreign executives of the Group received stock options granted during the fiscal year 2008. The details of the 22 550 options to be exercised are shown in Note 32 of Part 3 - Financial Statements of this annual report. The option plan was submitted for approval to the Annual General shareholders Meeting on 27 May 2008. There have been no stock options awarded since then.

### Total remuneration of the directors and the members of the Executive Committee

In 2014, the total remunerations and perks of the directors and members of the Executive Committee of the Company for their function within the Company, its subsidiaries or related companies, amounted to EUR 6 943 thousands. For more details, see note 44 of the consolidated financial statements.

## 7. AUDITORS

The Company accounts and consolidated accounts of the fiscal year ending on 31 December 2014 were audited by Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL, Berkenlaan 8B, 1831 Diegem, represented by Mr. Pierre-Hugues Bonnefoy. The term for the auditors was renewed at the AGM of 22 April 2014 for 3 years, till the next AGM of 25 April 2017.



## 8. APPROPRIATION OF PROFITS

The Company paid no dividend for fiscal year 2013 and will not pay any dividend for fiscal year 2014.

The dividend policy aims to make a payout of around 33% to 50% of the result of the year; it is felt that this will correctly remunerate shareholders while retaining the required funds necessary for the continued growth of the Group.

## 9. CODE OF ETHICS

The Group has developed a Code of Ethics for all its employees covering various aspects including (i) compliance with insider trading laws, (ii) prevention of conflicts of interest with the Group, (iii) respect of confidentiality as part of the exercise of their function, (iv) correct and proper conduct in the management of the business, (v) fight against corruption and (iv) respect of the human rights.

This Code aims to educate employees to the need to respect a code of good behavior when exercising their professional duties and ensure that all staff members carry out their activities with respect to the ethical and legal laws of each country. This Code reflects the determination of the Group to maintain a relationship of trust and professionalism with all its stakeholders. This Code of Ethics was updated on 1 December, 2014 and is available on our website – see <http://www.hamon.com/en/corporate/about-us/corporate-social-responsibility/>

The Corporate Governance Charter published on the Hamon website has a specific section relating to insider trading.

## 10. CONFLICTS OF INTEREST

The procedure of Article 523 of the Companies Code concerning conflicts of interest has not been implemented in the course of 2014.

## 11. COMPLIANCE WITH THE RULES ON MARKET ABUSES

The Board of Directors has prepared a set of rules regarding transactions and publicity around such transactions on the Company shares or derivative instruments or other financial instruments related to these shares. The transaction rules specify which information related to such transactions must be disclosed to the market. The transaction rules are described in the Corporate Governance Charter.

## 12. IMPORTANT ASPECTS IN CASE OF A PUBLIC OFFER OF PURCHASE

Article 5 bis of the articles of association of Hamon & Cie states that the Board of Directors is authorized to increase the capital once (or several times) up to EUR 2 157 441,60. This authorization is limited to 5 years; it can however be renewed once or several times for a further 5 years, by the Annual General Meeting. The increase in capital as authorized, whether made in kind or in cash, can be made by using available or unavailable reserves or share premium, with or without the creation of new shares, preferential or not, with or without voting rights, and with or without subscription rights. Authorization for a three-year duration was granted by the Ordinary General Shareholders Meeting of 22 April 2014 for a period of 5 years, until the next AGM of 23 April 2019.

Within the authorization given to it by the articles of association, the Board may decide to issue bonds, subscription rights, or the right to options just as it can also cancel or limit the preference rights of existing shareholders, if it is in the interest of the Company and within the legal framework to do so, including to the benefit of one or more persons or members of the Company's personnel, or related companies.

The Extraordinary General Shareholders Meeting of Hamon & Cie has also given clear authority to the Board of Directors, in case there is a public offer on the shares of the Company, to increase the capital either in nature or in kind, by limiting or canceling, as the case may be, the preference rights of shareholders including those favoring one or more particular persons. The Extraordinary General Shareholders Meeting of 22 April 2014 renewed this authorization for a three-year duration, until the next AGM of 25 April 2017.

The articles of association of Hamon & Cie also provide that the Company is authorized to buy its own shares on the stock market without necessarily making an offer to shareholders. The Board of Directors is authorized to dispose of shares of the Company through the stock market or in any other way that is allowed by the law, without prior authorization of the Annual General Meeting. The Board is authorized within the law to acquire or dispose of shares in the Company to ward off any serious or imminent danger to the Company. The Extraordinary General Shareholders Meeting of 22 April 2014 renewed this authorization for a three-year duration, until the next AGM of 25 April 2017.

Note that a shareholders agreement, signed in June 2005 by both Sopal International and the Walloon Region, represented by Sogepa, and amended on 28 August 2007 and on 22 July 2013, was replaced by a new one dated 8 October, 2014. The new shareholders agreement provides that in the future the

Board of Directors of Hamon & Cie will have 10 directors of which 5 will be presented by Sopal International SA, after acceptance by Sogepa and 2 will be presented by Sogepa. The independent directors will be presented by Sopal International SA, after acceptance by Sogepa. The new agreement provides also, as in the past, (i) that the two parties will mutually inform each other if they intent to reduce or increase their shareholdings in Hamon & Cie, (ii) for the existence of

a pre-emptive right in favor of either of the two parties and for a right to buy in favor of Sogepa if Sopal International SA would decide to sell its shares and (iii) for a put option in favor of Sogepa and a call option in favor of Sopal International. It is in this framework that the nomination of the two new directors will be proposed to the next Shareholders Meeting of 28 April, 2015.



*Mr. Nguyen Chon Hong, CEO of PECC2, subsidiary of Electricity of Vietnam and Mr. Philippe Delvaux signing the Vinh Tan project contract*

## II. INTERNAL CONTROL AND COMPANY RISK MANAGEMENT SYSTEMS

### 1. INTRODUCTION

The law of 6 April 2010 on the strengthening of corporate governance provides, within the framework of the implementation of a European directive, that the declaration on corporate governance must contain **a description of the main characteristics of the internal control and risk management systems associated with the process of preparing financial information.**

In compliance with the recommendations of the Code, the elements related to other risks than those associated with the process of preparing financial information are also subject to a description.

Hamon's Board of Directors has agreed, following the proposal of the Audit Committee, to use as an initial reference the proposal drafted by the working group set up by the Corporate Governance Commission of the Federation of Belgian Companies (FEB), made up of representatives of listed companies, of the Institut des Réviseurs d'Entreprises and of the Institute of Internal Auditors Belgium (IIABel).

The Board of Directors has also asked the Audit Committee to report to it biannually on the implementation of this plan and on improvements to be made.

Hamon has established its internal control and Company's risk management by defining the environment in which it acts (the general framework), identifying and classifying the main risks associated with it, analyzing its level of control over these risks and setting up "control of the control" systems. The Company also focuses on the reliability of the reporting process and of the financial information.

### 2. THE ENVIRONMENT SUBJECT TO CONTROL

#### 2.1. The company's role and values

i. A Sustainable Development Charter – included in our 2009 annual report – covers the basis on which Hamon plans to develop its business, based on respect for the environment, human rights, local communities in which it operates and its staff. It fosters values such as professionalism, corporate culture, cultural diversity, team spirit and a "do it right the first time" approach. See also the sections Vision, Mission and Values in the Group profile section of this report.

ii. A Corporate Governance Charter – available on the website – was drawn up and approved by the Board of

Directors. This Charter clearly defines the different management bodies, their working methods and their composition. Hamon has a Board of Directors and specialized Committees: an Audit Committee, a Remuneration Committee and an Appointment Committee, whereas the daily management is handled by the CEO, assisted by an Executive Committee.

iii. A Code of Ethics, written for all the employees, is detailed in point 9 Code of ethics hereafter.

#### 2.2. Risk culture

Hamon takes a prudent approach. The Company manages large projects in different fields of activity, providing innovative systems which boast cutting-edge technology and effectively meet customers' needs, together with strict cost control. From the bidding phase, projects undergo an in-depth risk analysis to ensure these projects will continue to add value in the long term.

#### 2.3. Clear missions

i. The structure of Hamon is based on its Business Units (BUS), which have a clear role in terms of product portfolio, organization and results.

ii. The internal organization is set out in flow charts and each employee has a description of his or her role and of the procedures for delegating authority.

iii. The Group also provides support functions for the BUS through different departments of the parent company – IT, Legal, Corporate Finance, Treasury and Human Resources.

iv. Control functions:

- Compliance is carried out by the General Secretary.
- The CFO is responsible for risk management and directly supervises the Controlling Team, in charge of the management control of the Group.
- The BU managers are responsible for monitoring the industrial risks.

#### 2.4. Competent teams

i. Directors:  
They are appointed for their experience and have the necessary competencies and qualifications to undertake their responsibilities, in particular with regard to technology, finance, accounting, investment and remuneration policies.

- ii. Management and employees:  
Hamon's employees undergo a recruitment process that is adapted to the profiles required. They also benefit from suitable training, in accordance with the job specifications.

### 3. RISK ANALYSIS

The Group is faced with a number of risks associated with its activities and the size and type of markets in which it operates. Hamon regularly performs an audit to identify and evaluate these risks. The Executive Committee meets with the Managing Director to assess any special business risk. The risks that the Company faces are mapped out. Those for which the control level has been deemed to be insufficient are subject to a formal action plan. The implementation of this action plan is monitored by the Audit Committee.

The main risks are as follows:

#### 3.1. Strategic risks

- i. Risks associated with the economic and market environment.
- ii. Competitive risks.
- iii. Uncertainties related to new environmental regulations and their time of entry into force (significant impact on Air Pollution Control activities).
- iv. Risks related to acquisitions, partnerships, and activities abroad.

#### 3.2. Risks associated with the Group's activities

- i. Customer risks: dependency on some customers and credit risks.
- ii. Supplier risks; this may include unsatisfactory products, which do not meet the specifications of the contract, or delays in delivery.
- iii. Technical risks, related to the design or smooth implementation of certain projects.
- iv. Risks related to guarantees given on projects.
- v. Risks related to the environment, for example on Hamon's worksites or in its factories.
- vi. Industrial risks (accidents), human risks, or those linked to occupational diseases.

- vii. Risks related to financial markets (such as fluctuation in exchange rates or interest rates) and to raw material prices.

#### 3.3. Support risks

- i. Human resource risks, namely the Company's capacity to provide the necessary capabilities and resources to ensure the completion of projects.
- ii. IT risks, related to the availability and safeguarding of IT facilities and data that are essential to the delivery of the Group's objectives.
- iii. Risks related to disputes the Group is involved in, to the liquidation of Hamon Research Cottrell Italia, or to guarantees issued in the framework of asset disposals.
- iv. Internal financial risks (within the Group), such as possible realization of deferred tax assets, possible impairment tests on the book value of some assets, liquidity risks or credit risks.

### 4. CONTROL MEASURES PUT IN PLACE

Hamon takes measures in order to manage risks in the best way, with a suitable risk management policy based on the nature of its activities:

- i. Implementation of an adequate internal control process at the Group level.
- ii. Analysis of technical, financial and execution risks, based on a check list that is tailored to the different Business Units; this analysis is a prerequisite for the provision of quotations to our customers and is based on a system of delegation of authority.
- iii. Monthly monitoring, through business meetings, of progress of different projects within the Group.
- iv. Monthly and quarterly reporting on management, disputes and treasury.
- v. Setting up of a robust management control system for the Group to monitor the progress of projects and activities in the Group and to issue a warning or an alert if there is a problem.
- vi. Quarterly review by the Executive Committee of the state of the business, claims and risks.



*Economic mission  
in Saudi Arabia chaired by HRH  
Princess Astrid of Belgium,  
Minister Frémaut and  
Minister Marcourt in the presence  
of Mr. Lambilliotte  
and Mrs. Exner*

In terms of covering monetary risks, Hamon has adopted a risk management policy for interest rates, exchange rates and counter party risks:

- i. Interest rate risks: they are managed through the use of interest rate swaps (IRS) when the long-term rates exceed some limits set by the Group.
- ii. Exchange rate risks: our positions in foreign currencies resulting from the execution of our construction contracts are covered by derivative instruments (forward exchange rate contracts, swaps, NDF) when they exceed the limits set by the Group.
- iii. Counter party risks: short-term deposits and investments must comply with safety and liquidity criteria and only thereafter with return criteria.

The monetary risk management policy is set by the CFO of the Group and reviewed on a regular basis.

## 5. FINANCIAL INFORMATION AND COMMUNICATION

The gathering of financial information is carried out as follows:

1. A planning highlights the tasks which have to be performed in the framework of the Company's monthly,

quarterly, half-year and annual closings and those of its subsidiaries, as well as their deadlines. The Group has a check list of actions to be monitored by the financial department. In addition, each subsidiary draws up its own check list, enabling it to meet its specific needs.

2. Under the supervision of the financial managers at the subsidiaries, the local teams produce the books of accounts. The accounts are kept either using the ERP of the Group – JD Edwards – or, depending on the roll out program or the size of the subsidiary, using software packages purchased locally and subject to suitable support contracts, or for the smallest entities, through external providers. Hamon has a “disaster recovery” plan and a “business continuity” plan which have been validated by auditors in IT safety.
3. The Controlling Team of the subsidiary checks the accuracy of the figures and reports the data. The figures are checked using the following procedures:
  - i. Consistency tests via comparisons with past figures or those contained in the budget;
  - ii. Spot-checks of transactions and other checks depending on their materiality.
4. At the central level, the consolidation is performed with the help of a software package – SAFRAN – through which

the input is submitted locally by the subsidiaries. The consolidation and reporting team prepares the accounts and uses random checks and consistency tests to verify the basic financial information. This central Controlling team takes an active part, at least twice a year, in the business reviews of each of the subsidiaries of the Business Units for which it is responsible.

5. Communication with members of staff and different Hamon employees is adapted to the size of the Company. It is mainly based on different press releases and the sending of internal messages via email, business meetings or even verbal communications between management and staff.
6. To ensure rapid communication and the equal treatment of shareholders, Hamon publishes the agenda and the minutes of general shareholders meetings, half-year and annual financial results, press releases, articles of association, the Corporate Governance Charter and the annual report on its website.

#### 6. PARTIES INVOLVED IN THE MONITORING AND EVALUATION OF INTERNAL CONTROL

The quality of the internal control procedures is measured in the course of the fiscal year:

1. By the Group management control, in the framework of its quarterly reviews of each of the Business Units and regular audits carried out in the subsidiaries during which all the activities and key internal control measures relating to contracts are reviewed.
2. By the Audit Committee during the fiscal year. The Audit Committee undertook a review of the half year closures and specific accounting treatments. It carried out a review of the disputes and asked all the questions it considered pertinent to the Auditor and the Group Controller or the Company top management.
3. By the Auditor, in the framework of his review of the half year and annual accounts; during the fiscal year, the Auditor set out his recommendations concerning the account keeping.
4. Occasionally by the Financial Service & Market Authority.
5. By the Board of Directors which oversees the execution of tasks of the Audit Committee, mainly through the reporting undertaken by this Committee.

The Group's Management – with the agreement of the Audit Committee – has decided to put in place an Internal audit function, which will directly report to the Audit Committee. Its role will be to carry on audits according to a plan agreed by the Audit Committee and to coordinate at the Group level the required procedures and internal controls.



*Inauguration  
by Mr. Shivaraman,  
CEO of Shriram EPC and  
Mr. Edouard Lambilliotte of  
the new workshop of the  
Hamon factory in  
Umbergaon (India)*

### III. RELATIONS WITH OUR SHAREHOLDERS AND OTHER STAKEHOLDERS

#### 1. SHAREHOLDERS RELATIONS

##### Hamon shares

Hamon shares are listed on the regulated market Euronext

Brussels, on the continuous market, in trading group C (ISIN code: BE 0003700144). The main data relating to Hamon

in EUR / share	2014	2013	2012
Average closing price	13,34	14,43	14,58
Maximum closing price	16,84	16,92	18,85
Minimum closing price	8,70	11,61	8,31
Closing price on 31 December	10,20	15,08	11,75
Average daily trading volume (number shares / day)	3 899	6 310	3 163
Number of issued shares on 31 December	9 009 654	7 191 472	7 191 472
Number of outstanding shares on 31 December	8 998 386	7 185 214	7 191 472
Average number of outstanding shares	7 597 958	7 189 772	7 191 472
Market capitalization on 31 December (EUR million)	91,9	108,4	84,5

shares are set out below:

The number of outstanding shares on 31 December 2014 and the average number of outstanding shares increased in 2014 because of the capital increase of 9 October 2014 (see below).

The stock repurchase program, put in place in the frame of a liquidity contract in 2013, is still in place. The own shares held by the Company are not taken into account in the number of outstanding shares. In 2014, 44 391 own shares were purchased and 39 381 shares were sold, giving a net purchase of 5010 shares.

Hamon's share price went down by 32% in 2014, in a favorable stock market context. During the same period, the BEL 20 Index of Brussels Euronext went up by 12%. This bad performance is mainly due to the problems faced by the French subsidiary Hamon D'Hondt, announced with the first half-year results on 28 August 2014.

Since 1 January 2008 and the abolition of bearer securities effective as from end of 2013, Hamon shares are recorded either by an inscription in the Company's shareholder register or via a share account at a financial institution. The 1253 bearer shares whose owners did not make themselves known by 31 December 2014 will be sold on Euronext Brussels by 30 November 2015 at the latest in accordance with the regulations. The proceeds will be transferred to the Caisse

de Dépôt et de Consignation.

##### Capital increase

Hamon & Cie (International) SA's Board of Directors decided on 3 October 2014 to proceed with a capital increase of the Company, for an amount of EUR 20 million without preference rights, within the limits of the authorized capital as decided by the annual general meeting of Hamon & Cie (International) of 22 April 2014.

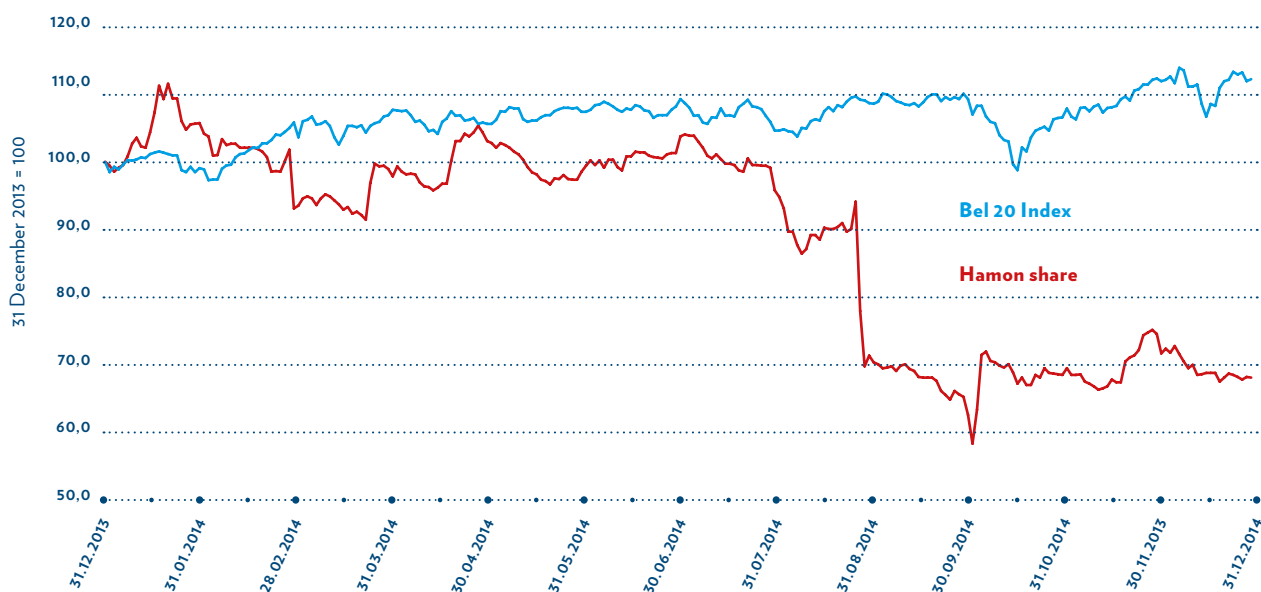
The subscription price has been set by the Board at EUR 11 per share, which is 9.2% higher than the average Hamon share closing price of the 30 calendar days preceding the decision by the Board to increase the capital, i.e. from 3 September till 2 October 2014 included.

Sopal SA and Sogepa subscribed to it for an amount of EUR 10 million each on 9 October 2014.

The stakes held by Sopal SA and Sogepa in the capital of Hamon & Cie changed from 63.94% and 1.39% respectively, to 61.13% and 11.20%.

A request for the quotation of the newly issued shares on Euronext Brussels will be filed before the end of June 2015. This capital increase allowed the Hamon Group to increase its equity, to reduce its debts and to comply with its financial

## Relative evolution of the Hamon share price and BEL 20 Index in 2014



covenants under its financing agreements.

### The granting of share options

There were no share options granted to employees in 2014.

### Shareholding structure of Hamon & Cie

Under the terms of Article 9 of Hamon & Cie's (International) articles of association, as modified on 27 May 2008, share-

holders whose shareholding is in excess of 2%, 3%, 4%, 5%, 7,5%, 10% and then every multiple of 5% thereafter, are required to inform the Company and the FSMA (Financial Services & Market Authority), in accordance with the legal requirements in this area.

Under the terms of the Royal Decree of 14 February 2008 relating to the communication on significant participation, Hamon has received the following notices of participation, which show the shareholding structure as at 31 December 2014.

Shareholder	31/12/2014 Shares	31/12/2014 in %	31/12/2013 Shares	31/12/2013 in %
Sopal International SA (1) Walloon Region, represented by the Société Wallonne de Gestion et de Participation SA (Sogepa)	5 507 246	61,13%	4 598 155	63,94%
Esindus SA	303 506	3,37%	303 506	4,22%
Own shares held by the Company	11 268	0,13%	6 258	0,09%
Other public	2 178 543	24,17%	2 183 553	30,36%
<b>Total</b>	<b>9 009 654</b>	<b>100 %</b>	<b>7 191 472</b>	<b>100 %</b>

(1) Acting in concert with the Walloon Region

Thirty-six thousand warrants were also proposed in 2008, as part of the stock option plan.



## Financial calendar

The statutory date of the Annual General shareholders Meeting was changed at the Extraordinary General Meeting of 27 May 2008; from this date on, it will take place on the fourth Tuesday of April.

Annual General Shareholders Meeting of 2015	28.04.2015
Publication of the quarterly Trading Update Q1 2015	28.04.2015
Publication of the results of the 1st half year 2015	04.09.2015
Annual General Shareholders Meeting of 2016	26.04.2016

## Investor relations and financial information

Christian Leclercq, Group Financial Director  
 Telephone: +32 10 39.04.22  
 Fax: +32 10 39.04.16  
 Email: christian.leclercq@hamon.com

All financial information, including annual reports and press releases, is also available on our website: [www.hamon.com](http://www.hamon.com)

## 2. RELATIONS WITH OUR OTHER STAKEHOLDERS

Our development depends on our **customers**. We want them to be fully satisfied, as per our Corporate Governance Charter (see sections Vision, Mission and Values in the Group Profile section). We are always interested in hearing from them, be it via our sales people, our project managers, those working on-site, or day-to-day, via our participation in industry meetings, our website or our other means of communication. We pay particular attention to their pre-selection criteria in order to meet their demands as preferred suppliers: criteria relating to finance, quality, certification, health & safety, environment and ethics. We must be attentive to our customers in order to promote best practices across the whole value chain of our products and services, and by passing them on to our suppliers.

Our **employees** are the heart of our business. They represent our most valuable resource. It is thanks to their commitment, their know-how, their experience, and their professional and human values that Hamon derives added value. The chapter "Corporate Social Responsibility" in this report details our commitments in this area.

Our **suppliers** enhance our added value chain. Over time, we are building preferred relationships with some of these suppliers. We want to ensure a global sourcing for the whole Group. This strategy enables us to develop stable relationships with our suppliers around the world, by providing guaranteed quality at a competitive price.

On an annual basis, we audit several suppliers. This is not just an audit in the strictest sense of the word; it is also the opportunity to exchange points of view and to have in-depth and constructive dialogues with these suppliers.

Lastly, the **financial community** helps us to achieve our development:

- Banks for our financial needs (bank loans and guarantees, and other commercial banking tools).
- Financial analysts who measure our performance. Several times per year, we organize analyst meetings to give them an overview of the Group's evolution and to enable them to interact with us directly.
- Financial markets.

Hamon is aware that the contribution of each stakeholder adds to its success and performance. Establishing a permanent dialog in order to improve our understanding of their expectations is the first step towards corporate social responsibility. For this reason, we welcome comments, aspirations and other views from all our stakeholders.

- Our staff can raise their comments with the personnel department, with the enterprise committees (for the largest subsidiaries), with senior managers or with the Compliance Officer.
- Other stakeholders can offer their comments via their contacts at Hamon, via our website [www.hamon.com](http://www.hamon.com) or via the contacts mentioned in the General Information section at the end of this report.

Let us mention that Hamon got the input from its main stakeholders in 2014, in the frame of the validation of its materiality matrix. The purpose was to assess what are the most important aspects for our stakeholders regarding Corporate Social Responsibilities (new G4 framework adopted by the GRI). Some customers, members of our staff and suppliers were involved. For more details, see the section Parameters of the CSR report in the annexures.

# REVIEW OF THE YEAR

## 2014

### IN SHORT

**Good level of new order bookings, well diversified both by region and by product:**

- Significant new order bookings in Dry Cooling and numerous contracts in Wet Cooling for new build and revamping of existing units.
- Promising last quarter for the Process Heat Exchanger BU (PHE) showing new order bookings with improved margins.
- Very good level of new orders booked by the Air Quality System BU (AQS) with an increased share for emerging countries and for desulfuring.
- Sustained level of new order bookings for the NAFTA BU in 2014 even though lower than in 2013 because of the mega ReAct™ new order booked in 2013.

**Backlog represents again more than one year of revenue:**

- Backlog at a historical level, close to EUR 800 million, thanks to good new order bookings amounting to EUR 614 million.

**EBITDA of EUR 23 million despite the negative contribution of the PHE BU of EUR 12,4 million (EBITDA excl. PHE: EUR 35,4 million vs. EUR 17,1 million in 2013):**

- Revenue increasing by **18 %** versus 2013.
- Excellent results of all the BUs except Process Heat Exchangers, thanks to the significant improvement of margins.
- AQS BU showing again a positive result, in line with expectations.
- Strict monitoring of the PHE BU with a target to be profitable again rapidly.

**Finalizing of the restatement of the Hamon D'Hondt SA financial statements, bringing a EUR 4,1 million additional correction.**

**Positive Net income, close to EUR 1 million:**

- Lower net financial costs and taxes thanks to the capital increase, the favorable evolution of the USD / EUR exchange rate and an optimized financial structure.
- Proposal to the Annual General Shareholders Meeting not to distribute any dividend.

### MAIN EVENTS OF THE YEAR 2014

Hamon & Cie started 2014 with the successful private placement of bonds worth EUR 55 million. The offering was quickly oversubscribed by institutional investors. These bonds offer an annual rate of 5,5% and will be due in January 2020. The bond issue enabled Hamon & Cie to increase its capacity to guarantee projects and to diversify its sources of financing.

Elsewhere, there were a few major events in several of the Group's subsidiaries, the most significant of which are described here. In February 2014, the Group inaugurated a new production line for internal components for cooling towers in its Umbergaon factory in India. Also in the cooling business, an office comprising a Spanish and a local team was set up in Mexico in partnership with Esindus, and a branch was created in Saudi Arabia where two major orders were taken for the supply of air-cooled condensers for the power plants PP13 and PP14. In Korea, a new CEO was hired to direct our Hamon Korea subsidiary which operates in the Group's three main business areas (cooling systems, AQS and heat exchangers). The Korean market is a strategic one for the Hamon Group due to the presence of major Korean EPCs. In China, our Group successfully started its first indirect dry cooling system: the 2 × 300 MW power plant is located in the province of

Xinjiang where the climate can be extreme (ranging from -40° to +36°). In the Dominican Republic (Central America), Hamon won a major contract for the supply of a circulating fluidized-bed desulfurization system (CFB FGD) for the power plant in Punta Catalina.

In the spring, Hamon & Cie launched its STAR project, as explained in the discussion with the CEO. This project, implemented with the help of consultants, aims to strengthen synergies between the BUs, improve the Group's profitability and reduce risks through the widespread use of Group best practices.

In August, during the publication of the half-yearly results, Hamon announced the exceptional restatement of an accounting error for the French subsidiary Hamon D'Hondt. This had an impact on the Group's results but did not affect cash flow. Correlatively, in October 2014, Hamon & Cie increased its capital by EUR 20 million, with Sopal International SA and Sogepa taking up EUR 10 million each at an issue price of EUR 11 per share. This capital increase enabled the Group to increase its equity, reduce its debt and improve its financial ratios.

**OVERVIEW OF THE MAIN CHANGES OF THE YEAR 2014**

**1. COMMERCIAL ACTIVITIES**

in EUR million	2014	2013
New order bookings	613,7	678,3
Backlog	794,1	748,2

EUR 614 million of new orders were booked in 2014, representing a strong performance for the Group. It should be

noted that 2013 benefited from an exceptional mega new order for a ReACT™ project in USA.

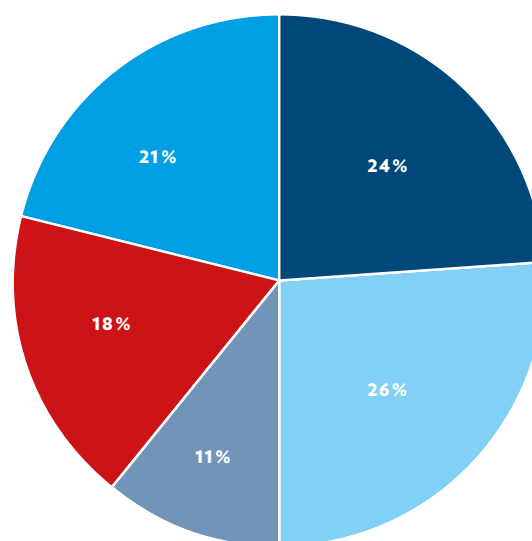
Backlog is at a historically high level of EUR 794 million, which will ensure a high level of revenue in 2015 and in 2016.

Thanks to the Group strategy, new order bookings were well spread geographically in 2014: Europe and NAFTA represented 39% of new bookings, whereas Middle East & Africa and Asia-Pacific represented 26% and 24% respectively.

Power generation still represented the largest share of new order bookings, even though Oil & gas increased significantly.

The above figures exclude the inter-BU activities.

**New order bookings by region (2014)**



- Asia-Pacific
- Africa & Middle East
- Other Americas
- USA + Canada
- Europe

## 2. CONSOLIDATED INCOME STATEMENT

The revenue increase (+18% versus 2013), combined with higher margins (+3%), allows the Group to show an EBITDA increasing nicely in 2014 despite the bad results of the Process Heat Exchangers BU (PHE). EBITDA amounts to EUR 23 million and is three times higher than in 2013. Excluding PHE, EBITDA has more than doubled, at EUR 35,4 million.

Finance costs are lower thanks to the capital increase, to lower interest rates and to the foreign exchange differences coming from the evolution of the USD / EUR exchange rate. Income taxes result in the recognition of deferred taxes thanks to the implementation of an optimized financial structure. More details are given in the review per Business Unit.

in EUR million	2014	2013 *
<b>REVENUE</b>	<b>606,4</b>	<b>513,2</b>
<b>GROSS PROFIT</b>	<b>90,5</b>	<b>59,9</b>
<b>EBITDA</b>	<b>23,0</b>	<b>7,6</b>
EBITDA / Revenue	+3,8%	+1,5%
Recurring EBIT	14,5	-0,5
Non-recurring gains and losses	-2,7	-1,9
Operating profit (EBIT)	11,8	-2,4
Net finance cost	-7,3	-10,8
Share of the profit (loss) of associates	-3,5	0,0
<b>Result before tax (continued operations)</b>	<b>1,0</b>	<b>-13,3</b>
Income tax expenses	-0,1	-4,7
Net result from continued operations	0,9	-18,0
Net result of discontinued operations	0,0	-0,4
<b>Net result for the period</b>	<b>0,9</b>	<b>-18,4</b>
Share of the Group in the net result	0,8	-16,8
<b>RESULTS IN EUR PER SHARE</b>		
Average number of outstanding shares	7 597 958	7 189 772
EBITDA per share	3,03	1,05
<b>Earnings per Share (EPS)</b>	<b>0,11</b>	<b>-2,34</b>
Gross profit in % of revenue	14,9%	11,7%
EBITDA in % of revenue	3,8%	1,5%
Result before tax (continued operation) in % revenue	0,2%	-2,6%
Net result for the year in % revenue	0,1%	-3,6%

\* Restated figures. See note 6

## 3. CONSOLIDATED BALANCE SHEET

A EUR 20 million capital increase took place in October 2014 and allowed to reduce the net financial debt (see press release of 9 October 2014).

Equity, at EUR 43,4 million, was impacted by this capital increase, by the net income of the year and by cumulative translation

adjustments which increased the value in EUR of the assets and liabilities of some foreign subsidiaries (mainly in USA).

On the other hand, the 2013 figures were restated versus those of the previous press releases as explained in the note hereafter on the restatement.

in EUR million	2014	2013 *
Non-current assets	123,1	120,9
Net Deferred tax	20,6	15,9
Stock and net WIP	-14,8	-30,7
Trade Receivable	144,0	131,2
Other current receivable	12,4	13,0
Cash & cash equivalent	139,0	120,1
<b>Total Assets</b>	<b>423,3</b>	<b>370,5</b>
Non current liabilities	11,4	11,0
Borrowings long term	96,4	92,0
Borrowings short term	83,7	86,1
Trade payables	166,4	144,9
Other current payables	23,0	13,43
<b>Total Liabilities</b>	<b>380,9</b>	<b>347,4</b>
<b>EQUITY</b>	<b>43,4</b>	<b>23,1</b>
<b>NET WORKING CAPITAL</b>	<b>-47,8</b>	<b>-44,8</b>
<b>NET DEBT / (CASH)</b>	<b>41,1</b>	<b>58,0</b>
Non current assets	123,1	120,9
Net working capital	-47,8	-44,8
<b>NET CAPITAL EMPLOYED</b>	<b>75,3</b>	<b>76,1</b>

\* Restated figures. See note 6.

## POST BALANCE SHEET EVENTS

No post balance sheet event occurred.

## RESTATEMENT OF AN ACCOUNTING ERROR RELATED TO PRIOR FISCAL YEARS

We are referring to the press release dated 28 August 2014 for the comments on the restatement of the 2013 balance sheet and income statement. The 2013 figures were restated to take into account an accounting error detected during the summer 2014. The analysis made at that time and disclosed with the publication of the half-year results was fine-tuned and completed afterwards. An additional correction was made to the 2013 opening equity (i.e. the equity as of 31 December 2012)

amounting to EUR 2.2 million and to the 2013 income statement amounting to EUR 1.9 million. Taking into account this correction and the restatement previously communicated, the total restatement of the 2013 equity amounts to EUR 45 million.

The tables hereabove include the total impact of these restatements on the consolidated income statement and balance sheet.

## PROSPECTS

In view of the general economic environment, Hamon does not release any guidance on its future results. However the Group looks confidently at 2015 given its excellent backlog and its strong financial structure.



Mechanical draft cooling towers - Power plant of Sasan (India)



**PART 2**

*Overview by  
Business Unit*

# COOLING SYSTEMS

This business unit offers equipment and services intended to cool water and to condense steam resulting from the production processes of power stations and heavy industry, most notably chemicals, petrochemicals, iron and steel, paper making, and sugar refining.

## PRODUCTS AND SERVICES

Hamon delivers technical solutions adapted to the needs and requirements of each of its customers: electric power plants, engineering companies and industries.

- Evaporative (or wet) cooling systems are differentiated by their method of air flow generation (natural draft in the case of a chimney or induced draft when fans are used). They cool down all kinds of water (from fresh water to waste water) and even acid solutions. They can be equipped with a plume-abating system.
- Dry cooling systems (air-cooled condensers and indirect systems) allow the condensation of the steam, without water consumption and without release of plume. They are therefore the solution to cooling problems in areas where water is scarce, for example in parts of continental China, South Africa or the Middle East.

## CONTRIBUTION TO OUR SOCIETY

For users which are producers of electricity, the social contribution of the cooling systems is to facilitate the production

of more electricity for a given consumption of primary energy. If the cooling water is colder, then the output of the steam turbine is higher. If the cooling water is cooler by one degree Celsius then the output of electricity increases by about one percent. This means that for the same production of electricity, less primary energy (coal, gas, etc.) is consumed and therefore less CO<sub>2</sub> is released into the atmosphere. Moreover, the use of a cooling system (closed circuit) prevents the heating of sea or river water (used in open circuit) and the loss of marine life.

## ORGANIZATION

The center of excellence of this unit is located in Mont-St-Guibert (Belgium), its R&D center is located at Drogenbos (Belgium). This unit has offices in different countries: Australia, Bahrain, Brazil, China, France, Germany, Great Britain, India, Indonesia, Italy, Poland, Russia, Saudi Arabia, South Africa, South Korea, Thailand, Turkey, UAE, U.S.A. and a network of agents.

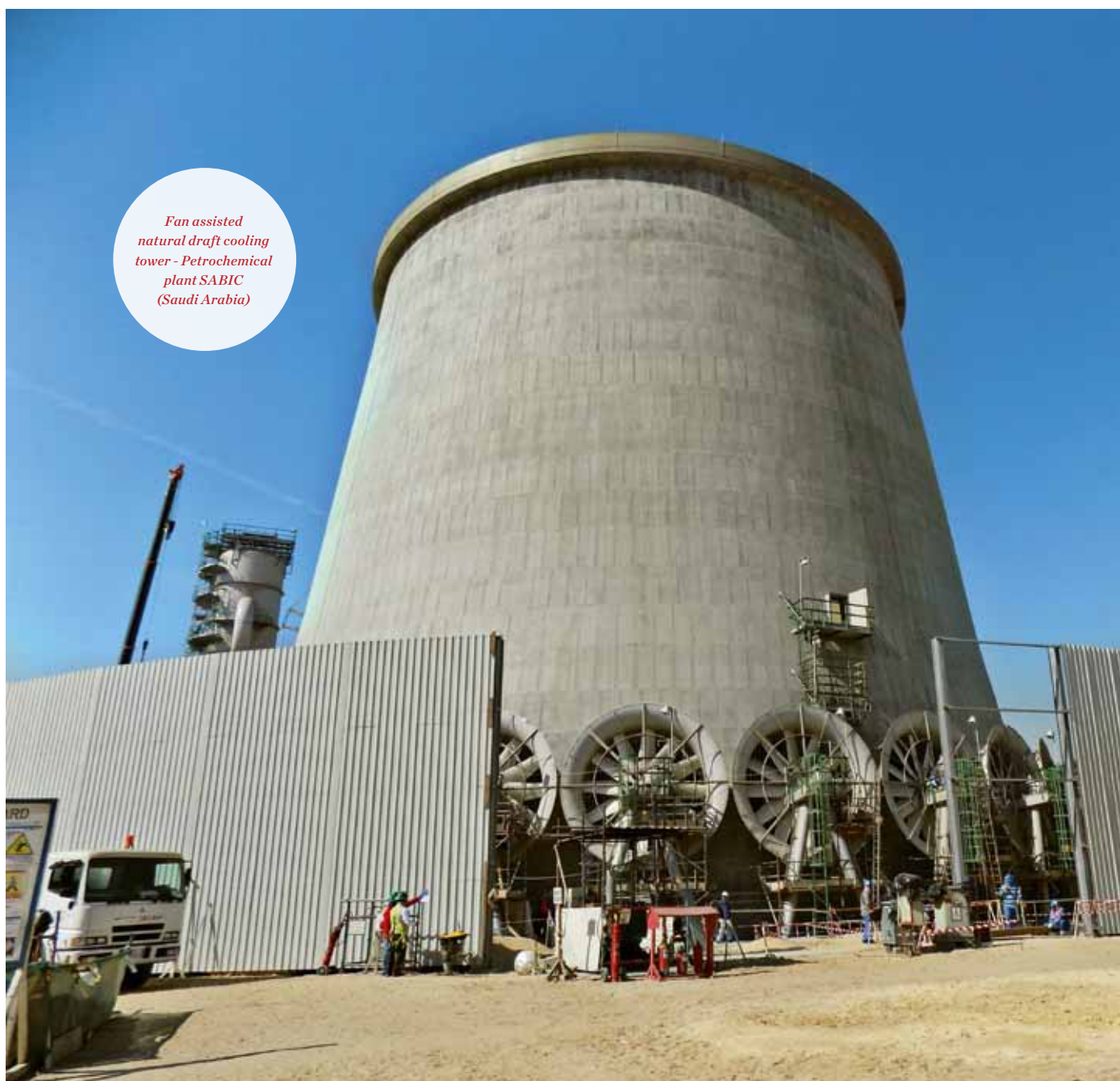
Critical components are manufactured by factories of the Group based in China, France, India and United States.





*Indirect dry cooling towers - Hutubi power plant (China)*

*Fan assisted  
natural draft cooling  
tower - Petrochemical  
plant SABIC  
(Saudi Arabia)*



## KEY FIGURES

in EUR million	2014	2013
New order bookings	331,0	253,7
Backlog on 31/12	384,0	341,6
Revenue	267,1	262,3
EBITDA	8,4	2,6
EBITDA / revenue	3,2%	1,0%
Average headcount (1)	779	943

(1) Excluding temporary workers for on-site erection

## 2014 RESULTS

New orders booked by the Cooling Systems BU amounted to EUR 331 million in 2014. Dry Cooling was very successful in the Middle East, in China and in Maghreb, whereas Wet Cooling performed well and booked several contracts for new units as well as for major repair / repack works in the Middle East, in South East Asia, in Southern and Eastern Europe and in customer service in Western Europe and in USA.

Thanks to historically high commercial performances, the backlog at end of 2014 represents more than one year of activity.

Backlog, at EUR 384 million, confirms our market leader position and the growth trend in our new order bookings.

EBITDA amounts to EUR 8 million or more than three times the 2013 EBITDA. This significant increase is mainly due to an excellent execution of our projects (both in Wet Cooling and in Dry Cooling), and to a strict control of overhead costs.

## PROSPECTS FOR 2015

The prospects for 2015 are good:

- The order backlog is full, at a record level;
- The BU should further benefit from synergies with the other subsidiaries of the Group following, in particular, the implementation of the STAR project, which should also help improve the BUS profitability;
- Thanks to continuous R&D investments, the BU is continuing to strengthen its leadership in the market and improve its solutions to specific customer requirements, and at competitive prices;
- Technologies combining environmental protection and greater efficiency are meeting the growing demand of customers to reduce their environmental impact.

# PROCESS HEAT EXCHANGERS

The Process Heat Exchangers business unit offers various systems intended to cool or heat, often at high pressure, liquids or gases, which are often corrosive, resulting mainly from chemical and petrochemical processes. It operates either directly with its industrial customers or indirectly via engineering companies of international renown.



*Assembling of  
an air cooler in  
our Jubail factory  
(Saudi Arabia)*

## PRODUCTS AND SERVICES

This unit delivers design, manufacturing and assistance with the assembly of thermal equipment – mainly air coolers, as well as FRP components (Fibre-Reinforced Plastic) like ducts for flue gas exhaust or acid-proof storage tanks. It also offers integrated aftermarket services including maintenance, rehabilitation and spare parts. It also manufactures some components for other business units, like finned tube bundles for hybrid cooling systems.

## CONTRIBUTION TO OUR SOCIETY

Process heat exchangers contribute to society by enabling oil and gas industries to run more effectively, by obtaining the right temperature for the fluids that they process.

For example, in the compression streams of natural gas used for its liquefaction, the gas is heated during the adiabatic compression. Heat exchangers, located between the different compression stages, facilitate the gradual extraction of heat from the compression process. Without this, the liquefaction of the gas and its shipment in a liquefied form would be impossible. Our exchangers are therefore an essential link in the liquefaction process of the gas and therefore also in the diversification of the energy supply.

## ORGANIZATION

The Process Heat Exchangers business unit consists of one company established in France, one in Belgium as well as a joint venture in Saudi Arabia and a division belonging to our subsidiary in South Korea:

- Hamon D'Hondt, located near Valenciennes (France) represents the major part of the activities of this business unit. It is in charge of the design, marketing & promotion, manufacturing and aftermarket service of air coolers as well as the manufacturing of welded steel finned tubes.
- Hamon D'Hondt Middle East, a joint venture 40% owned by Hamon D'Hondt, is based in Jubail in Saudi Arabia. Hamon D'Hondt Middle East specializes in the manufacturing of air coolers and aftermarket service for the Persian Gulf market.
- ACS Anti Corrosion Structure, located in Seneffe (Belgium). This subsidiary manufactures FRP components (Fibre-Reinforced Plastic) like ducts for power plant flue gas exhaust or acid-proof storage tanks, both in its plant and on-site.
- The Process Heat Exchangers division of our subsidiary Hamon Korea, focusing on air coolers for South Korean engineering companies active in South Korea and on the

export market. This subsidiary is also active in Cooling Systems and in Air Quality Systems; it has a factory producing air coolers in Gusan (S. Korea).

## KEY FIGURES

in EUR million	2014	2013
New order bookings	44,4	62,5
Backlog on 31/12	49,6	44,0
Revenue	44,2	53,6
EBITDA	-12,4	-9,5
EBITDA / revenue	-28,0 %	-17,6 %
Average headcount	230	233

## 2014 RESULTS

The BU new order bookings went down in a market affected by delays in the customer decision process to finalize their contracts and by our decision during the year to be more selective regarding the booking of new orders.

Bookings are well spread between Europe, South America,

Asia, Russia and the Caspian region.

PHE delivered its first LNG cooling system in Asia.

The 2014 loss is coming from the deterioration of some old contracts and from the lower level of activity faced by the BU in 2014 due among others to the commercial refocusing. The strategy and the sales organization have been adapted, with the target to return to profitability in 2015.

## PROSPECTS FOR 2015

The market for air-cooled heat exchangers should remain strong in 2015 in the various geographic regions (the Middle East, South America, South-East Asia) and in the customers' areas of business (gas processing, refineries, gas liquefaction).

Management and organization changes, the high order backlog and the promising potential of new order bookings to come are encouraging, but the impact of the recent drop in oil prices is as yet unknown.

The Hamon D'Hondt subsidiary in Valenciennes has been reorganized to enable it to be more selective in its choice of projects.



*Transportation of a gas scrubber manufactured in our ACS factory (Belgium), Destination: Abu Dhabi*

# AIR QUALITY SYSTEMS

The objective of the Air Quality Systems BU (formerly Air Pollution Control EMEA/Brazil) is to provide industries with the means to control the impact of their businesses on the environment.

Other than providing an integrated service, this unit also designs, makes and installs flue gas treatment systems for different kinds of pollutants, thus ensuring strict conformity to the air protection regulations in force.





## PRODUCTS AND SERVICES

The business unit offers, on its own or in partnership, turnkey solutions for the environmental problems faced by its customers.

The market is segmented between:

- power stations and thermal energy production in general;
- heavy industry such as iron and steel, cement, glassmaking and petrochemicals;
- biomass energy producers utilizing household, industrial and hospital wastes, water purification sludge as well as biomass.

The internationally renowned technologies that make up its product portfolio can be divided into two groups:

- one is a physical kind, de-dusting;
- the other is physicochemical: neutralization of acid gases, deSO<sub>x</sub>, deNO<sub>x</sub>, elimination of heavy metals.

The acquisition of new technologies has allowed to adapt and progressively complete its product range so that it can now deliver to every specific need in the market.

The BU activity is divided into two parts.

- the design and installation of new equipment for new plants or to retrofit existing ones;
- aftermarket services including among other things maintenance and the supply of spare parts.

Air Quality System is a complex business. Mitigating the technological risks requires know-how and solid experience, as well as an excellent knowledge of the customers' processes. This is the case of Hamon Research-Cottrell, also known as Hamon Enviroserv. The BU enjoys an excellent reputation in its target markets.

## CONTRIBUTION TO OUR SOCIETY

The contribution to society of these Air Quality System is particularly real for the inhabitants of neighboring regions. They dramatically reduce the quantity of dust, acid gases and other pollutants released into the atmosphere by heavy industries.



*Wet desulfurisation  
system and electrostatic  
precipitator - O Mon  
power plant  
(Vietnam)*

## ORGANIZATION

Following the evolution of its markets and the move of its center of gravity to Asia these last few years, the business unit is continuing its development in its two main regions, Asia and Europe:

- Growing presence in Asia allows us to actively follow up various projects carried on by engineering firms (EPC), mainly from Japan, South Korea and China.
- This organization rests mainly on:
  - A sales and execution center in Hong Kong.
  - An execution center in Shanghai (China).
  - An engineering and support service center in Chennai (India).
  - Centers of excellence in Europe the field of electrostatic precipitators and deSO<sub>x</sub>, with a regional center in S. Korea.
- The other branches and subsidiaries are more focused on sales activities and the delivery of the projects (Brazil, France, Italy, South Africa).

Let us mention that the BU changed its name to “Air Quality Systems” in 2014; this new name reflects its activities better.

## KEY FIGURES

in EUR million	2014	2013
New order bookings	130,6	143,5
Backlog on 31/12	188,8	152,7
Revenue	124,5	52,3
EBITDA	3,9	-5,4
EBITDA / revenue	3,1%	-10,4%
Average headcount	308	296

## 2014 RESULTS

New order bookings are slightly lower than in 2013, as the second half-year was lower compared to the last year one. This results from a higher selectivity regarding new orders and from a more reduced scope of our deliverables, in order to control risks better, thus increasing the margins.

Backlog represents more than 15 months of activity. It should be noted that the contribution in absolute value and in margin % is rising and above the budgeted values. Revenue increased sharply at EUR 124,5 million (+138 % versus 2013).

New order bookings were well spread between our different markets with contracts for:

- dry fluidized bed desulfurization units for power plants in Central America and South East Asia;
- fabric filters for a power plant in Eastern Europe;
- a seawater desulfurization unit and electro static precipitators for a power plant in Asia;
- commercial successes in Brazil, China and India.

In continuity with the trend noticed during the last quarter of 2013, the BU confirmed its return to profitability with an EBITDA margin of 3,1% or EUR 3,9 million (compared to respectively -10,4% and EUR -5,4 million in 2013), in line with our forecast. This is the result of a higher level of activity allowing to reach a critical mass, with a good positioning in our whole product range, combined with some actions taken in relation with our “business model” and the implementation of new “best practices” (STAR project).

## PROSPECTS FOR 2015

After two years of record-high new order bookings, the AQS Business Unit started 2015 with a significant order backlog, representing nearly 18 months of work. This commercial success has made Hamon a world leader in flue gas treatment technologies. AQS carries out installations in various markets from Brazil to Korea, France, Germany, the Czech Republic, Eastern Europe and the Balkans, Iraq, India, Vietnam, Indonesia, China, not to mention Central America and South Africa.

The BU will also benefit from the actions of the STAR project implemented Group-wide by the introduction of best practices which will improve the Business Unit’s profitability.

# NAFTA

Hamon North America supplies a wide range of products to its customers. This includes Air Pollution Control systems, as well as Heat Recovery systems and Chimneys. All of them help heavy industries to control and limit their impact on the environment. Tailor-made solutions are proposed to each customer, using leading-edge technologies. The heat recovery steam generators (HRSG) are more and more sold to overseas markets, whereas the other products are sold to North American customers only.

## PRODUCTS AND SERVICES

From this year, we have regrouped what used to be reported as two separate business units, i.e.

- Air Pollution Control and Heat Recovery NAFTA
- Chimneys

On top of delivering the new systems themselves (in Air Pollution Control, in Heat Recovery and in Chimneys), an important activity of our North American operations is aftermarket services that provide technical support to maintain and upgrade existing equipment for the three product categories mentioned above.

The business unit currently markets the following main types of product:

### In Air Pollution Control:

- De-dusting by means of electrostatic precipitators and fabric filters, including the industry-leading low-pressure pulsejet design.
- Wet gas scrubbing (an “ExxonMobil” process), used by catalytic cracking plants; it is a deSO<sub>x</sub> and particulate

removal system. It has been complemented by a deNO<sub>x</sub> process, with the combined offering called WGS+.

- ReACT™ used for the simultaneous capture of SO<sub>x</sub>, NO<sub>x</sub>, particulates, mercury and acid mist gases with minimal use of water. This ReACT™ process (Regenerative Activated Coke Technology) is based on activated coke adsorption and also produces a saleable by-product stream from captured SO<sub>x</sub>.
- Dry and semi-dry flue-gas desulphurization, used for desulfurizing the gases emitted by coal-fired and biomass-fired power stations.
- U2A process to transform urea into ammonia, a difficult to handle reagent, used in SCR deNO<sub>x</sub> systems.

### In Heat Recovery:

- Heat recovery systems including recuperators, economizers, and gas-to-gas heat exchangers.
- Heat Recovery Steam Generators (HRSG) which allow combined cycle power plants to achieve very high efficiencies.
- Specialty Boilers for industrial applications.

### In Chimneys:

- Industrial chimneys, which can be more than 200 meters tall. The chimney's shell is typically made of concrete; they include a flue liner which, depending on the nature of the waste gases, is fabricated of steel, brick, fiberglass reinforced plastic or special alloys to resist corrosive gases.
- Steel stacks.
- Concrete silos.

Please note that our North American operations are also active in Cooling Systems (Wet and Dry); however, the results of these two activities are included in the figures of the Cooling Systems BU, not here.

### CONTRIBUTION TO OUR SOCIETY

The contribution to the society of these products is the following:

- For APC units, the contribution is very perceptible for the inhabitants of the surrounding areas: these units drastically reduce the amounts of dust, acid gases and other pollutants released into the atmosphere by fossil power plants and other heavy industries.

- Heat recovery units allow customers to reduce their energy consumption by recovering the heat carried by some fluids. Lower amounts of fuel burnt means less greenhouse effect gases released into the atmosphere.
- Chimneys provide a better dispersion of flue gases (produced by heavy industries) into the atmosphere, to preclude exposing the adjacent community to poor air quality when atmospheric conditions are unfavorable. Chimneys have become an integral part of air pollution control systems, in particular flue gas desulphurization (FGD) systems.

### ORGANIZATION

Our North American operations consists of five main subsidiaries:

- Hamon Research-Cottrell U.S., specialized in the design and supply of new air pollution control units.
- Thermal Transfer Corporation (TTC), specialized in the manufacturing of heat recovery systems and electrodes for electrostatic precipitators.
- Hamon Deltak, specialized in the design and manufacturing of Heat Recovery Steam Generators and Industrial Boiler applications.

- Hamon Custodis, the center of excellence for Chimneys. It also operates through regional offices strategically located in the contiguous United States.
- Hamon Custodis Cottrell Canada, which offer aftermarket sales and services.

### KEY FIGURES

in EUR million	2014	2013
New order bookings	107,7	218,6
Backlog on 31/12	171,4	229,3
Revenue	176,4	156,7
EBITDA	21,0	17,5
EBITDA / revenue	11,9 %	11,2 %
Average headcount	327	318

### 2014 RESULTS

From now on, the NAFTA BU includes the two former BUS "Air Pollution Control and Heat Recovery NAFTA" (Deltak, HRCUS, TTC) and "Chimneys" (Hamon Custodis).

This business unit continues to have strong results despite decreased coal-fired opportunities in the region. EBITDA increased by 20% year-over-year. Bookings decreased from 2013 mainly due to the BU not booking a mega project in 2014. However, 2014 was still a strong booking year for the NAFTA unit. Backlog remains strong moving into 2015. The business unit continues to produce a strong EBITDA margin above 11 %.

Bookings include orders for Heat Recovery Steam Generators (Deltak), industrial boilers, wet gas scrubbers, multiple aftermarket service awards and repair awards.

The erection of the two natural draft cooling towers at the Vogtle Nuclear Power Plant is progressing well. Also, the construction of the first ReACT™ project started in Q4 2014.

### PROSPECTS FOR 2015

The 2015 beginning backlog is good, but the market outlook continues to be challenging. However, with an extensive product mix for coal, natural gas and nuclear infrastructure investments, Hamon is well positioned to support customers with optimal solutions.



*ReAct™,  
Weston power plant  
(USA)*



Air cooled condenser of the combined cycle power plant PP12 (Saudi Arabia)





**PART 3**

*Financial statements*

# FINANCIAL STATEMENTS

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## 1. CONSOLIDATED INCOME STATEMENT

in EUR '000'	Note	2014	2013 (*)
Revenue	9	606 381	513 224
Cost of sales		(515 886)	(453 285)
<b>Gross profit</b>		<b>90 495</b>	<b>59 940</b>
Sales & marketing costs	10	(15 672)	(13 690)
General & administrative costs	10	(58 668)	(45 536)
Research & development costs	10	(1 875)	(1 772)
Other operating income / (expenses)	11	228	529
<b>Operating profit before non-recurring items (REBIT)</b>		<b>14 508</b>	<b>(529)</b>
Restructuring costs	12	(1 409)	(1 231)
Effects of changes in the scope of consolidation	12	-	(236)
Impairment / reversal of impairment on non-current assets	12	-	-
Other non-recurring items	12	(1 266)	(410)
<b>Operating profit (EBIT)</b>		<b>11 833</b>	<b>(2 406)</b>
Interest income	13	357	710
Interest charges	13	(7 703)	(11 557)
Share of the profit (loss) of a Joint Venture	43	(3 473)	-
<b>Result before tax</b>		<b>1 014</b>	<b>(13 253)</b>
Income taxes	14	(141)	(4 732)
<b>Net result from continued operations</b>		<b>872</b>	<b>(17 986)</b>
Net result of discontinued operations		(3)	(386)
<b>Net result</b>		<b>870</b>	<b>(18 372)</b>
Equity holders of the company		831	(16 832)
Non controlling interests		38	(1 540)
<b>EARNINGS PER SHARE</b>	16		
<b>Continued and discontinued operations</b>			
Basic earnings per share (EUR)		0,11	(2,34)
Diluted earnings per share (EUR)		0,11	(2,34)
Based on their strike price, the stock options granted to Group employees have no dilutive impact at period(s) end.			
<b>Continued operations</b>			
Basic earnings per share (EUR)		0,11	(2,29)
Diluted earnings per share (EUR)		0,11	(2,29)

(\*) Restated figures. Refer to note 7.

## 2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR '000'	2014	2013 (*)
<b>Net result</b>	<b>870</b>	<b>(18 372)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to result</b>		
Reclassification of previously recognized changes in fair value of available-for-sale assets to net result		
Change in fair value of hedging instruments	(145)	420
Changes in currency translation reserve	3 033	(4 283)
<b>Items that may not be reclassified subsequently to result</b>		
Actuarial gains/loss on defined benefit plan	(597)	346
<b>Other comprehensive income, net of taxes</b>	<b>2 291</b>	<b>(3 517)</b>
<b>Comprehensive income</b>	<b>3 161</b>	<b>(21 889)</b>
Equity holders of the company	2 363	(18 939)
Non controlling interests	798	(2 950)

(\*) Restated figures. Refer to note 7.

### 3. CONSOLIDATED BALANCE SHEET

in EUR '000'	Note	31/12/2014	31/12/2013 (*)	31/12/2012 (*)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	20	23 897	22 627	21 957
Goodwill	21	48 997	48 973	53 219
Property, plant & equipment	22	41 080	43 313	43 548
Investment in associates	43	3 755	-	-
Deferred tax assets	24	27 185	21 098	19 732
Available-for-sale financial assets	23	1 980	2 633	2 351
Trade and other receivables	27	2 963	2 988	2 724
Derivative financial assets	35	407	407	-
		<b>150 263</b>	<b>142 039</b>	<b>143 531</b>
<b>Current assets</b>				
Inventories	25	13 765	13 228	15 895
Amount due from customers for contract work	26	89 728	51 536	43 104
Trade and other receivables	27	143 981	131 243	141 781
Derivative financial assets	35	5 953	714	31
Cash and cash equivalents	28	138 987	120 133	83 925
Current tax assets		6 414	12 281	9 576
Available-for-sale financial assets	23	-	1	6
		<b>398 828</b>	<b>329 137</b>	<b>294 318</b>
<b>Total assets</b>		<b>549 091</b>	<b>471 176</b>	<b>437 848</b>
<b>EQUITY</b>				
Share capital	29	2 188	1 892	1 892
Reserves		33 823	12 902	15 102
Retained earnings		4 668	3 837	20 668
<b>Equity attributable to the equity holders of the company</b>		<b>40 680</b>	<b>18 631</b>	<b>37 662</b>
<b>Non controlling interests</b>		<b>2 672</b>	<b>4 475</b>	<b>8 234</b>
<b>Total equity</b>		<b>43 352</b>	<b>23 106</b>	<b>45 896</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities	33	96 438	91 966	59 866
Provisions for pensions	31	6 157	5 206	5 370
Provisions for other liabilities and charges	30	323	792	676
Deferred tax liabilities	24	6 579	5 207	4 232
Other non-current liabilities		4 958	4 968	9 231
		<b>114 456</b>	<b>108 139</b>	<b>79 375</b>
<b>Current liabilities</b>				
Financial liabilities	33	83 685	86 137	72 616
Amount due to customers for contract work	26	118 249	95 474	105 485
Trade and other payables	34	166 364	144 918	126 934
Current tax liabilities		1 291	7 946	1 220
Derivative financial liabilities	35	16 771	578	207
Provisions for other liabilities and charges	30	4 923	4 878	6 115
		<b>391 284</b>	<b>339 931</b>	<b>312 577</b>
<b>Total liabilities</b>		<b>505 739</b>	<b>448 070</b>	<b>391 952</b>
<b>Total equity and liabilities</b>		<b>549 091</b>	<b>471 176</b>	<b>437 848</b>

(\*) Restated figures. Refer to note 7.

## 4. CONSOLIDATED CASH FLOW STATEMENT

in EUR '000'	Note	2014	2013
<b>Cash flows from operating activities</b>	17		
Cash received from customers		735 231	576 846
Cash paid to suppliers and employees		(731 062)	(563 452)
<b>Cash generated from operations before taxes</b>		<b>4 169</b>	<b>13 394</b>
Other financial expenses and income (paid)/received		84	1 351
Income taxes paid		(5 524)	(3 515)
Other cash received/(paid)		-	-
<b>Net cash from operating activities</b>		<b>(1 271)</b>	<b>11 230</b>
Restructuring costs		(1 439)	(1 701)
<b>Net cash from operations after restructuring</b>		<b>(2 710)</b>	<b>9 529</b>
<b>Cash flows from investing activities</b>	18		
Dividends received		221	172
Proceeds on disposal of subsidiaries (net of cash disposed)		-	-
Proceeds on disposal of PP&E		146	982
Proceeds/(Purchase) of available for sale financial assets		-	401
Acquisition of Subsidiaries (net of cash acquired)		-	-
Acquisition of PP&E		(4 662)	(6 926)
Increase/(decrease) of government grants		-	-
Disposal/(purchase) of other intangible assets		(1 619)	(3 337)
Capitalized development costs		(1 030)	(1 611)
<b>Net cash from investing activities</b>		<b>(6 944)</b>	<b>(10 319)</b>
<b>Cash flows from financing activities</b>	19		
Dividends paid to shareholders		(1)	(4)
Dividends paid to non controlling interests		(26)	(29)
Capital Increase		20 000	-
Proceeds from issuance of shares to non controlling interests		662	832
Interest received		353	682
Interest paid		(4 729)	(6 207)
Proceeds from bond issue		55 000	-
Proceeds from new bank borrowings		19 474	55 239
Repayment of borrowings		(72 155)	(8 479)
<b>Net cash from financing activities</b>		<b>18 578</b>	<b>42 034</b>
<b>Other cash flow movements</b>			
Other variations from discontinued operations		(3)	(386)
Net cash on acquisition of subsidiaries		-	-
<b>Other net cash flows</b>		<b>(3)</b>	<b>(386)</b>
<b>Net variation of cash and cash equivalents</b>		<b>8 922</b>	<b>40 858</b>
Cash and cash equivalents at beginning of period		120 133	83 925
Impact of translation differences		9 932	(4 650)
Cash and cash equivalents at end of period		138 987	120 133
Net variation of cash and cash equivalents		8 922	40 858

## 5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR '000'	Share capital	Legal reserve	Share premium	Retained earnings	Own shares	AFS reserve	Share-based payments	Hedging reserve	Defined benefit pension plans	Currency translation reserves	Equity - attributable to equity holders of the parent	Non controlling interests	Total equity
<b>Balance at 1 January 2013 (**)</b>	1 892	671	14 550	54 475	4	153	(1 177)	(696)	1 597	71 469	8 234	79 703	
<b>Restatement (*)</b>				(33 807)							(33 807)		(33 807)
<b>Balance at 1 January 2013 after restatement</b>	1 892	671	14 550	20 668	-	4	153	(1 177)	(696)	1 597	37 662	8 234	45 896
Comprehensive income				(16 831)				420	346	(2 873)	(18 938)	(2 950)	(21 888)
Capital increases												834	834
Dividends paid to shareholders												(29)	(29)
Scope exit												(1 670)	(1 670)
Other movements					(92)					(1)	(93)	55	(37)
<b>Balance at 31 December 2013</b>	1 892	671	14 550	3 837	(92)	4	153	(757)	(350)	(1 277)	18 631	4 475	23 106
<b>Balance at 1 January 2014</b>	1 892	671	14 550	3 837	(92)	4	153	(757)	(350)	(1 277)	18 631	4 475	23 106
Comprehensive income				831				(145)	(597)	2 274	2 363	798	3 161
Capital increases	545		19 455								20 000	955	20 955
Dividends paid to shareholders												(26)	(26)
Scope exit												(3 521)	(3 521)
Other movements	(249)				(65)						(314)	(9)	(323)
<b>Balance at 31 December 2014</b>	2 188	671	34 005	4 668	(157)	4	153	(902)	(947)	997	40 680	2 672	43 352
											40 680	2 672	43 352

(\*) Restated figures. Refer to note 7.

(\*\*) As previously communicated.

## 6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Hamon & Cie (International) SA (hereafter called 'Hamon' or 'the Company') is a limited liability company under Belgian law. Its registered office is Axisparc, rue Emile Francqui 2, B-1435 Mont-St-Guibert, Belgium; telephone: 32 10 39 04 00.

The principal activities of Hamon and the various subsidiaries of the Group are described in the first part of this annual report.

The legislation governing the activities of Hamon & Cie (International) is Belgian law or the law of the countries in which its subsidiaries are established. The country of origin of the Company is Belgium.

The Company's financial year begins on the 1 January and closes on the 31 December of each year.

The Company was founded on 31 December 1927 for an unlimited period.

The Company registration number is 0402.960.467.

### 2. DECLARATION OF COMPLIANCE AND RESPONSIBILITY

The consolidated financial statements were approved by the Board of Directors on 26 February 2015.

We declare that to our knowledge:

- The consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) as approved by the European Union.
- The financial statements are a fair view of the assets, the financial situation and results of the Group.
- The Management report is a fair review of the ongoing business, the results and the situation of the Group and it includes a description of the principle risks and uncertainties which the Group is facing.

26 February 2015.

Francis Lambilliotte  
Managing Director

Christian Leclercq  
CFO

## 3. PRINCIPAL ACCOUNTING STANDARDS

### 3.1. Principal accounting standards

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards.

They have been prepared on basis of the historical cost convention except for some financial instruments measured at fair value in conformity with IAS 39. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

#### Standards and Interpretations that became applicable in 2014

The accounting policies used for the preparation of the condensed consolidated financial statements are consistent with those used in the 2013 consolidated financial statements with the exception of the following new standards which are both in effect from annual periods beginning on or after 1 January 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements

Adoption of these new standards did not cause any material impact on the consolidated financial statements of the Group and did not require restatement of past consolidated interim financial statements used for comparison purposes.

The Group has decided not to anticipate the application of revised or new standards and interpretations. The application of these revised or new standards and interpretations should have no significant impact on the consolidated financial statements.

- IFRS 09 Financial Instruments
- IFRS 15 Revenue from contracts with customers

### 3.2. Conversion of Foreign Currencies Operations

Foreign currency transactions (i.e. in a currency other than the functional currency of the entity) are recorded at the spot exchange rate on the date of the transaction. At each closing date, monetary assets and liabilities denominated in foreign currencies are translated using the closing rate. Gains and losses arising from the settlement of foreign currency monetary items or on their re-evaluation at the closing date are recognized in the Income statement in the "Other operating income/(expenses)"; and in finance costs for gains/losses related to the financial debt.

The assets and liabilities of the Group activities whose working currency is not the Euro are converted into Euros at the financial



year's closing rate. Income and charges are converted at the average rate of the period except if the exchange rates have been subject to major fluctuations. Resulting exchange gains and losses are accounted for as a distinct component of the equity. At the time of the disposal of an activity whose working currency is not the Euro, the accumulated deferred exchange gains and losses recorded under the 'Translation reserve' heading are reversed in the income statement.

Goodwill and other adjustments of the fair value resulting from the acquisition of an activity whose working currency is not the Euro are treated as assets and liabilities of the activity and posted in accordance with the preceding paragraph.

### 3.3. Consolidation Principles

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investor if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investor, it has power over the investor when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investor unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights to an investor's is sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 3.16.2); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree, prior to the acquisition date that have previously been recognized in other comprehensive income, are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

### Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investor but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investor becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investor is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or

joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

### Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;

- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

#### Put options on non-controlling interests

Other non-current liabilities include, amongst others, put options granted by the Group to non-controlling interests. As no specific guidance is provided by IFRS, the Group has adopted the following accounting treatment for these commitments:

- payments of dividends to non-controlling interests result in a decrease of the other non-current liability;
- in the consolidated income statement, controlling interests are allocated their share in income. In the consolidated balance sheet, the share in income allocated to non-controlling interests increases the other non-current liability.

In the case of a fixed-price put, the liability corresponds to the present value of the strike price.

In the case of a fair value or variable-price put, the liability is measured based on estimates of the fair value at the consolidated balance sheet date or contractual conditions applicable to the exercise price based on the latest available information.

### 3.4. Intangible Assets

Intangible assets are recognized if it is probable that the future economic benefits attributable to the assets will flow to the Group and if their costs can be measured reliably. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and impairments.

#### Patents, Trademarks and Similar Rights

Patents and trademarks with a finite life are initially measured at cost and are amortized on a straight-line basis over the shorter of their useful lives or their contractual period.

Patents and trademarks with an indefinite life are subject to an annual impairment test.

#### Development Costs

In-house development costs are capitalized as intangible assets only if all following conditions are met:

- An identifiable asset has been created (such as software and new processes);
- It is probable that the asset will generate future economic benefits;
- The asset's development costs can be measured reliably.

The development phase starts when the new products, processes or software programs ('Identifiable Asset') are defined. The objective consists of developing an Identifiable Asset, which fulfils the customers' technical and qualitative requirements or enables the customers' requirements to be met at a lower cost for the Company. The development activities are based on the results obtained from industrial research or from existing knowhow and are generating profit. This condition is reviewed each year in order to determine the project's profitability potential. Development costs are amortized over a maximum period of 5 (five) years. When the above recognition criteria is not met, the development expenditure is charged to expenses.

#### Other internally generated intangible assets

Except for development costs meeting the above conditions, costs linked to any other internally generated intangible element such as brands, customer lists, goodwill, research costs are charged to expenses and are not capitalized.

#### Goodwill

##### Recognition of goodwill

Application of IFRS 3 revised as of 1 January 2010, leads the Group to separately identify business combinations carried out before and after this date.

- **Business combinations carried out prior to 1 January 2010**  
Goodwill recognized during a business combination is accounted for as an asset, being the excess of the cost of a business combination over the Group's interest in the

fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized.

The initial accounting for business combinations is not restated.

Any adjustments to the consideration transferred in these business combinations changes their initial accounting and leads to a matching adjustment to goodwill.

- **Business combinations carried out after 1 January 2010**  
Goodwill is measured as the excess of the aggregate of:

1. the consideration transferred;
2. the amount of any non-controlling interests in the acquiree; and
3. in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill recognized on the acquisition date is not subsequently adjusted.

#### *Measurement of goodwill*

Goodwill is not depreciated but it is tested for impairment at least once a year. Any impairment loss is charged to the income statement. An impairment loss accounted for on goodwill cannot be reversed at a later date.

At the time of the sale of a subsidiary or a jointly controlled entity, the relevant goodwill is included in the determination of the result of the sale. Goodwill on associated companies is presented under 'Investments In Associated Companies'.

### **3.5. Tangible Assets**

An item of property, plant and equipment is recognized as a tangible asset if it is probable that the future economic benefits attributable to the asset will flow to the Group and if their costs can be measured reliably.

After the initial accounting, all tangible assets are stated at cost less the accumulated depreciation and impairment losses. The cost includes all the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Repair and maintenance costs and other subsequent expenditure linked to an asset are charged as expenses in the income statement of the financial year during which they are incurred.

The depreciable amount of an asset is allocated systematically over its useful life using the straight-line method.

The depreciation of an asset begins when it is available for use. The estimated useful lives of the most significant elements of tangible assets are as follows:

Description	Useful Life
Land	No depreciation
Administrative buildings	33 years
Industrial buildings	33 years
Machines	10 years
EDP equipment	4 years
Other equipment	10 years
Leasehold Improvements	10 years
Tools	4 years
Furniture	10 years
Vehicles	4 years

Depreciation charges are posted to operating expenses by reference to the function of the underlying assets (cost of sales, selling & marketing expenses, general and administration costs, research and development costs).

Gains or losses arising from the sale or disposal of tangible assets are determined as the difference between the sale proceeds and the carrying amount of the asset and are charged to the income statement under 'Other Operating Income / (Expenses)'.

The Group has elected to use the cost model for the measurement of property, plant and equipment. Therefore items of property plant and equipment may not be carried at a re-valued amount after their initial recognition.

### **3.6. Impairment of Tangible and Intangible Assets**

Except for intangible assets in progress that are tested for impairment annually, tangible and intangible assets are subject to an impairment test only when there is an indication that their carrying amount exceeds their recoverable amount.

If an asset does not generate cash flows independently of those other assets, the Group makes an estimate of the recoverable value of the Cash Generating Unit to which the asset belongs. The recoverable value is the highest of either the fair value less costs to sell or the value in use. If the recoverable value of an asset (cash generating unit) is lower than its carrying

amount, an impairment loss is immediately recognized as an expense in the income statement either in "Other Operating Expenses" or in impairment loss on non-current assets.

When an impairment is reversed at a later date, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable value, without however being higher than the carrying amount which would have been determined if no impairment had been recognized for this asset (cash generating unit) during previous periods.

### 3.7. Lease Agreements

#### Capital Leases

A lease is classified as a finance lease if it substantially transfers the entire risks and rewards incidental to ownership to the lessee. The other lease agreements are classified as operating leases.

At the commencement of the lease term, the Group recognizes finance leases as assets and liabilities in its balance sheet at amounts equal to the lower of fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is posted in the obligations under finance leases. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to obtain a constant periodic interest rate on the remaining balance of the liability. Leased assets are depreciated over their estimated useful life consistently with the method applicable to similar depreciable assets owned by the Group.

#### Operating Leases

Lease agreements that do not substantially transfer the entire risks and rewards incidental to ownership to the lessee are classified as operating leases. The lease payments are recognized as an expense on a straight-line basis over the period of the rental agreement.

### 3.8. Financial Assets and Liabilities

Financial assets or liabilities are recognized on the balance sheet at the date of the transaction, which corresponds to the date on which the entity contractually commits to buy or sell an asset.

When a financial asset or financial liability is recognized initially, it is measured at its fair value plus (in case of financial asset)

or minus (in case of financial liability) transaction costs except for financial assets at fair value through income statement.

Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Fair value of a financial liability will be for instance, the cash received from the lenders when the liability is issued.

There are four categories of financial assets:

- Financial assets at fair value through profit or loss (designated by the entity or classified as held for trading);
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets.

There are two categories of financial liabilities:

- Financial liabilities at fair value through profit or loss;
- Other financial liabilities measured at amortized cost.

Subsequently,

- the fair value changes in financial assets and liabilities at fair value through profit or loss are recognized through the income statement.
- the fair value changes in available for sale assets are recognized directly in the equity until the asset is sold or is identified as impaired. Then the cumulative gain/loss that had been recognized in equity shall be removed and recognized in income statement.
- investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured by an alternative pricing method are evaluated at cost.
- loans and receivables, held-to-maturity Investments and other financial liabilities are measured at amortized cost using the effective interest rate method, except for fixed term/time deposits, which are valued at cost.

The effective interest rate is the rate that exactly discounts estimated future net cash settlements or receipts through the expected life of the financial asset or liability to its net carrying amount.

## Trade and Other Receivables (Payables)

Receivables and payables are recognized using the amortized cost method i.e. the discounted value of the receivable. Based on a thorough and detailed review of the receivables and their specific risk of non-recoverability; appropriate impairment losses are recognized in case of expected default of payments.

## Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits together with short-term, highly liquid investments, that are readily convertible into a known amount of cash, that have a maturity of three months or less, and that are subject to an insignificant risk of change in value. These elements are taken into the Balance Sheet at their nominal value. Bank overdrafts are included in the current financial liabilities.

## Equity Instruments

Any contract that exhibits a residual interest in the assets of an entity after deducting all of its liabilities is an equity instrument. Equity instruments issued by the Company are measured at their fair value net of issuance costs.

## Loans & borrowings

Loans and borrowings are initially recognized at fair value, plus or minus transaction costs. They are subsequently measured at amortized cost using the effective interest method. Any subsequent change in value between the fair value and the settlement value (including the redemption premium to be received or paid) is recognized in the income statement over the period of the borrowing (effective interest rate method). The borrowing issuance costs related to mixed facilities including debt and bank guarantee lines agreement are prorated between the different lines and presented in deduction of the financial liabilities on the balance sheet.

Amounts borrowed as part of the "Credit Revolving Facility" are accounted for under 'Non-current Financial Liabilities' when the maturity of those borrowing are above one year and the Group has the possibility to roll-over them at its discretion.

## Derivative Financial Instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risks arising from financing activities and foreign exchange rate risks arising from operational activities (cash flow hedges). The Group's policy is not to enter into speculative transactions nor issue or hold financial instruments for negotiation purposes.

Derivative financial instruments are initially recognized at their fair value and are subsequently revaluated to their fair value at each reporting date.

### *a) Derivatives qualifying for cash flow hedge*

The effective portion of changes in the fair value of derivatives qualifying as cash flow hedges are immediately deferred in equity. Gains or losses relating to the ineffective portion are recognized in the income statement.

When the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, then the gains or losses previously deferred in the equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When the forecast transaction that is hedged results in the recognition of a financial asset or liability, then the gains or losses previously deferred in the equity are recycled in the income statement in the periods when the hedged item is recognized in the income statement. However if it is likely that part of or the whole cumulative result posted in equity will not be offset in the future period(s), the (portion of the) result unlikely to be offset is recognized in the income statement.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Gain and loss on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation.

### *b) Derivatives which do not qualify for hedging*

The changes of fair value of financial instruments that do not qualify for hedge accounting are immediately recognized in the income statement.

## Stock options

Share options are measured at their fair value at the date of grant. This fair value is assessed using the Black & Scholes option pricing model and is expensed on a straight-line basis over the vesting period of these rights, taking into account an estimate of the number of options that will eventually vest.

### 3.9. Inventory

Inventory is carried at the balance sheet at the lower of cost and net realizable value. The cost of inventory includes the cost of purchase of direct materials, the cost of conversion (including manufacturing costs) and other costs incurred in bringing the inventory to their present location and condition. The cost of interchangeable inventory items is determined using the weighted average cost method. The net realizable value is the estimated selling price less the estimated costs of completion and the estimated distribution, selling and marketing costs.

### 3.10. Post-employment and other long term employee benefits

Post-employment benefits are classified in two categories: defined benefit plans and defined contribution plans.

#### Defined Contribution Plans

Contributions paid for defined contribution plans are recognized as expenses when employees have rendered the services giving rights to those contributions.

The Group Hamon offers defined contribution pension plans with a minimum return guaranteed to the Belgian affiliates. Therefore those plans include some characteristics of defined benefit plans.

Since the IASB recognizes the implementation of 'Projected Unit Credit Method' as problematic for these types of plans and due to the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Group adopted an "intrinsic" retrospective approach to assess the net liability of these plans instead of the 'Projected Unit Credit Method'. For more details, please refer to note 31.

#### Defined Benefit Plans

For defined benefit plans, the amount recognized in the balance sheet as a net liability (asset) corresponds to the difference between the present value of future obligations and the fair value of the plan assets.

If the calculation of the net obligation gives rise to a surplus for the Group, the asset recognized for this surplus is limited to the present value of any future plan refunds or any reduction in future contributions to the plan.

Cost of defined benefits include cost of services and net interest on the net liability (asset) recognized in net results (respectively in cost of goods sold distribution and marketing expenses, general and administration expenses and R&D expenses

for the cost of services, and as financial expenses (income for the net interests), as well as the revaluations of the net liability (asset) recognized in other comprehensive income.

The present value of the obligation and the costs of services are determined by using the "projected unit credit method" and actuarial valuations are performed at the end of each reporting period.

The actuarial calculation method implies the use of actuarial assumptions by the Group, involving the discount rate, evolution of wages, employee turnover and mortality tables. These actuarial assumptions correspond to the best estimations of the variables that will determine the final cost of post-employment benefits. The discount rate reflects the rate of return on high quality corporate bonds with a term equal to the estimated duration of the post-employment benefits obligations.

#### Other long-term employee benefits

The accounting treatment of other long-term employee benefits is similar to the accounting treatment for post-employment benefits, except for the fact that revaluations of the net liability (asset) are accounted for in the income statement. The actuarial calculations of post-employment obligations and other long-term employee benefits are performed by independent actuaries.

### 3.11. Provisions for Liabilities and Charges

Provisions are recognized if and only if the Group has a present obligation (legal or constructive) arising from a past event, which will probably result in an outgoing payment for which the amount can be reliably estimated.

Provisions for guarantee are recognized upon delivery of the product, on basis of the best estimate of the expenditure necessary for the extinction of the Group's obligation. Provisions for restructuring are recognized only after the Group has adopted a detailed formal plan that has been publicly announced to the parties involved before the closing date.

Provisions are measured at their present value where the effect of the time value of money is material.

### 3.12. Income

Income is recognized when it is probable that the future economic benefits attributable to a transaction will flow to the Group and if its amount can be measured reliably.



Revenues are measured at the fair value of the counterpart received or to be received and represent amounts to be received following the supply of goods or the rendering of services in the course of the ordinary activities of the Group.

- Sales revenues are recognized once the delivery has been made and when the transfer of the risks and benefits has been completed.
- Construction contracts revenues are recognized in accordance with the Group's accounting policies relating to construction contracts (see below).
- Interest revenue are computed based on the time passed, the outstanding liability and the effective interest rate, which is the rate that exactly discounts future cash flows through the expected life of the financial asset to its net carrying amount.
- Dividends are recognized when the shareholder's right to receive the payment is established.

### 3.13. Construction Contracts

When the outcome of a construction contract can be estimated reliably, the contract's revenues and costs are recognized in proportion to the stage of completion of the contract activity at the closing date. The contract stage of completion is determined by dividing the actual costs incurred at closing date by the total expected costs to complete the contract.

When the outcome of a construction contract cannot be estimated reliably, the revenue is recognized only to the extent that the contract costs incurred are expected to be recoverable. The costs of the contract are recognized in the income statement during the period in which they are incurred.

An expected loss on a construction contract is immediately recognized as an expense as soon as such loss is probable.

Contract revenues include the initial agreed amount of the contract, the agreed change orders as well as forecasted incentive payments and forecasted claims only if it is probable that the incentives / claims will be accepted and if their amounts can be measured reliably.

Contract costs include the direct costs attributable to the contracts and the costs relating to the general contracting activity to the extent that they can reasonably be allocated to the contract. Tender costs are included in contract costs only if they can be identified separately and measured reliably, and if it is probable that the contract will be obtained.

The amounts included under the 'Amounts Due From Customers For Contract Work' correspond to the costs incurred plus the margin (less the losses) recognized on contracts in excess of the advances billed to the customers for contracts for which this difference is positive. While the amounts included under the 'Amounts Due To Customers For Contract Work' correspond to the advances billed to the customers in excess of the costs incurred plus the margin (less the losses) recognized on contracts for other contracts.

### 3.14. Operating profit before non-recurring items (REBIT)

The operating profit before non-recurring items is a management result allowing a better understanding of the recurring performance of the Group by excluding unusual or infrequent items.

For the Group, those items are:

- restructuring costs;
- net impairment losses on non-current assets ;
- changes in consolidation scope and;
- other non-recurring items such as gains / losses on the sale of available-for-sale financial assets.

### 3.15. Government Grants

Government grants related to staff costs are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

Government grants related to tangible assets are presented in deduction of the property, plant and equipment's carrying amounts. These grants are recognized as income over the life of the depreciable assets.

Repayable government grant are transferred to financial liabilities.

### 3.16. Income Taxes

Income taxes include both current and deferred taxes. They are recognized in the income statement except if they relate to elements recognized directly in equity, in which case they are posted to equity.

The current tax is the amount of income tax payable / recoverable in respect of the taxable profit/loss for a period.

Current income taxes for current and prior periods are calculated based on the tax rates that have been enacted by the balance sheet date as well as adjustments related to previous periods.

Deferred taxes originate from temporary differences i.e. differences between the carrying amounts of assets and liabilities in the balance sheet and their tax base. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities related to financial assets in subsidiaries are not recognized, since the Group does not expect that the timing difference will be reversed in the foreseeable future.

Deferred tax assets are recognized for the deductible temporary differences as well for the carry forward of unused tax losses and credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the unused tax losses and credits could be utilized.

The carrying value of the deferred tax assets is reviewed at each closing date. They are impaired when it becomes unlikely that the deferred tax assets will be utilized against future taxable profits.

### 3.17. Discontinued Business

A discontinued operation is a portion of an entity that either is being or has been sold or disposed by the Group.

This portion of entity represents a significant separate major line of business or geographical area of operations and can be distinguished on the operational field and for the communication of financial information.

Besides general information detailing discontinued operations, the financial statements disclose the amounts of assets and liabilities, the profit or loss and the tax charge as well as the net cash flows are attributable to the operating, investing, and financing activities of discontinued operations.

Assets classified in discontinued operations or held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. They are not depreciated anymore but they are considered for impairment upon any indication of a decrease of their net realizable value.

### 3.18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## 4. KEY ASSUMPTIONS AND ESTIMATES

Within the framework of preparation of its consolidated financial statements, the Group must, on certain occasions, formulate assumptions and/or carry out estimates affecting the balance sheet and/or the income statement. Management bases its estimates on its previous experience and formulates certain assumptions that seem reasonable taking into account the circumstances. **However**, despite the prudence with which these assumptions and estimates are determined, the general economic environment, unpredictable exogenous events or the execution of contracts may lead to significant differences between estimates and actual results.

Accounting estimates and their key assumptions are reexamined regularly and the effects of their revisions are reflected in the financial statements of the corresponding period.

Estimates are used in:

- the assessment of impairment losses / write-offs on current and non-current assets;
- in the estimate of the result and percentage of completion of construction contracts in progress;
- in the assessment of the residual lifetime of tangible and intangible fixed assets except for the goodwill;
- in the provisions for pensions, restructuring and potential litigations; and
- in the assessment of the recoverability of the deferred tax assets.

Critical assumptions and accounting estimates which could cause a material adjustment to the carrying amount of assets and/or liabilities within the next financials period(s) are listed below.

### Impairment test of goodwill

The Group performs an impairment test on goodwill of all its cash generating units at least once a year. This exercise requires the management to use assumptions, estimates and variation ranges (EBITA multiples, levels of bookings, growth rate, ...) coming from internal as well as external sources.

Further details are provided in note 21.

### Construction contracts – expected profit and percentage of completion estimate

As explained in the accounting standards (see page 87), both the percentage of completion and the final expected profit (or loss) of construction contracts in progress at any given closing date depend on a reliable estimate of the costs still to incur to finish those contracts.

Estimates must therefore be made, at each closing date, for:

- the time to be spent by employees (and sometimes subcontractors) to finish the contracts;
- the cost of material, equipment and other miscellaneous expenses still to be ordered;

- exchange rate to be used for purchase orders (from customers and / or suppliers) in foreign currencies; and
- the risk of penalties charged by customer(s) in case of delay or lower than contractually guaranteed performance.

The total expected costs of contracts can therefore vary, sometimes significantly, from one closing to another depending on the stage of completion and complexity of the contracts.

### Deferred tax assets

Deferred tax assets are recognized by the Group for deductible temporary differences and unused tax losses only if it is probable that sufficient future taxable profits will be available to use them within a given time limit.

The value of those assets is regularly reviewed by the management and requires the use of estimates, including future expected profit of the entities where such assets are recognized.

More details can be found in note 24.

## 5. CONSOLIDATED ENTITIES

The following table mentions the list of subsidiaries owned by the Group as of 31 December 2014 and 2013.

Subsidiary	Country	% Group interest	
		2014	2013
<b>1. SUBSIDIARIES CONSOLIDATED BY FULL INTEGRATION METHOD</b>			
Hamon & Cie (International) SA	Belgium	Parent company	
Hamon & Cie (International) Finance scs	Belgium	100 %	100 %
Hamon Thermal Europe SA	Belgium	100 %	100 %
Hamon Research-Cottrell SA	Belgium	100 %	100 %
ACS Anti Corrosion Structure SA	Belgium	100 %	100 %
Compagnie Financière Hamon S.A.	France	99,1 %	99,1 %
Hamon Thermal Europe (France) S.A.	France	99,1 %	99,1 %
Hamon D'Hondt S.A.	France	99,1 %	99,1 %
Hamon Research-Cottrell S.A.R.L.	France	99,1 %	99,1 %
Hacom Energiesparsysteme GmbH	Germany	100 %	100 %
Hamon Thermal Germany GmbH	Germany	100 %	100 %
Hamon Research-Cottrell GmbH	Germany	100 %	100 %
Hamon Enviroserv GmbH	Germany	100 %	100 %
Hamon UK Ltd.	Great Britain	100 %	100 %
Hamon Dormant Co. Ltd	Great Britain	100 %	100 %
Hamon (Nederland) B.V.	Netherlands	100 %	100 %
Hamon Polska Sp. z o.o.	Poland	100 %	100 %
Hamon Esindus Latinoamerica SL	Spain	50 %	50 %
Hamon Research-Cottrell do Brazil	Brazil	100 %	100 %
Hamon Do Brazil Ltda.	Brazil	100 %	100 %
Hamon Custodis Cottrell (Canada) Inc.	Canada	100 %	100 %
Hamon Esindus Latinoamerica Limitada	Chile	50 %	50 %
Hamon Esindus Latinoamerica SA de CV	Mexico	50 %	50 %
Hamon Corporation	United States	100 %	100 %
Hamon Custodis Inc.	United States	100 %	100 %
Hamon Deltak Inc.	United States	100 %	100 %
Hamon Research-Cottrell Inc.	United States	100 %	100 %
Thermal Transfer Corporation	United States	100 %	100 %
Research-Cottrell Cooling Inc.	United States	100 %	100 %
Hamon Holdings Corporation	United States	100 %	100 %
Hamon (South Africa) (Pty) Ltd.	South Africa	74 %	74 %
Hamon Australia (Pty) Ltd.	Australia	100 %	100 %
Hamon Thermal (Tianjin) Co., Ltd	China	100 %	100 %
Hamon Research-Cottrell (Shanghai) Co., Ltd	China	60 %	60 %
TS Filtration Environmental Protection Products (Shanghai) Co., Ltd	China	60 %	60 %
Hamon Thermal & Environmental Technology (Jiaxing) Co. Ltd	China	65,9 %	65,9 %
Hamon Trading (Jiaxing) Co.,Ltd.	China	62,8 %	62,8 %
Hamon Asia-Pacific Ltd	China (Hong Kong)	100 %	100 %
Hamon Research-Cottrell (HK) Ltd.	China (Hong Kong)	60 %	60 %
Hamon India PVT Ltd.	India	100 %	100 %
Hamon Research-Cottrell India PVT Ltd.	India	100 %	100 %
P.T. Hamon Indonesia	Indonesia	89,7 %	89,7 %

Subsidiary	Country	% Group interest	
		2014	2013
Hamon Korea Co Ltd.	South Korea	89,7%	89,7%
Hamon Korea Youngnam Ltd.	South Korea	45,8%	45,8%
Hamon Malaysia SDN. BHD.	Malaysia	100%	100%
Hamon - B.Grimm Ltd.	Thailand	49,2%	49,2%
Hamon Termal ve Çevre Sistemleri Sanayi ve Ticaret A.Ş.	Turkey	99,6%	99,6%

## 2. ASSOCIATES AND JOINT-VENTURES CONSOLIDATED BY EQUITY METHOD

Hamon D'Hondt Middle East Company Ltd	Saudi Arabia	39,6%	39,6%
Hamon Shriram Cottrell pvt Ltd (1)	India	50%	50%
Hamon Cooling Towers Company FZCo	United Arab Emirates	50%	50%

(1) Company fully consolidated in 2014. Refer to note 15.

## 6. EXCHANGE RATES USED BY THE GROUP

Exchange rates for 1 EUR		Period-end rate		Average rate	
		2014	2013	2014	2013
UAE Dirham	AED	4,4593	5,0650	4,8761	4,8737
Australian Dollar	AUD	1,4829	1,5423	1,4748	1,3833
Brazilian Real	BRL	3,2207	3,2576	3,1109	2,8723
Canadian Dollar	CAD	1,4063	1,4671	1,4661	1,3712
Chilean Peso (100)	CLP	7,3742	7,2349	6,9601	6,0268
Chinese Yuan	CNY	7,5358	8,3491	8,1882	8,1872
Pound Sterling	GBP	0,7789	0,8337	0,8054	0,8497
Hong-Kong Dollar	HKD	9,4170	10,6933	10,2997	10,3098
Indonesian Rupiah (100)	IDR	150,7610	167,6478	157,5192	139,0754
Indian Rupee	INR	76,7190	85,3660	81,0613	77,9761
South Korean Won (100)	KRW	13,2480	14,5093	13,9740	14,5620
Mexican Peso	MXN	17,8679	18,0731	17,6539	17,1032
Malaysian Ringgit	MYR	4,2473	4,5221	4,3454	4,2053
Polish Zloty	PLN	4,2732	4,1543	4,1890	4,2088
Saudi Riyal	SAR	4,5555	5,1723	4,9796	4,9762
Thai Baht	THB	39,9100	45,1780	43,2073	40,8990
Turkish Lira	TRY	2,8320	2,9605	2,8996	2,5428
u.s. Dollar	USD	1,2141	1,3747	1,3071	1,3284
South African Rand	ZAR	14,0353	14,5660	14,3627	12,8804

## 7. RESTATEMENT OF PRIOR YEARS ACCOUNTING ERROR

During summer 2014, the Group has noticed that the accounts of the French subsidiary Hamon D'Hondt SA, as reported to the Group, significantly differed from reality. The difference was the result from an erroneous application of accounting policies which resulted in an overstatement of the work in progress.

In order to show the accurate comparative figures for 2013 in the publications of 2014, the profit and loss statement of 2013 has been adjusted for the part of the restatement that concerns

such statement. The balance has been entered into the accounts through the opening consolidated statement of financial position of 2013, being the annual accounts of 31 December 2012.

The overstatement of the work in progress impacts the "revenue", "cost of sales" and the "amount due from customers for contract work".

The tax consequence of the overstatement are presented in "income taxes", "current tax assets" and "deferred tax assets".

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

in EUR '000'	2013 Published	Restatement	2013 Restated
Revenue	525 784	(12 560)	513 224
Cost of sales	(453 706)	421	(453 285)
<b>Gross profit</b>	<b>72 078</b>	<b>(12 138)</b>	<b>59 940</b>
Sales & marketing costs	(13 690)	-	(13 690)
General & administrative costs	(45 536)	-	(45 536)
Research & development costs	(1 772)	-	(1 772)
Other operating income / (expenses)	529	-	529
<b>Operating profit before non-recurring items (REBIT)</b>	<b>11 609</b>	<b>(12 138)</b>	<b>(529)</b>
Restructuring costs	(1 231)	-	(1 231)
Impact of Changes in consolidation scope	(236)	-	(236)
Impairment / reversal of impairment on non-current assets	-	-	-
Other non-recurring items	(410)	-	(410)
<b>Operating profit (EBIT)</b>	<b>9 732</b>	<b>(12 138)</b>	<b>(2 406)</b>
Interest income	710	-	710
Interest charges	(11 557)	-	(11 557)
Share of the profit (loss) of a Joint Venture	-	-	-
<b>Result before tax</b>	<b>(1 115)</b>	<b>(12 138)</b>	<b>(13 253)</b>
Income taxes	(5 664)	932	(4 732)
<b>Net result from continued operations</b>	<b>(6 779)</b>	<b>(11 207)</b>	<b>(17 986)</b>
Net result of discontinued operations	(386)	-	(386)
<b>Net result</b>	<b>(7 165)</b>	<b>(11 207)</b>	<b>(18 372)</b>
Equity holders of the company	(5 625)	(11 207)	(16 832)
Non controlling interests	(1 540)	-	(1 540)

### EARNINGS PER SHARE

#### Continued and discontinued operations

Basic earnings per share (EUR)	(0,78)	(1,56)	(2,34)
Diluted earnings per share (EUR)	(0,78)	(1,56)	(2,34)

Based on their strike price, the stock options granted to

Group employees have no dilutive impact at period(s) end.

#### Continued operations

Basic earnings per share (EUR)	(0,73)	(1,56)	(2,29)
Diluted earnings per share (EUR)	(0,73)	(1,56)	(2,29)

**CONSOLIDATED BALANCE SHEET**

in EUR '000'	31/12/2013 Published	Restate- ment	31/12/2013 Restated	31/12/2012 Published	Restate- ment	31/12/2012 Restated
<b>ASSETS</b>						
<b>Non-current assets</b>						
Intangible assets	22 627	-	22 627	21 957	-	21 957
Goodwill	48 973	-	48 973	53 219	-	53 219
Property, plant & equipment	43 313	-	43 313	43 548	-	43 548
Deferred tax assets	16 339	4 759	21 098	14 973	4 759	19 732
Available-for-sale financial assets	2 633	-	2 633	2 351	-	2 351
Trade and other receivables	2 988	-	2 988	2 724	-	2 724
Derivative financial assets	407	-	407	-	-	-
	<b>137 280</b>	<b>4 759</b>	<b>142 039</b>	<b>138 772</b>	<b>4 759</b>	<b>143 531</b>
<b>Current assets</b>						
Inventories	13 228	-	13 228	15 895	-	15 895
Amount due from customers for contract work	104 402	(52 866)	51 536	83 831	(40 727)	43 104
Trade and other receivables	131 243	-	131 243	141 781	-	141 781
Derivative financial assets	714	-	714	31	-	31
Cash and cash equivalents	120 133	-	120 133	83 925	-	83 925
Current tax assets	9 188	3 093	12 281	7 414	2 162	9 576
Available-for-sale financial assets	1	-	1	6	-	6
	<b>378 909</b>	<b>(49 772)</b>	<b>329 137</b>	<b>332 883</b>	<b>(38 565)</b>	<b>294 318</b>
<b>Total assets</b>	<b>516 189</b>	<b>(45 013)</b>	<b>471 176</b>	<b>471 655</b>	<b>(33 807)</b>	<b>437 848</b>
<b>EQUITY</b>						
Share capital	1 892	-	1 892	1 892	-	1 892
Reserves	12 902	-	12 902	15 102	-	15 102
Retained earnings	48 850	(45 013)	3 837	54 475	(33 807)	20 668
<b>Equity attributable to the equity holders of the company</b>	<b>63 644</b>	<b>(45 013)</b>	<b>18 631</b>	<b>71 469</b>	<b>(33 807)</b>	<b>37 662</b>
<b>Non controlling interests</b>	<b>4 475</b>	<b>-</b>	<b>4 475</b>	<b>8 234</b>	<b>-</b>	<b>8 234</b>
<b>Total equity</b>	<b>68 119</b>	<b>(45 013)</b>	<b>23 106</b>	<b>79 703</b>	<b>(33 807)</b>	<b>45 896</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Financial liabilities	91 966	-	91 966	59 866	-	59 866
Provisions for pensions	5 206	-	5 206	5 370	-	5 370
Provisions for other liabilities and charges	792	-	792	676	-	676
Deferred tax liabilities	5 207	-	5 207	4 232	-	4 232
Other non-current liabilities	4 968	-	4 968	9 231	-	9 231
	<b>108 139</b>	<b>-</b>	<b>108 139</b>	<b>79 375</b>	<b>-</b>	<b>79 375</b>
<b>Current liabilities</b>						
Financial liabilities	86 137	-	86 137	72 616	-	72 616
Amount due to customers for contract work	95 474	-	95 474	105 485	-	105 485
Trade and other payables	144 918	-	144 918	126 934	-	126 934
Current tax liabilities	7 946	-	7 946	1 220	-	1 220
Derivative financial liabilities	578	-	578	207	-	207
Provisions for other liabilities and charges	4 878	-	4 878	6 115	-	6 115
	<b>339 931</b>	<b>-</b>	<b>339 931</b>	<b>312 577</b>	<b>-</b>	<b>312 577</b>
<b>Total liabilities</b>	<b>448 070</b>	<b>-</b>	<b>448 070</b>	<b>391 952</b>	<b>-</b>	<b>391 952</b>
<b>Total equity and liabilities</b>	<b>516 189</b>	<b>(45 013)</b>	<b>471 176</b>	<b>471 655</b>	<b>(33 807)</b>	<b>437 848</b>

## 8. INFORMATION BY SEGMENT

The Group is organized in four Business Units: Cooling Systems, Process Heat Exchangers, Air Quality System and NAFTA. Additional Business Unit information is presented in the first part of this annual report.

The results of a segment and its assets and liabilities include all the elements that are directly attributable to it as well as the elements of the income, expenses, assets and liabilities that can reasonably be allocated to a segment. Segment profit represents the profit earned by each segment after allocation of central administration costs and directors' salaries, share of

profits of associates and investment revenues, to the extent that they can be allocated to a segment, but before finance costs. This is the measure regularly presented to the chief operating decision maker for the purposes of resources allocation and assessment of segment performances.

The COMEX is the operational decision maker for all the Business Units.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Quality Systems	NAFTA	Not allocated	Elimination	Total
<b>For the period ended 31/12/2013 (*)</b>							
Revenue third party	261 519	51 319	51 631	148 671	84	-	513 224
Inter-segment revenue	739	2 274	620	7 981	-	(11 614)	-
Total revenue	262 258	53 593	52 251	156 652	84	(11 614)	513 224
Operating profit before non-recurring items (REBIT)	(1 028)	(10 458)	(6 088)	15 769	1 275	-	(529)
Non-recurring items	(1 015)	21	(558)	3	(328)	-	(1 877)
Operating profit (EBIT)	(2 043)	(10 437)	(6 645)	15 772	947	-	(2 406)
EBITDA	2 615	(9 456)	(5 410)	17 540	2 295	-	7 585
Interest income	-	-	-	-	710	-	710
Interest charges	-	-	-	-	(11 557)	-	(11 557)
Share of the profit / (loss) of associates	-	-	-	-	-	-	-
<b>Result before tax</b>	-	-	-	-	-	-	<b>13 253</b>
Income taxes	-	-	-	-	(4 732)	-	(4 732)
<b>Net result from continued operations</b>	-	-	-	-	-	-	<b>(17 986)</b>

(\*) Restated figures. Refer to note 7.



in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Quality Systems	NAFTA	Not allocated	Elimination	Total
<b>For the period ended 31/12/2014</b>							
Revenue third party	266 851	41 965	121 493	176 415	(343)	-	606 381
Inter-segment revenue	270	2 250	3 033	30	403	(5 986)	-
Total revenue	267 121	44 215	124 526	176 445	60	(5 986)	606 381
Operating profit before non-recurring items (REBIT)	4 667	(13 562)	3 199	19 280	924	-	14 508
Non-recurring items	(1 309)	(239)	(1 131)	(19)	23	-	(2 675)
Operating profit (EBIT)	3 358	(13 801)	2 068	19 261	947	-	11 833
<b>EBITDA</b>	<b>8 418</b>	<b>(12 371)</b>	<b>3 899</b>	<b>21 023</b>	<b>2 024</b>		<b>22 993</b>
Interest income					357		357
Interest charges					(7 703)		(7 703)
Share of the profit / (loss) of associates		-	-	-	-	(3 473)	(3 473)
<b>Result before tax</b>							<b>1 014</b>
Income taxes					(141)		(141)
<b>Net result from continued operations</b>							<b>872</b>

(\*) Restated figures. Refer to note 7.

#### OTHER ELEMENTS OF THE INCOME STATEMENT

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Quality Systems	NAFTA	Not allocated	Total
<b>For the period ended 31/12/2013</b>						
Depreciation and amortization	(3 643)	(1 002)	(678)	(1 771)	(1 020)	(8 114)
Impairment of goodwill	-	-	-	-	-	-
(Impairment)/reversal of impairment on inventory	2	(43)	-	241	-	200
(Impairment)/reversal of impairment on trade receivables	(395)	(449)	(35)	-	-	(879)
(Increase)/decrease in provisions	(222)	-	(414)	699	-	63
<b>For the period ended 31/12/2014</b>						
Depreciation and amortization	(3 751)	(1 191)	(700)	(1 743)	(1 100)	(8 485)
Impairment of goodwill	-	-	-	-	-	-
(Impairment)/reversal of impairment on inventory	(27)	235	-	-	-	208
(Impairment)/reversal of impairment on trade receivables	(975)	(295)	(261)	-	(406)	(1 937)
(Increase)/decrease in provisions	(323)	(236)	60	66	-	(433)

## BALANCE SHEET INFORMATION

in EUR '000'	Cooling systems	Process Heat exchangers	Air Quality Systems	NAFTA	Non allocated	Total
<b>As of 31 December 2013 (*)</b>						
Total assets	151 716	47 164	61 712	53 066	157 518	471 176
Total liabilities	126 000	30 721	39 372	46 609	205 368	448 070
Capital expenditures	5 917	3 191	913	456	1 931	12 408
<b>Au 31 décembre 2014</b>						
Total assets	139 499	56 647	94 865	63 244	194 836	549 091
Total liabilities	135 457	31 049	72 714	51 139	215 379	505 738
Capital expenditures	2 750	919	959	1 189	-	5 817

(\*) Restated figures. Refer to note 7.

All assets and liabilities (except for cash and cash equivalent, financial debts and current/deferred tax assets and liabilities) are allocated to reportable segments.

The analysis of Group's revenue per type of activities is detailed in note 9.

The split of revenue and non-current assets by regions and/ or countries is as follows:

## REVENUE PER COUNTRY &amp; REGION

Revenue - in EUR '000'	2014	2013 (*)
Belgium	8 032	5 968
France	42 339	35 913
Germany	32 757	39 125
Great Britain	23 580	14 404
Other Europe (incl. Russia)	67 674	26 863
<b>Total Europe</b>	<b>174 383</b>	<b>122 273</b>
Canada	5 927	7 737
USA	187 346	142 396
<b>Total USA + Canada</b>	<b>193 273</b>	<b>150 133</b>
Brazil	14 648	12 326
Mexico	3 108	1 481
Venezuela	4 341	3 084
Other Latin America	9 733	6 407
<b>Total Latin America</b>	<b>31 829</b>	<b>23 299</b>
Saudi Arabia	62 833	90 468
South Africa	4 611	9 379
Other Middle East & Africa	15 397	31 541
<b>Total Middle East &amp; Africa</b>	<b>82 841</b>	<b>131 388</b>
China (incl. Hong Kong)	71 866	30 425
India	2 764	19 426
South Korea	17 424	9 666
Thailand	7 913	4 786
Other Asia-Pacific	24 087	21 830
<b>Total Asia-Pacific</b>	<b>124 054</b>	<b>86 132</b>
<b>Total World</b>	<b>606 381</b>	<b>513 224</b>

<b>Non current assets (**) - in EUR '000'</b>	<b>2014</b>	<b>2013 (*)</b>
Belgium	18 203	18 928
Brazil	9 512	9 670
China	17 777	15 764
South Korea	6 302	5 160
United States	37 727	34 090
France	16 437	14 567
India	379	7 087
Others	7 636	9 647
<b>Total</b>	<b>113 973</b>	<b>114 913</b>

(\*) Restated figures. Refer to note 7.

(\*\*) Excluding financial and deferred tax assets.

## 9. REVENUE

Group's revenue (excluding discontinued operations) increased by 18 %.

This achievement mainly comes from the growth of the Air Quality Systems Business Unit (increase of EUR 72 million or +138 % compared to 2013) allowing to reach a critical mass which provides a good return, with a good position in our whole product range.

The increase of the US dollar exchange rate had an impact limited to EUR +3,2 million or less than one percent of the Group total revenue.

The breakdown by type of activities is as follows:

<b>in EUR '000'</b>	<b>2014</b>	<b>2013 (*)</b>
Construction contracts & manufacturing	600 714	503 686
Spare parts & services	3 313	8 103
Royalties	2 354	1 435
<b>Total</b>	<b>606 381</b>	<b>513 224</b>

(\*) Restated figures. Refer to note 7.

## 10. OPERATING EXPENSES

in EUR '000'	2014	2013
Gross remuneration	86 805	82 766
Employer's contribution for social security	13 089	12 502
Other personnel costs	3 834	2 964
<b>Charges / costs of the personnel</b>	<b>103 728</b>	<b>98 232</b>
Depreciation & amortization	8 485	8 114
Other operating expenses	47 097	43 649
<b>Total gross operating expenses</b>	<b>159 310</b>	<b>149 995</b>
Costs allocation (1)	(83 095)	(88 997)
<b>Total net operating expenses</b>	<b>76 215</b>	<b>60 998</b>
Sale & marketing costs	15 672	13 690
General & administrative costs	58 668	45 536
Research & development costs	1 875	1 772
<b>Total net operating expenses</b>	<b>76 215</b>	<b>60 998</b>
<b>Average Headcount</b>	<b>1 695</b>	<b>1 843</b>

(1) Costs of time spent by employees on development projects, proposals and customer contracts.

Net operating costs are higher than in 2013 by EUR 15 217 thousand. This is explained by two factors:

Gross operating expenses of the Group grew by 6,2%, or EUR 9 315 thousand more than last year. This increase is mainly attributable to the higher level of activities in the group. On the

other hand, the American activities had a greater contribution due to changes in the exchange rate EUR / USD.

The reduction of costs allocated and of the average head-count is largely imputable to the equity method applied to a subsidiary that was previously fully consolidated.

## 11. OTHER OPERATING INCOME (EXPENSES)

The operating income and expenses are broken down as follows:

in EUR '000'	2014	2013
Dividends and other financial income	221	172
Profit / (loss) on disposals of assets	120	94
Exchange differences, net	874	282
(Impairment) / reversal of impairment of current assets	(1 937)	(932)
Other misc. operating income / (expenses)	951	914
<b>Total</b>	<b>228</b>	<b>529</b>

Other operating income and expenses decrease compared to prior year due to the larger amount related to impairment and reversal of impairment of current assets. Those charges are mainly related to a debt waiver towards a third party share-

holder of a group entity and various trade receivables. Other operating incomes are mostly composed of insurance income and renting of installations (office spaces and machineries).

## 12. NON-RECURRING INCOME (EXPENSES)

in EUR '000'	2014	2013
<b>Restructuring costs</b>	<b>(1 409)</b>	<b>(1 231)</b>
Loss of control of HJC (South Africa)	-	(236)
<b>Impact of Changes in consolidation scope</b>	<b>-</b>	<b>(236)</b>
<b>Impairment / reversal of impairment on non-current assets</b>	<b>-</b>	<b>-</b>
Gain / (loss) on disposal of available-for-sale financial assets	-	-
Other	(1 266)	(410)
<b>Other non-recurring items</b>	<b>(1 266)</b>	<b>(410)</b>
<b>Total</b>	<b>(2 675)</b>	<b>(1 877)</b>

The cost of non-recurring items increased compared to previous years. "Other non-recurring items" are mainly impacted by non-recoverable trade receivable booked in P&L such as taxes in various countries.

Restructuring costs amounted to a total of EUR 1 409 thousand, are distributed among several entities of the Group and therefore do not represent a reorganization of a specific entity.

## 13. NET FINANCE COSTS

The detail of net finance costs is as follows:

in EUR '000'	2014	2013
Interest charges	(7 187)	(6 022)
Costs related to anticipated reimbursement	-	-
Other borrowing costs	(516)	(5 535)
Amortized cost treatment	(1 428)	(1 036)
Factoring costs	(346)	(333)
Other finance costs	(4 275)	(1 705)
Unrealised FX loss on LT loans	-	(2 461)
Unrealised FX gain on LT loans	5 533	-
<b>Finance costs</b>	<b>(7 703)</b>	<b>(11 557)</b>
Interest income	357	710
<b>Interest income</b>	<b>357</b>	<b>710</b>
<b>Total</b>	<b>(7 346)</b>	<b>(10 847)</b>

Interest charges on the debt of the Group have increased in 2014 compared to 2013, mainly due to the issuance of EUR 55 000 thousand senior bonds with a fix rate at 5,50%. This caption also includes the cost of carry coming from the setup of Interest Rate Swaps and Cross Currency IRS (see note 35) and the pre-financing interests on without recourse factoring transactions.

Amongst other, the section "Other borrowing costs" includes the amortization of setup costs of the syndicated credit facilities signed on 17 December 2009 and on 4 July 2011 and of the senior bonds with a fix rate at 5,50% due in 2020; commitment fees remunerating the unused part of syndicated credit; and utilization fees on the borrowings contracted under the "revolver" credit line of the last syndicated credit. This section

also includes the 2014 unrealized exchange gains of EUR 5 533 thousand (unrealized exchange losses of EUR 2 461 thousand in 2013) on long term intercompany loans denominated in foreign currencies; partially offset in "Other finance costs" by a negative fair value of EUR 2 805 thousand coming from an FX forward transaction entered in August 2014 for the purpose of hedging a part of those long term intercompany loans (see note 35). Also, under "Other finance costs" were reported the costs related to a refinancing program on federal debt taxes with the Brazilian Government (PAES) for EUR 567 thousand.

The average cost of the debt is relatively stable at 3,39% over 2014 (3,24% over 2013). With an unchanged notional amounts

for the Interest Rate Swaps (IRS) and Cross Currency IRS while its average gross debt is higher in 2014, the cost of carry weighted less than last year on the average cost of the debt. On the contrary, Borrowings in Brazil and South Korea with higher interest rates than last year had a negative impact on the average cost of the debt. If the amortized setup costs are included in the analysis, the effective interest rate is 3,46% in 2014 (3,74% in 2013).

Interest income in 2014 is lower due to the decrease in short term interest rates. The low return rates reflect the prudent management followed by Hamon in its investments in a low interest rate environment.

#### 14. INCOME TAX

in EUR '000'	2014	2013 (*)
<b>Components of tax (expense) / income</b>	<b>(141)</b>	<b>(4 732)</b>
Related to current year	(9 694)	(4 658)
Related to past years	9 553	(74)
<b>Current tax</b>	<b>(5 386)</b>	<b>(5 597)</b>
Related to current year	(6 152)	(5 576)
Related to past years	766	(21)
<b>Deferred tax</b>	<b>5 245</b>	<b>865</b>
Related to current year	(3 542)	918
Related to past years	8 787	(53)
<b>Reconciliation of Group income tax charge</b>		
Result before tax	1 014	(13 253)
Share of the profit (loss) of a Joint Venture	(3 473)	-
<b>Result before tax and before share of the profit (loss) of Joint Ventures</b>	<b>4 487</b>	<b>(13 253)</b>
Domestic income tax rate	33,99%	33,99%
<b>Group theoretical income tax charge</b>	<b>(1 525)</b>	<b>4 505</b>
	<b>-33,99%</b>	<b>-33,99%</b>
Utilisation of tax losses not previously recognised	422	275
	-9,4%	24,7%
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1 972)	(1 630)
	43,9%	-146,2%
Withholding tax on intra group dividend distribution	-	-
	0,0%	0,0%
Deferred tax assets not recognised	(6 551)	(8 468)
	146,0%	-389,4%
Transactions exempt from taxes	-	-
	0,0%	0,0%
CVAE (1)	(253)	(447)
	5,6%	-40,1%
R&D tax credits	185	175
	-4,1%	15,7%
<b>Income tax expense related to current year</b>	<b>(9 694)</b>	<b>(5 590)</b>
	<b>216,0%</b>	<b>-501,3%</b>

(1) Contribution on Value Added of Companies.

(\*) Restated figures. Refer to note 7.

The non-recognition of differed tax assets for an amount of EUR 6 551 thousand combined with an higher than the average tax rate (close to 40%) in the US, where the Group realized most of its profits in 2014, weighed heavily on the income tax expenses of the year.

The income tax rate of the Group in 2014 is impacted by the recognition of deferred taxes thanks to an optimized financial structure.

## 15. CHANGES OF SCOPE

The consolidation scope has not been modified since 31 December 2013, except the change of control of **Hamon Shriram Cottrell pvt Ltd.**

Fully consolidated until 2013, this company is consolidated

since 2014 by the equity method because the partners are willing to manage the entity jointly.

This change has no impact on the result of the Group.

At the end of 2013, the balance sheet of the entity was:

ASSETS	in EUR '000'
Non-Current Assets	7 646
Current Assets	16 298
	<b>23 944</b>

LIABILITIES	in EUR '000'
Equity	4 215
Non-Current Liabilities	1 792
Current Liabilities	17 937
	<b>23 944</b>

## 16. EARNINGS PER SHARE

### CONTINUED AND DISCONTINUED OPERATIONS

The basic earnings per share coming from the continued and discontinued operations are calculated by dividing the net result for the year attributable to the equity holders of

the Company by the weighted average number of outstanding shares during the fiscal year:

in EUR '000' or in EUR /share	2014	2013
Net result (equity holders of the Company)	831	-16 832
Weighted average number of outstanding shares during the year	7 597 958	7 189 772
Basic earnings per share (EUR /share)	0,11	-2,34

The weighted average number of shares is calculated based on the numbers in note 29.

the continued operations of the year attributable to the equity holders of the Company by the weighted average number of outstanding shares during the fiscal year.

The basic earnings per share are identical to the diluted earnings per shares. Indeed, given their strike price, the stock options granted to Group employees have no diluting impact as of 31 December 2014 (see note 32).

### DISCONTINUED OPERATIONS

The basic and diluted earnings per share for the discontinued operations amounted to EUR +0,00 per share on 31 December 2014 (EUR -0,05 on 31 December 2013), calculated on the basis of the net result of the discontinued operations of EUR +3 thousand in 2014 (EUR -386 thousand in 2013) and of the denominators detailed above.

### CONTINUED OPERATIONS

The basic earnings per share coming from the continued operations is calculated by dividing the net result coming from

### 17. CASH FLOW FROM OPERATING ACTIVITIES

Despite the increase in revenue, the cash generated from operations, at EUR 4,2 million, decreased compared to the two previous periods. The year 2014 has been impacted by a high level of activity during the 4th quarter and it implied a timing difference between the result and the cash in. Please note that the project execution cycles on the one hand and the typology of in-progress orders during a year may have a significant impact on the cash flow. The change in “product mix” of Hamon to large export business and/or

including civil engineering and erection works also have a swelling effect on the working capital.

Hamon has implemented a program to sell without recourse trade receivables for respectively EUR 57.281 thousand and EUR 59 495 thousand as of 31 December 2014 and 2013. The cash flow from operating activities mentioned here above takes those programs into account.

### 18. CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities amounts to EUR -6,9 million in 2014, lower than the previous year (EUR -10,3 million). The investments of the year are mainly related to:

- the investments in Research and Development;
- the investments in I.T. (network, management tools, softwares,...);

- the new offices in Denver and Beijing with new furniture;
- the acquisition of new machines (Burn Table and Tube Bender) in the USA in order to decrease the use of subcontractors.
- the investments for recurring replacements.

### 19. CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities amounts to EUR 18 578 thousand in 2014, and is mainly the result of the EUR 20 000 thousand capital increase in Hamon & Cie (International) S.A. completed on 9 October 2014 (see note 29).

‘Proceeds from new bank borrowings’, at EUR 19 474 thousand, mainly come from the issue of treasury bills (EUR 16 939 thousand) and increased local financings in South Korea (see note 33).

‘Proceeds from bond issue’, at EUR 55 000 thousand, are the proceeds of the senior bonds issued on 30 January 2014 with a fix rate at 5,50% and due in 2020. Although the proceeds of the senior bonds offering is EUR 55 000 thousand, only EUR 52 500 thousand were used to early and partially cancel the borrowing headroom under such revolving credit line (see note 33).

‘Repayment of borrowings’, at EUR -72 155 thousand, were mainly the result from reimbursements of loans drawn under the revolving credit line part of the 2011 syndicated facility (EUR -48 156 thousand); from reimbursements of COFACE pre-financings and of a short term credit line in France (respectively, EUR -5 306 thousand and EUR -2 000 thousand); and from reimbursements of local financings in India (EUR -8 337 thousand) and in Brazil (EUR -5 264 thousand).

‘Dividends paid to shareholders’ is non-significant for 2014, as the Group did not distribute any advance dividend for the year 2014 and didn’t pay any dividend for the 2013 period.

We invite you to consult note 13 for the information on interests received and paid during the year 2014.



## 20. INTANGIBLE ASSETS

in EUR '000'	Patents and trade marks	Development costs	Total
<b>As of 31 December 2012</b>			
Cost	20 902	19 717	40 619
Accumulated amortization and impairment	(10 572)	(8 090)	(18 662)
<b>Net carrying amount</b>	<b>10 330</b>	<b>11 627</b>	<b>21 957</b>
<b>For the year ended 31 December 2013</b>			
Exchange difference	(238)	(327)	(565)
Additions	3 358	1 611	4 969
Amortization charge for the year	(1 238)	(2 500)	(3 738)
Derecognized on disposal of a subsidiary	(31)	-	(31)
Transferred from an account to another	36	-	36
<b>Net carrying amount at closing date</b>	<b>12 216</b>	<b>10 411</b>	<b>22 627</b>
<b>As of 31 December 2013</b>			
Cost	24 026	21 001	45 027
Accumulated amortization and impairment	(11 810)	(10 590)	(22 400)
<b>Net carrying amount</b>	<b>12 216</b>	<b>10 411</b>	<b>22 627</b>
<b>For the year ended 31 December 2014</b>			
Exchange difference	773	974	1 747
Additions	1 621	1 030	2 651
Disposals	(2)	(197)	(199)
Amortization charge for the year	(1 509)	(2 266)	(3 775)
Derecognized on disposal of a subsidiary	-	-	-
Transferred from an account to another	737	109	846
<b>Net carrying amount at closing date</b>	<b>13 836</b>	<b>10 061</b>	<b>23 897</b>
<b>As of 31 December 2014</b>			
Cost	27 155	22 917	50 072
Accumulated amortization and impairment	(13 319)	(12 856)	(26 175)
<b>Net carrying amount</b>	<b>13 836</b>	<b>10 061</b>	<b>23 897</b>

Except for trademarks acquired through the acquisition of Deltak in 2011 and R&D costs carried out as part of a thermal storage study applied to the extension for producing solar thermal energy (not yet put into operation) all intangible assets have a definitive utility period on which the assets are amortized.

The amortization charge is included under "General & administration costs".

Deltak trademarks (EUR 5 847 thousand as at 31 December 2014 against 5 165 thousand as at 31 December 2013) have a utility period that is not limited in time and the Group intends to keep them in use in the future. Impairment tests on

Deltak trademarks are performed together with impairment tests on goodwill (see note 21).

The acquisition value of the development costs increased by 1 916 in 2014. This increase can be explained, on one hand, by the assets held by the American subsidiaries that have been impacted by the exchange rate evolution; on the other hand, by new investments in R&D such as : pumping recovery system for cells FRP structure and further development of a new tube for indirect cooling systems (DDC inhibitor). During the year 2014, Hamon kept deploying its integrated management system, mainly in Asia (China and Korea). On 31 December 2014, Hamon has 600 active users on ERP compared to 400 in 2013.

## 21. GOODWILL

in EUR '000'

## As of 31 December 2012

Cost	54 750
Accumulated amortization and impairment	(1 531)
<b>Net carrying amount</b>	<b>53 219</b>

## For the year ended 31 December 2013

Exchange difference	(2 959)
Entry / changes in consolidation scope	(1 287)
<b>Net carrying amount at closing date</b>	<b>48 973</b>

## As of 31 December 2013

Cost	50 504
Accumulated amortization and impairment	(1 531)
<b>Net carrying amount</b>	<b>48 973</b>

## For the year ended 31 December 2013

Exchange difference	2 530
Entry / changes in consolidation scope	(2 506)
<b>Net carrying amount at closing date</b>	<b>48 997</b>

## As of 31 December 2013

Cost	50 528
Accumulated amortization and impairment	(1 531)
<b>Net carrying amount</b>	<b>48 997</b>

Besides exchange differences, the only movement of 2014 is related to the change of consolidation method of **Hamon Shriram Cottrell pvt Ltd** (see notes 15).

The Group annually performs an impairment test of goodwill in conformity with the accounting principles detailed under note 3.

The Hamon Group considers that the CGUs correspond to the segments described under note 8. Indeed, the segments constitute operational entities, integrated on a management, commercial, operational and technological level, the allocation

of resources between business and legal entities being generally decided on the basis of operational optimization criteria's.

The recoverable value of cash generating units was determined, for CGUs that include a significant goodwill compared to generated EBITDA, on the basis of the value in use and for the others on the basis of their fair value decreased by the sale expenses related to those cash generating units.

The following table includes on the one hand, the goodwill and on the other hand, the method used in order to perform impairment tests:

in EUR '000'	Goodwill at 31/12/2014	Value in use	Fair value less costs to sell	Goodwill at 31/12/2013
Cooling Systems	4 169		v	6 145
Process Heat Exchangers	1 743	v		1 743
Air Quality Systems	30 191	v		29 529
NAFTA	12 893		v	11 556
<b>Total</b>	<b>48 997</b>			<b>48 973</b>

In the absence of signed transactions or data coming from an organized market, fair value less costs to sell is estimated based on the best information available to reflect the amount that an entity could obtain from the sale of an asset from a transaction in the conditions of normal competition. Hamon estimates those values based on statistics of M&A transactions of comparable companies, derived from multiples on EBITDA, multiples most generally used by investors or strategic acquirers.

Taking into account size and liquidity criteria's, Hamon has retained for its activities a value of 5 (along with a sensitivity test with 4,5 & 5,5) which is supported by an audit report issued in October 2014 within the capital increase operations. For this audit report, a study has been done to compare eight companies with the same profile than Hamon and to calculate the ratio Enterprise Value / EBITDA and a median of nine had been retained. However, Hamon was willing to keep with an historical approach and a value of five.

This multiple is applied to actual EBITDA's as they are derived from management accounts of the Group, reviewed by the Board of Directors. Those values are thereafter compared to CGU values in consolidation, eventually corrected to take into

account values of non-operational assets or liabilities that are not reflected in the EBITDA's. The entire tests that are performed using this method show an absence of impairment risk on the targeted CGU's. A fluctuation of a factor of 0,5 reduces the coverage but not below 1,25 for any concerned CGU.

The value in use has been obtained by applying the DCF method to the eight-year business plan prepared together with the valorization of Hamon shares done in October 2014 for the capital increase (valorization supported by an audit report). Those business plans are mainly based on the backlogs of the CGU and the lists of the expected bookings for the following years determined based on ongoing proposals and projects in preparation with our regular customers. After the projection period, Hamon uses a growth rate of 1,5%, being half the rate retained by the International Energy Agency for its investment perspectives in the energy sector. The WACC retained is 10,5%, based on the analyst reports that follow Hamon and confirmed by an audit report (see above). Sensitivity analysis are performed on booking levels (-15%), growth rate (-1%) and WACC (+1%). In every case, the tests performed showed that impairment risks were unlikely.

## 22. PROPERTY, PLANT &amp; EQUIPMENT

in EUR '000'	Land and buildings	Furniture and vehicles	Plant, machinery and equipment	Other tangible assets	Assets under construction and advance payments	Total
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**As of 31 December 2012**

Cost	29 499	5 440	39 361	1 103	3 607	79 010
Accumulated depreciation	(8 949)	(3 624)	(22 059)	(832)	2	(35 462)
<b>Net carrying amount</b>	<b>20 550</b>	<b>1 816</b>	<b>17 302</b>	<b>271</b>	<b>3 609</b>	<b>43 548</b>

**For the year ended 31 December 2013**

Exchange difference	(591)	(138)	(730)	(7)	(191)	(1 657)
Additions	759	654	4 157	323	1 547	7 440
Disposals	(905)	(298)	(127)	-	(24)	(1 354)
Depreciation charge for the year	(996)	(429)	(2 863)	(88)	-	(4 376)
Derecognized on disposal of a subsidiary	(4)	(124)	(159)	(0)	-	(287)
<b>Net carrying amount at closing date</b>	<b>18 813</b>	<b>1 481</b>	<b>17 580</b>	<b>499</b>	<b>4 941</b>	<b>43 313</b>

**As of 31 December 2013**

Cost	28 758	5 534	42 502	1 419	4 939	83 151
Accumulated depreciation	(9 945)	(4 053)	(24 922)	(920)	2	(39 838)
<b>Net carrying amount</b>	<b>18 813</b>	<b>1 481</b>	<b>17 580</b>	<b>499</b>	<b>4 941</b>	<b>43 313</b>

**For the year ended 31 December 2014**

Exchange difference	1 398	99	1 574	12	137	3 220
Additions	670	495	2 653	115	776	4 709
Disposals	-	(28)	9	(1)	-	(20)
Depreciation charge for the year	(1 038)	(409)	(3 184)	(78)	-	(4 709)
Entry / changes in consolidation scope	(1 126)	(145)	(3 047)	-	(1 011)	(5 329)
Transferred from an account to another	271	(21)	2 084	-	(2 439)	(105)
<b>Net carrying amount at closing date</b>	<b>18 988</b>	<b>1 472</b>	<b>17 669</b>	<b>547</b>	<b>2 404</b>	<b>41 080</b>

**As of 31 December 2014**

Cost	29 971	5 934	45 775	1 545	2 402	85 627
Accumulated depreciation	(10 983)	(4 462)	(28 106)	(998)	2	(44 547)
<b>Net carrying amount</b>	<b>18 988</b>	<b>1 472</b>	<b>17 669</b>	<b>547</b>	<b>2 404</b>	<b>41 080</b>

The amount included under 'Land and buildings' includes a net amount of EUR 4 092 thousand for assets under financial lease on 31 December 2014 (EUR 6 482 thousand as at 31 December 2013).

The amount included under the 'Plant, machinery and equipment' heading includes an amount of EUR 365 thousand for assets under finance lease on 31 December 2014 (EUR 430 thousand on 31 December 2013).

Among the "changes in consolidation of scope" are registered the tangible assets of Hamon Shriram Cottrell India pvt Ltd for

EUR 5 280 thousand, which, as a reminder, is integrated this year in our annual accounts using the equity method (see note 15). Investments have been done at several levels in order to acquire equipment (EUR 1 526 thousand), machinery (EUR 993 thousand) and buildings (EUR 600 thousand). Among them, the opening of a new office in Denver and in Beijing with new furniture and the acquisition of new machines (Burn Table et Tube Bender) in the United States in order to decrease sub-contracting.

It should also be noted that the currency translation has been significant this year (EUR 3 220 thousand).

## 23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

in EUR '000'	Non-current	Current
<b>For the year ended 31 December 2013</b>		
Balance at opening date	2 351	6
Additions	313	-
Disposals	(1 505)	(5)
Transfer from one caption to another	1 505	-
Impairment charge	-	-
Reversals of impairment charge	-	-
Fair value adjustment	-	-
Other variations	-	-
Exchange difference	(31)	-
<b>Balance at closing date</b>	<b>2 633</b>	<b>1</b>
<b>For the year ended 31 December 2014</b>		
Balance at opening date	2 633	1
Additions	-	-
Disposals	-	(1)
Transfer from one caption to another	(737)	-
Other variations	1	-
Exchange difference	83	-
<b>Balance at closing date</b>	<b>1 980</b>	<b>-</b>

Non-current available-for-sale financial assets are investments in companies in which the Group holds no notable influence. Otherwise, Hamon also owns some available-for-sale financial assets at their fair value.

## 24. DEFERRED TAXES

in EUR '000'	Assets		Liabilities	
	31/12/2014	31/12/2013 (*)	31/12/2014	31/12/2013 (*)
<b>Temporary differences</b>				
Intangible assets	-	-	(3 341)	(2 745)
Property, plant & equipment	36	71	(1 069)	(857)
Construction contracts	761	2 000	(4 876)	(3 744)
Provisions	1 807	1 354	(639)	(541)
Finance lease contracts	-	-	(400)	(815)
Others	922	973	(864)	(481)
<b>Total temporary differences</b>	<b>3 526</b>	<b>4 398</b>	<b>(11 189)</b>	<b>(9 183)</b>
Tax losses and other tax credits	28 269	20 676		
<b>Total deferred tax assets / liabilities</b>	<b>31 795</b>	<b>25 074</b>	<b>(11 189)</b>	<b>(9 183)</b>
Compensation of assets and liabilities per tax entity	(4 610)	(3 976)	4 610	3 976
<b>Total, net</b>	<b>27 185</b>	<b>21 098</b>	<b>(6 579)</b>	<b>(5 207)</b>

(\*) Restated figures. Refer to note 7.

Deferred tax assets are recognized only if their use is probable, that is to say if sufficient taxable benefit is expected in the future years. For this review, the Group considers a maximum

period of five years that takes into account expected future profits and income tax effects for the entities reviewed. Almost all recognized deferred tax assets are not limited in time.

## 25. INVENTORIES

in EUR '000'	31/12/2014	31/12/2013
Raw materials & consumables	8 470	8 286
Inventories and WIP - not related to construction contracts	981	746
Finished goods	4 314	4 196
<b>Total</b>	<b>13 765</b>	<b>13 228</b>

As of 31 December 2014, write-offs accounted for on inventories amounted to EUR 659 thousand (EUR 859 thousand as at 31 December 2013).

## 26. CONSTRUCTION CONTRACTS

in EUR '000'	31/12/2014	31/12/2013 (*)
Contract costs incurred and recognised profits (less recognised losses to date)	1 145 615	675 904
Progress billings	(1 174 136)	(719 841)
<b>Total</b>	<b>(28 521)</b>	<b>(43 937)</b>
Amount due from customers for contract work	89 728	51 536
Amount due to customers for contract work	(118 249)	(95 474)
<b>Total</b>	<b>(28 521)</b>	<b>(43 937)</b>

(\*) Restated figures. Refer to note 7.

Contracts in progress, i.e. those for which the guarantee period has not yet started, are maintained on the balance sheet. The variation of both costs incurred and down payments billed to customers, is linked to the timing of acceptance of orders by our customers rather than the growth of our activities.

## 27. TRADE AND OTHER RECEIVABLES

in EUR '000'	31/12/2014	31/12/2013
Trade receivables	103 351	95 594
less : impairment of doubtful receivables	(1 999)	(3 829)
<b>Trade receivables - net</b>	<b>101 352</b>	<b>91 765</b>
Retentions	(0)	3 647
Prepayments	12 673	9 555
Cash deposits and guarantees paid	1 340	1 175
Receivables on related parties	3 439	3 852
Other receivables	28 141	24 237
<b>Total</b>	<b>146 944</b>	<b>134 231</b>
Non-current trade and other receivables		
Receivables on related parties	369	369
Cash deposits and guarantees paid	1 224	1 095
Other non-current receivables	1 369	1 524
<b>Less: non-current receivables</b>	<b>(2 963)</b>	<b>(2 988)</b>
<b>Trade and other receivables - current</b>	<b>143 981</b>	<b>131 243</b>

On 31 December 2014, amount of trade receivables for EUR 57 281 thousand (EUR 59 495 thousand in 2013) have been assigned without recourse to financial organizations and are deducted from the section 'Trade receivables' according to criteria included in IAS 39.

Local practice sometimes requires that customers retain a percentage on payments (called retention) until the final acceptance of the contract. This percentage is generally limited to 10 %.

The amount of trade receivables increased by EUR 7 757 thousand.

Deductions made by clients on advanced invoices and to which, according to contract terms, will be paid to Hamon during the final acceptance of the projects amounted to EUR 3 647 thousand in 31 December 2013 and was only related to Hamon Shriram Cottrell PVT Ltd India; for which the consolidation method has changed in 2014 (see note 15). Other receivables consist of VAT receivables and income taxes.

## 28. CASH AND CASH EQUIVALENTS

in EUR '000'	31/12/2014	31/12/2013
Credit Institutions	135 541	116 501
Cash in hand	97	78
Fixed income securities		
Short term cash deposits	3 349	3 554
<b>Cash and cash equivalents</b>	<b>138 987</b>	<b>120 133</b>

On 31 December 2014, the amount of cash and cash equivalents that the Group cannot dispose of freely (restricted cash) stands at EUR 2 622 thousand (2013: EUR 3 948 thousand).

## 29. SHARE CAPITAL

The share capital and number of shares stand as follows:

Pair value per share	31/12/2014	31/12/2013
Number of issued shares as of closing date	9 009 654	7 191 472
Share capital (in EUR)	2 702 896	2 157 442
Par value (in EUR / share)	0,30	0,30

In accordance with the decision taken by its Board of Directors on 3 October, Hamon & Cie completed in October 2014 its capital increase amounting to EUR 20 million, in front of the notary public, within the authorized capital and at an issue price of EUR 11 per share.

As a result, 1 818 182 new shares have been issued, with 909 091 new shares for each of Sopal International SA and Sogepa.

The costs related to the capital increase (EUR 226 thousand) have been capitalized.

### SHAREHOLDERSHIP

On 31 December 2014, the share capital amounts to EUR 2 702 896, made up of 9 009 654 shares with no stated value. Further to the implementation of a liquidity contract in 2013,

with the help of a financial institution, the Group held a total of 11 268 shares of the company as of December 31st 2014.

Shareholdership	Shares 31/12/2014	%	Shares 31/12/2013	%
Sopal International SA	5 507 246	61,1%	4 598 155	63,9%
Esindus S.A.	303 506	3,4%	303 506	4,2%
Walloon Region, represented by the Société				
Wallonne de Gestion et de Participation S.A.	1 009 091	11,2%	100 000	1,4%
Own shares held by the Company	11 268	0,1%	6 258	0,1%
Other public	2 178 543	24,2%	2 183 553	30,4%
<b>Total</b>	<b>9 009 654</b>	<b>100,0%</b>	<b>7 191 472</b>	<b>100,0%</b>

### DIVIDENDS

The Group has not paid dividends since 2012.



### 30. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

in EUR '000'	Restructuring	Warranty	Tax litigation	Losses on contracts	Other provisions	Total
<b>Balance as of 31 December 2012</b>	<b>612</b>	<b>3 748</b>	<b>-</b>	<b>535</b>	<b>1 896</b>	<b>6 791</b>
Use of provision	263	1 079	-	685	225	2 252
Exchange difference	(44)	(1 805)	-	(12)	(454)	(2 315)
Entry / changes in consolidation scope	(689)	(24)	-	-	-	(713)
Other movements	-	(229)	-	(37)	(79)	(345)
Entry / changes in consolidation scope	-	-	-	-	-	-
Other movements	-	(21)	-	(2)	(3)	(26)
<b>Balance as of 31 December 2013</b>	<b>142</b>	<b>2 769</b>	<b>-</b>	<b>- 1 171</b>	<b>1 588</b>	<b>5 670</b>
Additions	225	390	250	331	83	1 279
Reversals	(255)	(351)	-	(199)	(42)	(846)
Use of provision	-	(554)	-	-	-	(554)
Exchange difference	-	301	-	9	25	335
Entry / changes in consolidation scope	-	(334)	-	(56)	(227)	(617)
Other movements	-	64	-	(16)	(69)	(21)
<b>Balance as of 31 December 2014</b>	<b>112</b>	<b>2 286</b>	<b>250</b>	<b>1 241</b>	<b>1 358</b>	<b>5 246</b>
Of which non-current provisions	112	-	-	11	200	323
Of which current provisions	-	2 286	250	1 230	1 158	4 923

Provisions for restructuring, warranty, losses on contracts and others are accounted for and estimated on the basis of the probability of future cash-out payments, as well as historical information based on facts and circumstances known at the closing date. The actual charge may differ from the amounts accounted for.

The main movements during the year are related to the use of provision in one of our subsidiaries in the United States

and the constitution of various provisions for other litigations. The change of consolidation method of Hamon Shriram Cottrell has also had an impact on provisions.

The Board of Directors considers these amounts to constitute the best current estimate, and the Group will not have to bear any additional charge.

### 31. PROVISIONS FOR POST-EMPLOYMENT BENEFITS

The net obligations for employee benefits amounted to EUR 6 157 thousand at the end of 2014. They are primarily made up of post-employment benefits in line with local practices.

in EUR '000'	Provision retirement benefits	Provision jubilees	Other long term benefits	Total
Total obligations	6 791	76	75	6 942
Fair value of plan assets	(1 574)			(1 574)
<b>Net obligation as at 1 January 2013</b>	<b>5 217</b>	<b>76</b>	<b>75</b>	<b>5 368</b>
<b>Of which defined benefit plan net obligation</b>	<b>5 217</b>	<b>76</b>		<b>5 293</b>
Additions*	724	6	1	731
Uses (-)	(298)	(6)	-	(304)
Currency translation differences	(106)	-	(12)	(118)
Actuarial remeasurement	(325)	-	-	(325)
<b>Total obligations</b>	<b>6 786</b>	<b>76</b>	<b>64</b>	<b>6 926</b>
Fair value of plan assets	(1 722)			(1 722)
<b>Net obligation as at 31 December 2013</b>	<b>5 064</b>	<b>76</b>	<b>64</b>	<b>5 204</b>
<b>Of which defined benefit plan net obligation</b>	<b>5 064</b>	<b>76</b>		<b>5 140</b>
Additions	629	17	29	675
Uses (-)	(325)	(7)	-	(332)
Currency translation differences	132	-	7	139
Acquisitions and changes in consolidation scope	(222)	-	-	(222)
Actuarial remeasurement	906	-	-	906
<b>Total obligations</b>	<b>7 906</b>	<b>86</b>	<b>100</b>	<b>8 092</b>
Fair value of plan assets	(1 935)			(1 935)
<b>Net obligation as at 31 December 2014</b>	<b>5 971</b>	<b>86</b>	<b>100</b>	<b>6 157</b>
<b>Of which defined benefit plan net obligation</b>	<b>5 971</b>	<b>86</b>	-	<b>6 057</b>

The post-employment benefits are categorized as either defined benefit plans or defined contribution plans.

#### DEFINED BENEFIT PLANS

##### Characteristics of defined benefit plans

The defined benefit plans require the recognition of the net obligation of the Company towards its employees in its financial statements. The net obligation of those plans and its variations are determined by an annual actuarial calculation made according to the "Projected Unit Credit Method".

Defined benefit plans granted by the Group are either funded plans with third party insurance companies or unfunded benefits

granted directly by the Company in accordance with local practices. During the year 2014, there has not been any new plan or modification / liquidation of existing plan(s) within the Group. However, the Indian company that was consolidated last year has been accounted for using the equity method as of 31 December 2014. Thus, resulting in a decrease of the net obligation in the annual Group report (refer to note 15).

The defined benefits are granted by some Belgian, German, French, Indian, Indonesian and Korean companies. French entities account for more than half the total of such obligations in the Group.

- “Retirement benefit” plans, representing 98,6% of the total obligations for defined benefit plans, foresee the payment of a capital (or annuity) to the employees, at the time of their retirement, which is equal to a given number of months of salary at that date. More than 75 % of those

commitments are compulsory due to domestic practices applicable in the countries where those entities are operating. They are managed directly by the Hamon entities. The balance is managed by qualifying third party insurance companies.

- “Incentive or profit sharing” plans, representing the remaining 1,4% obligations for defined benefit plans, provide for the payment of seniority allowances to employees in accordance with local practices.

### Funding of defined benefit plans

The funding of defined benefit pension plans in the Group is as follows:

in EUR '000'	31/12/2014	31/12/2013
Funded plans - PV of defined benefit obligations	2 958	2 364
Fair value of plan assets	(1 935)	(1 722)
<b>Deficit / (surplus) of funded plans</b>	<b>1 023</b>	<b>642</b>
Unfunded plans - PV of defined benefit obligations	5 034	4 498
<b>Net liability arising from DBO</b>	<b>6057</b>	<b>5 140</b>

The assets of the funded plans are exclusively made up of “qualifying third party insurance contracts”. They are held by companies which do not have any link with the Group.

They have evolved as follows for the past 2 years:

in EUR '000'	31/12/2014	31/12/2013
<b>Fair value of plan assets at beginning of period</b>	<b>1 722</b>	<b>1 574</b>
Interest income on plan assets	57	48
Return on plan assets exc. Interest income	26	27
Employer contributions	181	168
Employee contributions	28	29
Administration expenses paid from plan assets	-	(9)
Benefits paid	(46)	(94)
Others	(33)	(21)
<b>Fair value of plan assets at end of period</b>	<b>1 935</b>	<b>1 722</b>

### Net Defined Benefit Costs

The amounts accounted in the Group income for these plans for the last two years are as follows:

in EUR '000'	31/12/2014	31/12/2013
<b>Service Cost</b>		
Current Service Cost	571	665
Past service cost	(185)	(209)
Actuarial (gains)/losses on costs	8	(3)
Net interest expense	164	194
Administration costs exc. Mgt of plan assets	10	10
<b>Defined benefit costs recognised in P&amp;L</b>	<b>568</b>	<b>657</b>
Return on plan assets exc. Interest income on plan assets	(26)	(27)
Actuarial (gains)/losses on DBO arising from :		
changes in demographic assumptions	224	(1)
changes in financial assumptions	884	(409)
experience adjustments	(176)	111
<b>Remeasurement of DB Cost recognized in OCI</b>	<b>906</b>	<b>(326)</b>
<b>Total Defined Benefit Cost</b>	<b>1 474</b>	<b>331</b>

The defined benefit costs are recorded under 'Cost of sales', 'General and Administration' costs and 'Financial Expenses', while the re-measurements of the benefits (actuarial gains and losses) are recognized in the Other Comprehensive Income.

Compared to last year, the defined benefit cost recognized in the Profit & Loss have decreased, thanks to a gain on past service costs of EUR 185 thousand, which was due to the departure of several employees (this gain is therefore not coming

from a modification of the plans) and to the change in the consolidation scope because of the Indian entity.

This year, changes in financial assumptions result in an actuarial loss of EUR 884 thousand because of the significant decrease of the market interest rates while they had caused an actuarial gain of EUR 409 thousand in 2013.

The expected defined benefit costs for 2015 amount to EUR 749 thousand, increasing compared to this year.

### Change in obligations

Change in Defined Benefit Obligations for the last two years were as follows:

in EUR '000'	31/12/2014	31/12/2013
<b>Defined Benefit Obligation at beginning of period</b>	<b>6 862</b>	<b>6 867</b>
Current Service Cost	571	665
Interest cost	221	242
Actuarial (gains)/losses arising from:		
changes in demographic assumptions	226	(1)
changes in financial assumptions	891	(409)
experience adjustments	(177)	109
Past Service Cost	(185)	(209)
Employee Contributions	28	29
Benefits paid	(332)	(304)
Others (mainly change in consolidation scope)	(244)	(21)
Currency translation difference	131	(106)
<b>Defined Benefit Obligation at end of period</b>	<b>7 992</b>	<b>6 862</b>

Gross obligations increased compared to last year following increases noted in all affiliates despite the change in the consolidation scope. Main factors relating to positive variations are the use of lower discount rates and the increase of the headcount per affiliate (excluding the Indian entity).

The number of employees covered by the plans in 2014 amounted to 536 (of which 28 were inactive) in comparison to 687 (of which 27 were inactive) in 2013. The general decrease of employees covered by the plans in 2014 was mostly due to the exit of the Indian entity from the consolidation scope (-210).

## Actuarial assumptions

Main actuarial assumptions used for the valuation of the obligations and their movements are within the ranges shown below.

<b>EURO zone</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
Discount rate	1,49-2,0 %	3,20-3,50 %
Expected future salary increase rate	1,75-3,00 %	2,00-3,00 %
Underlying Inflation rate	1,75-2,00 %	2,00 %
Average assumed retirement age (years)	62-65	62-65

<b>ASPAC zone</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
Discount rate	3,03-8,50 %	3,81-9,16 %
Expected future salary increase rate	6,75-8,50 %	7,00-8,47 %
Underlying Inflation rate	1,50 %	2,50 %
Average assumed retirement age (years)	55-65	55-65

The interest rates used to discount the obligations have significantly decreased in 2014, both in the EURO and Asia-Pacific area, following the evolution of the market rates. Those rates are based on AA corporate bonds or on gov-

ernment bonds whose maturity match the duration of the Group commitments. Mortality tables used are standard tables generally accepted in the countries where those benefits are offered.

## Sensitivity analysis

Our sensitivity analysis on the Group post-employment liability shows that the actuarial assumptions taken have a direct effect on their valuation.

<b>in EUR '000'</b>	<b>31/12/2014</b>	<b>Impact</b>	<b>en %</b>
Discount Rate plus + 0,5 %	7 590	(402)	-5,0 %
Discount Rate less - 0,5 %	8 428	436	5,5 %
Expected salary increase plus + 0,5 %	8 332	340	4,3 %
Expected salary increase less - 0,5 %	7 626	(366)	-4,6 %

As displayed on the table above, a variation of +/- 0,5% of the discount rate or of the salary increase rate has an impact of less than 6% on the value of the gross liability.

The average maturity of the main defined benefit plans is between 15 and 20 years.

#### DEFINED CONTRIBUTION PLANS

The retirement plans based on defined contributions are plans for which the Group pays determined contributions to a separate entity in accordance with the plan provisions.

The Group has no obligation beyond these contribution payments.

The contributions paid for these plans amounted to EUR 1 266 thousand in 2014. These plans are primarily offered by Belgian, British and South African companies within the Hamon Group. Among these plans, the Group offer to its Belgian employees defined contribution pension plans with minimum return guaranteed by law for which a specific evaluation has been made.

additional contribution will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rates of return. Therefore, those plans also contain some characteristics of defined benefit plans.

This type of plan induces a financial risk for the Group during periods of declining market interest rates. In the event the insurance company reduces its technical rate below the minimum guaranteed rate, the probability for the Group to pay an additional contribution increases.

#### Pension plans subject to minimum guaranteed rates of return

The Group Hamon offers defined contribution pension plans funded through group insurances to the employees of its Belgian affiliates with a minimum return guaranteed by law. Indeed employers are required to provide an average minimum guaranteed rate of return over the employee's career, currently equal to 3,75% on employee contributions and 3,25% on employer contributions (as of 31 December 2014). Those rates may be modified in the future by Royal Decree in which case legislation currently foresees that the new rates also apply to the accumulated past contributions as from the date of modification onwards.

If the minimum guaranteed rate of return cannot be reached at the term of the plan, there is a risk that the Company may have to pay the difference between the reserves accumulated by the insurance company and the benefits computed based on the minimum rate of return guaranteed by law. Any such

Because the IASB recognizes that the accounting for such so-called "contribution-based plans", in accordance with the currently applicable defined benefit methodology is problematic and since there is uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Group adopted an "intrinsic" retrospective approach to assess the net liability of these plans instead of the 'Projected Unit Credit Method'. This approach estimates the net liability that would be necessary in the Group statement of financial position based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date.

According to our estimates based on this approach, the reserves accumulated by the insurance companies cover the minimum benefits guaranteed by the Belgian law to the Hamon Group; therefore no additional net liability was recognized for those plans in the statement of financial position at 31 December 2014 and 2013.

## 32. SHARE-BASED COMPENSATION (STOCK OPTIONS)

The Board of Directors, with the approval of the Extraordinary General shareholders Meeting of 27 May 2008, decided to grant a stock option plan to managers of the Group

(around 40 persons) with the goal of focusing them on the long-term development of the Group. The details of these plans are as follows:

Plan	Beneficiaries	Grant date	End date	Exercise price	Exercise periods	Outstanding options at 31/12/2014	Outstanding options at 31/12/2013
ESOP 2008 (B+G)	Belgium and Germany	27/05/08	26/05/15	33,58	From 2012 to 2015, from 15 March to 31 May and from 15 September to 15 November	17 050	17 050
ESOP 2008 (F)	France	6/10/08	26/05/15	29,71	In 2012 from 6 October to 15 November; from 2013 to 2015 from 15 March to 31 May and from 15 September to 15 November	5 500	5 500
<b>Total</b>						<b>22 550</b>	<b>22 550</b>

Each option is a right to buy a Hamon share at the price and dates indicated. This right can only be exercised if the beneficiary is still working for the Group at the date of the exercise period. The American management of the Group benefit

from 'Phantom stock options' under the same conditions as the French Management. These phantom options are thus a plan of which the settlement is made through payment and not shares.

### Stock Option Plan

	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Number of stock options as of 1st January	22 550	32,64	22 550	32,64
Stock options granted	0	0,00	0	0,00
Forfeitures of rights & options expired	0	0,00	0	0,00
Stock options exercised	0	0,00	0	0,00
Stock options expired	0	0,00	0	0,00
<b>Number of stock options as of 31 December</b>	<b>22 550</b>	<b>32,64</b>	<b>22 550</b>	<b>32,64</b>
<b>Stock options exercisable as of 31 December</b>	<b>0</b>	<b>0,00</b>	<b>0</b>	<b>0,00</b>

Volatility is based on historical volatilities on 50 and 500 days. As in 2013, taking into account the exercise price and the charges of the initial values accounted for in income statement,

the stock option plan represents a cost of EUR 0 thousand calculated according to the Black & Scholes model.

## 33. FINANCIAL LIABILITIES

in EUR '000'	31/12/2014	31/12/2013
Bank borrowings	49 739	111 374
Bank overdrafts	289	7 752
<b>Sub-total bank borrowings</b>	<b>50 028</b>	<b>119 126</b>
Obligations under finance lease	3 296	3 914
Treasury notes	69 354	52 415
Other financial commitments	57 446	2 648
<b>Sub-total other borrowings</b>	<b>130 096</b>	<b>58 977</b>
<b>Total</b>	<b>180 123</b>	<b>178 103</b>
Of which:		
<b>Current (due for settlement within the year)</b>	<b>83 685</b>	<b>86 137</b>
Amount due for settlement in the 2nd year	39 761	615
Amount due for settlement in the 3rd year	359	90 034
Amount due for settlement in the 4th year	136	0
Amount due for settlement in the 5th year and after	56 182	1 317
<b>Sub-total non-current:</b>	<b>96 438</b>	<b>91 966</b>
<b>Total</b>	<b>180 123</b>	<b>178 103</b>
Of which:		
<b>Borrowings due for settlement within the year in</b>		
EUR	68 784	60 388
USD	5 154	2 609
Others	9 747	23 140
<b>Non-current borrowings in</b>		
EUR	96 438	90 166
USD	0	497
Others	0	1 303
<b>Total</b>	<b>180 123</b>	<b>178 103</b>

As of 31 December 2014, the Group borrowings (EUR 180 123 thousand) are mainly related to the syndicated credit facility of 4 July 2011 (EUR 42 400 thousand), the senior bonds due in 2020 with a fix rate at 5,50% issued on 30 January 2014 (EUR 55 000 thousand), and the treasury notes (EUR 69 354 thousand).

The syndicated credit facility still offers advantageous conditions regarding its financing margins over EURIBOR. The revolving credit and bank guarantees lines have a maturity ending in 2016, with a single bullet repayment for the revolving credit part.

On 30 January 2014, the Group proceeded to a new banking

disintermediation on its debt, other than the one already implemented with the Belgian treasury notes program in 2010, thanks to the issuance of senior bonds pari passu with the syndicated credit facility of 4 July 2011. This new disintermediation permitted the increase to the guarantee line under the revolving credit line (EUR 52 500 thousand). The borrowing headroom cancellation under the revolving facility was less than the proceeds of the senior bonds issues (EUR 55 000 thousand) as setup costs were taken into account.

No securities have been granted to the bank syndicate.



Otherwise, the syndicated facility agreement includes standard conditions and undertakings linked to:

- the absence of pledges (negative pledge) on assets to the profit of third parties by any guarantor subsidiary;
- the absence of major investment and divestment;
- the disclosure of regular financial information;
- non-occurrence of 'MAC' – material adverse changes or elements with a significant negative influence;
- the limitation of payment of dividends to 50% or 33% of the distributable profit depending upon the ratio Net Debt/EBITDA.

The syndicated credit facility requires the compliance with the following ratios: Net Debt/EBITDA, EBITDA/Net Cash Interest Payable, Total Debt/Book Equity and limits the amount of capital expenditures.

The Group respects all these financial covenants.

The financing margins of the revolving credit line vary between 1,1% and 2,5% depending on the Net Debt/EBITDA ratio.

The Belgian treasury notes program signed on 30 August 2010 with two dealers remains a real success among investors. The amount of treasury notes amounts to EUR 69 354 thousand as of 31 December 2014.

The average cost of the debt was 3,39% over 2014 (3,24% over 2013), or 3,46% (3,74% in 2013) if the amortized setup costs of the syndicated credit lines are included in the analysis.

The debt of the Hamon Group, with the exception of the senior bonds issued on 30 January 2014 and leasing debts, usually bears floating interest rate references.

### 34. TRADE AND OTHER PAYABLES

in EUR '000'	31/12/2014	31/12/2013
Trade payables	114 636	104 903
Amounts due to related parties	966	2 268
Other advances received	3 334	2 768
Social security and other payables	15 192	13 421
Other (non income) tax payable	15 303	11 827
Other current liabilities	8 926	6 905
Accruals and deferred income	8 008	2 826
<b>Total</b>	<b>166 364</b>	<b>144 918</b>

Companies of the Group receive on average between 30 to 60 days of credit from their suppliers.

Accruals and deferred income increase by EUR 5 182 thousand in comparison with 2013. Those are composed of interest

on bonds issued by the parent company in 2014 (EUR 2 799 thousand), various provisions made by our American subsidiaries for an important project (EUR 1 237 thousand), license fees (EUR 1 300 thousand) and some others provisions not yet paid at year end (EUR 800 thousand)

## 35. DERIVATIVE INSTRUMENTS

Derivative financial instruments designated as « cash flow hedge » and « net investment hedge »	Notional or Contractual amount		Fair Value	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
in EUR '000'				
<b>Cash flow hedge</b>				
Forward currency contracts sales	- Assets			
	- Liabilities	102 354	(6 679)	
Forward currency contracts purchases	- Assets	3 700	41	
	- Liabilities			
Interests rate swaps		31 424	(902)	(757)
<b>Net investment hedge</b>				
Forward currency contracts sales	- Assets			
	- Liabilities	18 607	(1 864)	
Cross currency swaps		11 424	(942)	407
<b>Total fair values</b>			<b>(10 345)</b>	<b>(350)</b>
Fair values recognized in the hedging reserves in Equity			(3 708)	(350)

The part of profit or loss on the hedging instrument that qualifies as an effective cash flow hedge is booked directly in equity under the hedging reserves (i.e. for the IRS) or in the work in progress account (for the forward currency hedges on the contracts). The part of profit or loss on hedging instrument that qualifies as an effective net investment hedge is booked directly in equity under the currency translation reserves. The gain or loss relating to the ineffective portion is recognized in the income statement.

As of 31 December 2014, some forward currency contracts against the US dollar (equivalent EUR 102 354 thousand selling and USD 3 700 thousand buying) were qualifying as 'cash flow hedge'. Amongst these forward currency contracts, only one transaction of USD 37 500 thousand is booked at its fair value through the income statement (see note 13) as the hedged

items, long term intercompany loans, are also on the balance sheet and fair value fluctuations are recognized in the income statement. The other forward currency contracts are booked at their fair values in the work in progress account (WIP).

For the purpose of this note, the fair values posted as financial assets on the balance sheet (Derivative financial assets) were netted with the fair values posted as financial liabilities (Derivative financial liabilities) as it relates to intercompany transactions which set-off at Group level.

During the second half of 2014, the Group Hamon concluded a forward currency contract of USD 25 000 thousand qualifying as net investment hedge. Its fair value on 31 December 2014 is EUR -1 864 thousand and is booked in equity under the currency translation reserves.

We remind that during the first half of 2012 the Hamon Group concluded several hedging contracts with a maturity of 5 years, interest rate swaps (IRS) in Euro and Cross Currency IRS (CCIRS) “fixed USD against floating EUR”. CCIRS “fixed USD against floating EUR” can be considered as synthetic transactions composed of a IRS EUR paying on the fixed leg and a “fixed to fixed” CCIRS – paying on the USD leg and receiving on the EUR leg.

All IRSS (including those considered as synthetic transactions) pay on the fixed legs a rate of 1,335% and receive the 3-month

EURIBOR. They are considered as effective hedges against fluctuations in interest rates of existing bank debts. The “fixed to fixed” CCIRSs cover a portion of our net investment in the USA.

As of 31 December 2014, IRSS (including those considered as synthetic transactions) have an aggregate notional amount of EUR 31 424 thousand and CCIRSs have an aggregate notional amount of EUR 11 424 thousand, qualifying, respectively, as cash flow hedge and net investment hedge, and have fair values of EUR -902 thousand and EUR -942 thousand.

Derivative financial instruments designated as « held for trading »		Notional or Contractual amount		Fair Value	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
in EUR '000'					
Forward currency contracts sales	- Assets	3 130	36 460	1	714
	- Liabilities	51 150	10 659	(354)	(86)
Forward currency contracts purchases	- Assets	23 398		287	
	- Liabilities		22 423		(482)
Under « Unrealized exchange gains »				289	714
Under « Unrealized exchange losses »				(354)	(568)
<b>Fair values recognized in the income statement</b>				<b>(65)</b>	<b>147</b>

Forward currency contracts are used to hedge the transactional risks on currencies and are accounted as if they were held for trading.

However, such forward currency contracts are only used to hedge existing transactions and commitments, and are

therefore not speculative by nature. Most of them are the far legs of FX swaps transacted to manage intra-group factoring transactions at the end of the year.

The fair values were directly recognized in the income statement in unrealized exchange gains or losses.

## 36. FINANCIAL INSTRUMENTS

in EUR '000'	31/12/2014		31/12/2013		Hierarchy of fair values
	Book value	Fair value	Book value	Fair value	
<b>Financial Assets</b>					
Cash and cash equivalents	138 988	138 988	120 133	120 133	Level 2
Available-for-sale financial assets	1 980	1 980	2 634	2 634	Level 3
Loans and receivables	127 556	127 556	117 706	117 706	Level 2
Derivative financial assets	6 360	6 360	1 121	1 121	Level 2
	<b>274 883</b>	<b>274 883</b>	<b>241 594</b>	<b>241 594</b>	
<b>Financial Liabilities</b>					
Borrowings at amortized cost	125 123	125 123	178 103	178 103	Level 2
Senior bonds	55 000	56 306	-	-	Level 1
Other payables	132 586	132 586	120 900	120 900	Level 2
Derivative financial liabilities	16 771	16 771	1 325	1 325	Level 2
	<b>329 480</b>	<b>330 786</b>	<b>300 328</b>	<b>300 328</b>	

In order to show the importance of data used for the valuations of fair values, the Group classifies these valuations according to the following hierarchy:

- Level 1 : fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 : fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets are mostly current. Their fair value thus does not differ from their book value. Their book value already takes into account possible provisions when the collection seems compromised.

Available-for-sale financial assets are made of investments in various small companies not quoted on the stock market and valued at their acquisition value. Their fair value is higher than their acquisition value but given the fact that the impact is minimal, no correction has been accounted for.

A part of the financial liabilities were evaluated at amortized cost, which is net of transaction costs. Borrowings principally include bank debt at the end of the year for which the fair value is comparable to the value in the accounts. The senior pari passu bonds at fix rate 5.50% are quoted on Euronext Brussels under the ISIN BE0002210764 and symbol HAM20. There is thus a market fair value which differs from the book value. The mid-rate as of 31 December 2014 is at 102 375 (bid at 101,75 and ask at 103) on the Thomson Reuters Eikon platform. "Other payables" are mainly trade payables for which the fair value does not differ from the book value due to its current nature.

Derivative financial assets and liabilities only include forward currency contracts, IRS and CCIRS. They are included in this note on the asset and liability sides for their fair value depending whether they are positive or negative.

## 37. RISK MANAGEMENT POLICIES

### MANAGEMENT OF FOREIGN EXCHANGE RISK

Operations and international transactions of the Group, and in particular the construction contracts carried out in various countries, create exposures to foreign exchange risks in the day-to-day management of its business. Foreign exchange

risks can be defined as the risk of fluctuation in fair values of future cash flows due to the fluctuations in foreign currencies. The most significant foreign exchange risks of the Group are related to transactions in US dollars.

### CONVERSION IMPACTS FOR SUBSIDIARIES LOCATED OUTSIDE OF THE EURO ZONE

Many entities are located outside the Euro zone. The accounts of those entities are converted into Euro in order to be incorporated in the consolidated accounts of the Group. The effects of the fluctuations in foreign currencies on the conversion of net assets of those entities are recognized in the consolidated

equity of the Group. For the calculation of the exposure to foreign exchange risks, the assumption has been made that the investments in the operational entities located outside the Euro zone are permanent and the reinvestment in these entities is continuous.

### FOREIGN EXCHANGE RISK ON FINANCIAL ASSETS AND LIABILITIES

The Group uses different strategies to reduce its foreign exchange rate risk exposure, in particular:

- By trying to match its sale and purchases commitments in the same currencies;
- By strictly limiting the invoicing in currencies different from the functional currency of the entity;
- By reporting the foreign exchange rate risk exposures to the Corporate department, which after consolidation decides (if necessary) to hedge the consolidated exposures with

adequate financial instruments, in particular forward currency contracts.

The following table presents for all the subsidiaries of the Group the consolidated financial assets and liabilities in currencies other than their functional currency as well as firm commitments in other currencies (contracts to be invoiced, signed orders) and finally, forward currency contracts that they have made to reduce their exposure to these currencies:

in EUR '000'	31/12/2014				31/12/2013			
	USD	GBP	Other currencies	Total	USD	GBP	Other currencies	Total
thereof financial assets	83 058	2 528	23 220	108 806	79 991	2 613	6 416	89 020
thereof financial liabilities	(29 959)	(348)	(1 740)	(32 047)	(10 653)	(198)	(11 219)	(22 070)
<b>Gross balance sheet exposure</b>	<b>53 099</b>	<b>2 180</b>	<b>21 480</b>	<b>76 759</b>	<b>69 338</b>	<b>2 415</b>	<b>(4 803)</b>	<b>66 950</b>
Gross exposure from firm commitments	122 330	(75)	(6 842)	115 413	8 860	(132)	(15 765)	(7 037)
Derivative financial instruments	(119 298)	(1 602)	(5 237)	(126 137)	(29 014)	(621)	-	(29 635)
<b>Net exposure</b>	<b>56 131</b>	<b>503</b>	<b>9 401</b>	<b>66 035</b>	<b>49 184</b>	<b>1 662</b>	<b>(20 568)</b>	<b>30 278</b>

+ for incoming flow / ( ) for outgoing flow.

As shown here above, the amount of net exposure to US dollar in 2014 has increased compared to 2013 as (I) a significant share of its opening backlog in USD was executed in 2014 and (II) receivables on projects signed in USD were converted into sales revenue. Some projects are however still included in the backlog while others are already on the balance sheet as trade receivables (financial assets). A part of the net exposure to the USD comes from intercompany long term loans in USD

booked as assets under the parent holding of the Group whose reference currency is EUR. These intercompany loans are partially hedged (USD 20 000 thousand are unhedged). The remaining net exposure to the USD comes from project awards at the end of the year which will be hedged early 2015.

The main part of the derivatives that hedges the foreign exchange rate on US dollar are forward contracts (see note 35).

#### Sensitivity to market rates

	31/12/2014	31/12/2013
% variation EUR	10 %	10 %
Impact on current year P&L	7 676	6 695
Impact on future cash flows	6 604	3 028

Compared to its closing rate, an appreciation / depreciation of the Euro of 10% against all currencies used by the Group would result in a positive / negative impact of EUR 7 676 thousand on the income statement of the current year and EUR 6 604 thousand on future financial flows after hedging. This calcu-

lation obviously refers to balance sheet items only.

The impact of the EUR / USD exchange rate fluctuations on the 2014 results of the Group amounted to EUR 3 202 thousand on the revenue and to EUR 386 thousand on REBIT.

#### MANAGEMENT OF INTEREST RATE RISK

Interest rate risk comes from the exposure of the Group to the fluctuations in interest rates and their possible impact on the financing costs. Most of the cost of the Group debt is based on EURIBOR-3 months. It is the policy of the Group to limit its exposure to the interest rates volatility by using financial instruments, which swap a variable interest rate into a fixed rate, in particular interest rate Swaps (IRS).

Although the main part of the financing costs is based on EURIBOR-3 months, the issuance of senior bonds at fixed rate 5.50% due 2020 has significantly changed the fix/floating mix and helps mitigating the exposure to the volatility of short term interest rates.

During the first half of 2012, Hamon Group concluded several hedging contracts with a maturity of 5 years, interest rate swaps (IRS) in Euro and Cross Currency IRS (CCIRS) "fixed USD against floating EUR" (see note 35).

The following table shows the debts of the Group (excluding refinancing costs) with a fixed interest rate and those with a variable interest rate:

#### Sensitivity to interest rate

	31/12/2014		31/12/2013	
in EUR '000'	Average rate	Principal	Average rate	Principal
Fixed Rate				
Financial liabilities	5,51 %	55 562	6,50 %	680
Variable Rate				
Financial liabilities	2,44 %	124 561	3,23 %	177 423
	<b>3,39 %</b>	<b>180 123</b>	<b>3,24 %</b>	<b>178 103</b>

Calculation of the market interest rate sensitivity is based on a hypothetical variation of 10 basis points on the reference market interest rate (comparable with the variation of the EURIBOR- 3 month over the year 2014).

In the event of an increase or decrease of the market interest rates by 10 basis points, the gross impact on income would be EUR 125 thousand.

<b>Sensitivity to market rate</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
bp change	10	10
Impact on P&L	125	177
IRS hedging effect	(31)	(31)
<b>Net Profit or (loss)</b>	<b>94</b>	<b>146</b>

The finance costs of the Group are presented as follows (for more detail, see note 13):

<b>in EUR '000'</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
Interest on loans and bank overdrafts	(7 091)	(5 920)
Interest on finance leases	(97)	(102)
<b>Total interest expenses</b>	<b>(7 187)</b>	<b>(6 022)</b>
Costs related to anticipated reimbursement		
Credit facilities transaction costs (amortized cost treatment under IFRS)	(1 428)	(1 036)
Other financing costs	912	(4 499)
<b>Total other finance costs</b>	<b>(516)</b>	<b>(5 535)</b>
<b>Total</b>	<b>(7 703)</b>	<b>(11 557)</b>

Financial assets as well as trade payables of the Group do not generate important financial income or expense due to the historically low interest rates.

#### **MANAGEMENT OF CREDIT RISK**

Due to its construction activities, the Group is exposed to credit risks. However, credit risk is lesser than the one of more traditional constructions companies, as the credit rating of most of the Group customers is very high since they are mainly large international Engineering, Procurement & Contracting (EPC) groups or energy producers.

The customer risk occurs in the accounts when a non-payment by a customer happens, which could lead to a write-off of the underlying receivable. When a receivable becomes doubtful, following suspension of payment or bankruptcy of a customer, the Group books a provision for doubtful receivable. If, thereafter, the receivable becomes uncollectible, a corresponding write-off is accounted for.

The Group does not have significant concentration of credit risk since this risk is distributed over a large number of customers and counterparts around the world. The most important customer is a Chinese customer which accounts for 2,91% of the total trade receivables. When finalizing important contracts, the finance department carries out a credit analysis of the customer based on credit reports obtained from external companies.

According to the financial risk profile of the customer, the Group will decide whether or not to cover its credit risk. Moreover, the Group takes particular measures for customers located in countries where the risk is significant. As credit risk solutions, the Group can, among others, request the

payment prior to delivery, irrevocable and confirmed (by our banks) letters of credit as well as credit insurance policies covering the residual risks (political, embargo...) and the risks of unfair calls on the bank guarantees.

The following table presents an analysis of the financial receivables of the Group. They include the trade receivables

and other receivables of the Group, with the exception of the non-financial receivables like tax assets. The amounts presented in the following table are the gross values of the receivables before any write-off for doubtful receivables.

in EUR '000'	Total	Due > 3months	Due 2-3 months	Due 1-2 months	Current	Not due
As of 31 December 2014	141 179	9 896	4 774	4 693	82 974	38 843
As of 31 December 2013	130 175	8 469	2 658	12 187	74 893	31 968

Payment terms with our customers are usually between 30 and 60 days.

Trade receivables with terms that have been renegotiated are not significant.

The Group has a credit-insurance policy which covers the major part of its receivables on debtors from non-OECD countries,

and can also be used on a case by case basis on some debtors from the OECD zone for contracts where our contractual delivery obligations (in light of the selected Incoterms) expose us to non-OECD risks.

Provisions for doubtful receivables have evolved as follows during the last two years:

in EUR '000'	31/12/2014	31/12/2013
<b>Balance at beginning of the year</b>	<b>(4 444)</b>	<b>(2 553)</b>
Amounts written off during the year	(2 139)	(989)
Amounts recovered during the year	202	111
Other (forex, transfer...)	3 447	(1 013)
<b>Balance at end of the year</b>	<b>(2 934)</b>	<b>(4 444)</b>
Net impairment on receivable in P&L	(1 937)	(879)



## LIQUIDITY RISK MANAGEMENT

The Group liquidity risk is related to the capacity of the Group to respect its obligations with regard to its financial liabilities. The Group remained in a net debt position at the end of 2014.

in EUR '000'	31/12/2014	31/12/2013
Cash and cash equivalents	138 988	120 133
<b>Total liquidity</b>	<b>138 988</b>	<b>120 133</b>
Short term financial debt & current portion of long term financial debt	(83 685)	(86 136)
Long term financial debt	(96 438)	(91 967)
<b>Total financial debt</b>	<b>(180 123)</b>	<b>(178 103)</b>
<b>Net liquidity</b>	<b>(41 135)</b>	<b>(57 970)</b>

The Group has a revolving credit line with its bank pool in order to address possible short term treasury needs (see note 33). The following tables present the contractual due dates of the consolidated liabilities of the Group:

in EUR '000'	Total	Due before 6 months	Due 6 -12 months	Due 1 - 2 years	Due 2 - 5 years	Due over 5 years
Bonds and treasury notes	69 354	69 354	-	-	-	-
Loans from Banks	50 028	-	10 866	39 152	10	-
Obligations under finance leases	3 296	-	1 020	609	621	1 046
Other financial liabilities	57 446	-	2 446	-	55 000	-
Trade and other Payables	-	-	-	-	-	-
Derivative financial liabilities	(10 411)	-	(10 411)	-	-	-
	<b>169 713</b>	<b>69 354</b>	<b>3 921</b>	<b>39 761</b>	<b>55 631</b>	<b>1 046</b>

## CAPITAL-LINKED RISK MANAGEMENT

The Group manages its capital to ensure its operating interest while optimizing the ratio debt / equity. The Group's objective is to have sufficient flexibility to fund operating costs and capital requirements of an international diversified engineering group. The Group's overall strategy remains unchanged compared to 2013.

The capital structure of the Group consists of debt, which includes the borrowings disclosed under note 33, cash and cash

equivalents as well as equity which includes share capital, reserves and retained earnings, disclosed in notes 28 and 29.

The Board of Directors regularly reviews the capital structure. As part of this review, Directors evaluate the cost of capital and risks associated with each class of capital in order to balance the structure.

### 38. GUARANTEES ON THE GROUP'S ASSETS

The following table shows the Group's assets which have guarantees attached:

in EUR '000'	31/12/2014	31/12/2013
Inventories	-	992
Property, plant & equipment	4 523	9 773
Financial Assets	1 868	20 390
<b>Total</b>	<b>6 391</b>	<b>31 156</b>

The guaranteed financial assets are principally restricted bank accounts located in Korea and Thailand.

Guaranteed properties are considered to be plant and equipment and consist of mainly lands and buildings in South Korea. A pledge on a building was released after a loan repayment.

Inventories, as well as equipment necessary for the erection of cooling towers in India, reported as pledged in 2013 are still there today but are no longer reported in 2014. This Indian

company is now accounted under the equity method.

Those guarantees are granted, consecutively, to the setup of credit and bank guarantees facilities with Indian and Korean banks, outside the syndicate of banks (see note 33), without any guarantee / security granted by the mother company of Hamon Group.

As a reminder, the syndicated credit facility signed on 4 July 2011 is not associated with any guarantee granted to the members of the bank syndicate (see note 33).

### 39. FINANCE AND OPERATING LEASE AGREEMENTS

#### FINANCE LEASE AGREEMENTS

The main finance lease contracts are related to land and buildings in Belgium, France and North America. They are denominated in Euros and US dollars respectively.

Particularly, the Group concluded in 2013 a new 5 years finance lease agreement in France for a partially transportable recycling

installation of infill used in cooling towers. Less significant leases are in place for vehicles and office equipment.

The commitments of the Group in terms of finance lease for the years to come can be summarized as follows:

in EUR '000'	Minimum lease payments		Present value of minimum lease payments	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Amounts due for finance leases				
within one year	1 082	793	1 020	688
in the second to fifth years inclusive	1 386	2 231	1 230	2 044
after more than 5 years	1 137	1 303	1 046	1 182
<b>Sub-total</b>	<b>3 605</b>	<b>4 327</b>	<b>3 296</b>	<b>3 914</b>
Less: future finance charges	(309)	(412)	N/A	N/A
<b>Present value of lease obligations</b>	<b>3 296</b>	<b>3 915</b>	<b>3 296</b>	<b>3 914</b>
Less: Amounts due for settlement within one year			(1 020)	(688)
<b>Non-current finance leases debts</b>			<b>2 276</b>	<b>3 226</b>

The average lease term for the obligations on finance lease is 6,79 years. The average weighted interest rate is 3,37%. The fair value of these finance leases is close to its nominal value.

## OPERATING LEASE AGREEMENTS

The commitments taken by the Group for operating leases for future years are as follows:

in EUR '000'	31/12/2014	31/12/2013
Minimum lease payments under operating leases recognized as an expense during the year	5 712	6 042
Minimum lease payments due for operating leases within one year in the second to fifth years inclusive	5 135	4 805
after more than five years	16 207	11 643
<b>Total</b>	<b>25 438</b>	<b>17 012</b>

Operating leases mostly relate to offices and to a lesser extent, vehicles, machines and office equipment.

## 40. COMMITMENTS

As part of its business, the Group is often required to issue guarantees in favor of customers for the reimbursement of advance payments, the correct execution of contracts or obligations of technical guarantees.

Some of these commitments require bank guarantees, insurance bonds or documentary credits / SBLC import issued on the Group credit lines:

in EUR '000'	31/12/2014	31/12/2013
Documentary credit / SBLC import	15 848	20 826
Bank guarantees	210 532	203 654
Insurance bonds	58 536	56 013
<b>Total</b>	<b>284 916</b>	<b>280 492</b>

The volume of bank guarantees issued is closely linked to the Group activity.

The line available for letters of credit and bank guarantees are located under the syndicated credit line and amounts to EUR 302 500 thousand; thus, has increased compared to 2013, following the issuance of senior bonds at fixed rate 5,50 % due in 2020 and the cancellation of the borrowing headroom under the revolving credit line. Moreover, the Group also has at its disposal a "U.S. bonding" line of USD 100 000 thousand.

The Group continues to use Import SBLC (total of EUR 15 848 thousand at the end of 2014) in order to improve payment conditions with some of its suppliers.

The Group has also endorsed commitments relating to companies sold in 2005 (FBM), bankrupt (HRCI) or associated companies (OHL and BFT) as follows:

in EUR '000'	31/12/2014	31/12/2013
Commitment of good project execution	182	182
Comfort letters to banks	1 286	1 286
Comfort letters to suppliers		
Bank guarantees	48	48
<b>Total</b>	<b>1 515</b>	<b>1 515</b>

The commitments for which payment is probable are recorded as liabilities.

#### 41. CONTINGENT LIABILITIES

No new significant litigation occurred in 2014. The only outstanding litigations are as follows:

##### BANKRUPTCY OF HAMON RESEARCH-COTTRELL ITALIA (HRCI)

The General Assembly of HRCI decided to put this company into voluntary liquidation in April 2005. Hamon had already accrued for a significant amount in its 2004 accounts for this bankruptcy. In June 2005, the liquidator filed the books at

the commercial court of Milan. An agreement was signed between Hamon and the bankruptcy administrator of HRCI in July 2008.

##### FBM HUDSON ITALIANA

The Italian company FBM Hudson Italiana Spa, sold by Hamon Group in December 2005 has initiated proceedings against its former directors. FBM was dismissed and sentenced to pay

legal expenses by the Court of Genoa. FBM appealed on the part of the judgment ordering the payment of damages and interests for reckless and vexatious procedure (EUR 100 thousand).

##### ASBESTOS

The Group is involved in various proceedings for physical injuries related to asbestos. These relate to a period prior to the acquisition of the assets of Research Cottrell, Inc. by the Group in 1998. Asbestos is not used in the operations of Hamon in the USA. In the acquisition agreements of 1998, the seller committed itself to compensate the Group for all damage sustained because of such proceedings. The costs of these

proceedings are, through now, exclusively handled by the seller. Insofar as these proceedings go back to a period prior to the acquisition of the US subsidiaries of the Group and taking into account the compensation clause, Hamon's management thinks that these do not present risks of significant liability for the Group.

##### OTHER LITIGATIONS

The nature of the Group's activities leads us to file /receive complaints about /from our suppliers and our customers. The complaints are covered by specific provisions from the moment that payouts are probable and where their amount

can be reliably estimated. The Group believes that these complaints will not have a globally significant impact on Hamon's financial situation.

## 42. RELATED PARTIES

The ultimate mother company of the Group is Sopal International SA. See note 29 for detailed structure of the shareholders of the Group. The transactions between the Company and its subsidiaries, which are related parties of the Company,

have been eliminated from the consolidated accounts and are not considered in this note. Details of the transactions between the Company and the other related parties are detailed below:

### Income Statement as of 31/12/2014

in EUR '000'	Purchases				Revenues			
	of goods	of services	lease of assets	management fees	Goods	Services	Royalties	Capital gains
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-	148	30	-	196	-	-	-
Other shareholders with significant influence	11	-	-	10	6 488	-	73	-
Associates	-	61	-	-	-	13	-	-
Other related parties	-	-	-	-	-	-	-	-

### Balance Sheet as of 31/12/2014

in EUR '000'	Non-current assets	Current assets	Non-current assets	Current liabilities
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-	275	823	699
Other shareholders with significant influence	-	-	2 564	266
Associates	-	-	-	-
Other related parties	-	94	52	1

### Income Statement as of 31/12/2013

in EUR '000'	Purchases				Revenues			
	of goods	of services	lease of assets	management fees	Goods	Services	Royalties	Capital gains
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-	70	-	-	293	-	-	-
Other shareholders with significant influence	-	-	-	4	481	-	152	-
Associates	-	158	-	-	331	31	-	-
Other related parties	-	-	-	-	-	-	-	-

**Balance Sheet as of 31/12/2013**

in EUR '000'	Non-current assets	Current assets	Non-current assets	Current liabilities
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	275	850	-	693
Other shareholders with significant influence	-	2.178	-	229
Associates	-	-	-	-
Other related parties	94	455	170	1.345

During the last three years, no write-off was accounted for on receivables with the related parties. The other entities directly or indirectly controlled by the controlling shareholder are the following companies:

- Gefimco SA ;
- Cogim NV ;
- Promo Services (Belgium) SA ;
- Cofragim ;
- Rivolim.

Edouard Lambilliotte, son of Francis Lambilliotte, is the CFO of the Indian affiliate Hamon Shriram Cottrell.

Relations with related parties mostly include commercial relations (purchase / sale of goods and services, payment of management fees to shareholders, office space rental).

The Group has not issued any guarantee or off balance sheet commitment to related parties other than commitments towards associates, as described in note 32. The sales and purchase of goods with those related parties are made under the standard terms and conditions of the Group.

### 43. MINORITY SHARES & JOINT-VENTURES

#### A/ Information about material joint-ventures

At 31 December 2014 financial statements of Hamon include a material joint-venture – Hamon Shriram Cottrell pvt Ltd – owned at 50 % by the Group in 2014 & 2013. This company was fully consolidated in 2013 (refer to note 15). The entity

makes business in India and its activities are part of Cooling Systems Business Unit.

Hereunder the IFRS financial statements of the joint-venture in 2014:

in EUR '000'	31/12/2014
Non-current assets	5 229
Cash	157
Other current assets	22 731
Non-current liabilities	-
Non-current debts	775
Current liabilities	14 013
Current debts	8 695
Equity	4 633
Revenue	14 027
Cost of sales	-15 510
Other costs	-2 470
Depreciation	-638
Financial costs	-1 560
Taxes	-
<b>Net Income</b>	<b>-6 152</b>
Net assets	4 633
% of ownership	50%
Goodwill	1 906
Carrying amount of the Goup's interest	4 222

No dividend had been distributed in 2014.

#### B / Information about non-material joint-ventures

in EUR '000'	31/12/2014
Net income of enterprises associates and joint-ventures not material	-343
Carrying amount of the Goup's interest	-494

## C/ Information about material subsidiaries with minority shares

No change on the percentage of ownership had been recorded in 2014.

The financial statements of Hamon include at 31 December 2014 a subsidiary with material minority shares – Hamon

Research Cottrell (HK) Ltd (owned at 60% in 2014 & 2013). This company is part of Hamon Group from 2009 and its activities are engineering, design, procurement and project management of AQS contracts for Asian market.

in EUR '000'	31/12/2014	31/12/2013
Non-current assets	197	50
Current assets	6 160	2 125
Non-current liabilities	419	-
Current liabilities	3 175	2 064
Equity	2 763	110
Group share	1 658	66
Third party share	1 105	44
Revenue	11 779	2 320
Cost of sales	-7 133	-1 603
Other costs	-2 167	-582
Financial costs	-68	-74
<b>Net income</b>	<b>2 412</b>	<b>61</b>
Group share	1 447	36
Third party share	965	24
Cash generated from operations	1 539	92
Cash from investment activities	-140	-
Cash from financing activities	-	-
Others	-20	-
<b>Net variation of cash</b>	<b>1 379</b>	<b>92</b>

No dividend had been distributed in 2014.

Comprehensive income does not differ from net result.



#### 44. MANAGEMENT COMPENSATION

The table below details the remuneration (cumulative and including charges) of the Managing Director and the members

of the Executive Committee, who should be regarded as the 'key executives' in the sense of the IAS 24 definition.

in EUR '000'	2014 (1)	2013 (2)
Short term benefits	419	438
Fixed remuneration	3 219	3 070
Variable remuneration	2 654	2 396
<b>Subtotal</b>	<b>6 292</b>	<b>5 904</b>
Long term benefits	447	390
<b>Total</b>	<b>6 739</b>	<b>6 294</b>

(1) Full time equivalent of 8 persons in 2014

(2) Full time equivalent of 7,75 persons in 2013

The total of gross emoluments granted to the non-executive directors during the year 2014 amounted to EUR 204 thousand (EUR 189 thousand last year). These emoluments are subject to the approval of the Annual General shareholders Meeting.

There was no profit sharing allocation and the Company has not made any loans to the directors. The directors have also not made any special or unusual transactions with the Company.

#### 45. STAFF

Charges and costs of the personnel are presented under note 10. The split of Group headcount by business segment is as follows:

Average headcount by BU	2014	2013
Cooling Systems	779	943
Heat exchanger process	230	233
Air Quality Systems	308	296
NAFTA	327	318
Corporate & others	51	53
<b>Total</b>	<b>1 695</b>	<b>1 843</b>

The main variation registered in 2014 comes from the exit of Hamon Shriram Cottrell India PVT Ltd for the reporting scope of the Cooling Systems Business Unit.

Average headcount of other Business Units remained stable.

#### 46. EVENTS AFTER THE BALANCE SHEET DATE

No event after the balance sheet date to communicate.

#### 47. AUDITOR'S FEES

For the entire consolidated Group, the fees paid to the auditor and its network (Deloitte) for 2013 amounted to EUR 800 thousand and are broken down as follows:

<b>in EUR</b>	<b>2014</b>	<b>2013</b>
Fees linked to financial statements audit	684 476	694 478
Tax assistance missions	92 278	29 592
Other assistance	23 432	2 750
	<b>800 186</b>	<b>726 820</b>

## 7. AUDITOR'S REPORT



Deloitte Bedrijfsrevisoren /  
Reviseurs d'Entreprises  
Berkenlaan 8b  
1831 Diegem  
Belgium  
Tel. + 32 2 800 20 00  
Fax + 32 2 800 20 01  
[www.deloitte.be](http://www.deloitte.be)

# Hamon & Cie (International) SA

**Statutory auditor's report  
to the shareholders' meeting on the  
consolidated financial statements  
for the year ended 31 December 2014**

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises  
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /  
Société civile sous forme d'une société coopérative à responsabilité limitée  
Registered Office: Berkenlaan 8b, B-1831 Diegem  
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited



Deloitte Bedrijfsrevisoren /  
 Reviseurs d'Entreprises  
 Berkenlaan 8b  
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 Belgium  
 Tel. + 32 2 800 20 00  
 Fax + 32 2 800 20 01  
 www.deloitte.be

## Hamon & Cie (International) SA

### Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2014

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, as well as the summary of principal accounting standards and other explanatory notes.

#### Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Hamon & Cie (International) SA (“the company”) and its subsidiaries (jointly “the group”), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 549.091 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 831 (000) EUR.

#### *Board of directors' responsibility for the preparation of the consolidated financial statements*

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

#### *Statutory auditor's responsibility*

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 (ISA). Those standards require that we comply with 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 internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. 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 group's officials and the board of directors 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.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises  
 Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /  
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Member of Deloitte Touche Tohmatsu Limited

## *Unqualified opinion*

In our opinion, the consolidated financial statements of Hamon & Cie (International) SA give a true and fair view of the group's net equity and financial position as of 31 December 2014, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

## *Emphasis of Matter*

Without qualifying the opinion expressed here above, we draw attention to Note 7 to the consolidated financial statements which describes the restatement of the consolidated balance sheets 2012 and 2013 and the consolidated income statement for the year 2013.

## **Report on other legal and regulatory requirements**

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

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing 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 does not modify the scope of our opinion on the consolidated financial statements:

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

Diegem, 13 March 2015

## **The statutory auditor**



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

## 8. STATUTORY ACCOUNTS OF HAMON & CIE (INTERNATIONAL) SA

The statutory accounts of the parent company, Hamon & Cie (International) S.A., are presented below in a summarized form. The Management Report and statutory accounts of Hamon & Cie (International) S.A., as well as the Audit Report, will be filed at the National Bank of Belgium once approved by the Annual General shareholders Meeting of 28 April 2015, in accordance with Clauses 98, 100, 101 and 102 of the Companies Code published on 6 August 1999.

These reports are available, on request, at the Company's address:

Rue Emile Francqui 2  
B-1435 Mont-St-Guibert  
Belgium.

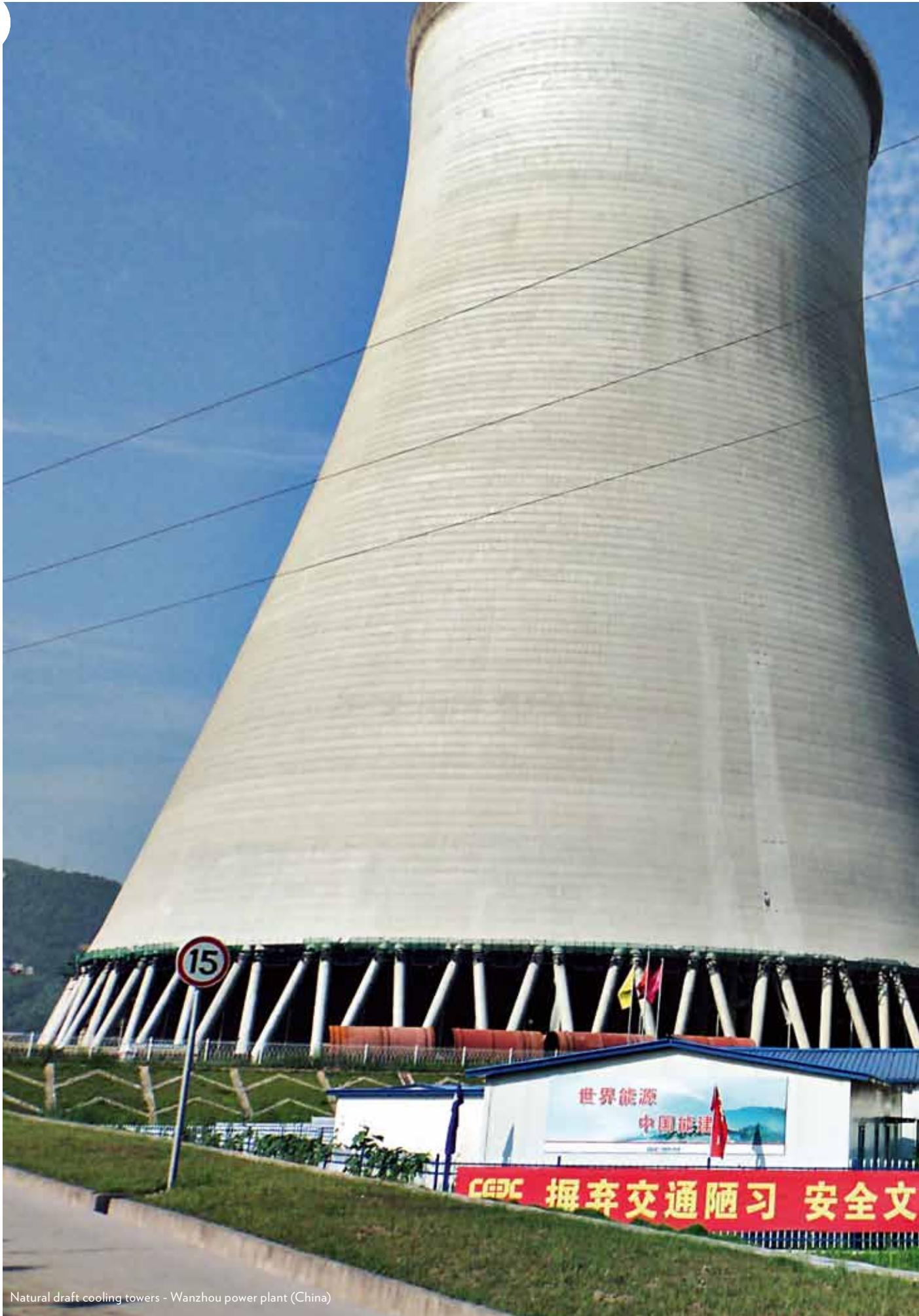
The Auditor has issued an unqualified opinion on the 2014 annual accounts of Hamon & Cie (International) SA.

### 1. SUMMARIZED BALANCE SHEET AS OF 31 DECEMBER, AFTER APPROPRIATION

in EUR '000'	31/12/2014	31/12/2013
<b>Fixed assets</b>	<b>243 842</b>	<b>198 845</b>
I. Formation expenses	3 474	3 163
II. Intangible assets	2 883	2 303
III. Tangible assets	764	883
IV. Financial assets	236 721	192 496
<b>Current assets</b>	<b>77 934</b>	<b>81 094</b>
V. Amounts receivable after one year	292	520
VI. Stock and contracts in progress	0	0
VII. Amounts receivable within one year	76 033	78 065
VIII. Short term deposits	156	92
IX. Cash at bank and in hands	756	1 997
X. Deferred charges and accrued income	697	420
<b>Total assets</b>	<b>321 776</b>	<b>279 939</b>
<b>Equity</b>	<b>135 612</b>	<b>143 253</b>
I. Capital	2 702	2 157
II. Share premium account	34 815	15 360
IV. Reserves	11 726	11 661
V. Profit carried forward	86 369	114 075
<b>Provisions and deferred taxes</b>	<b>0</b>	<b>0</b>
<b>Amounts payable</b>	<b>186 164</b>	<b>136 686</b>
VIII. Amounts payable after more than one year	89 000	61 000
IX. Amounts payable within one year	94 298	75 232
X. Accrued charges and deferred income	2 866	454
<b>Total liabilities and equity</b>	<b>321 776</b>	<b>279 939</b>

## 2.SUMMARIZED INCOME STATEMENT AS OF 31 DECEMBER

in EUR '000'	31/12/2014	31/12/2013
<b>I. Operating revenues</b>	<b>18 135</b>	<b>16 752</b>
A. Turnover	17 919	15 685
D. Other operating revenues	216	1 067
<b>II. Operating expenses (-)</b>	<b>12 807</b>	<b>13 050</b>
A. Cost of materials		0
B. Services and other goods	5 752	6 065
C. Remuneration, social security and pension costs	4 506	4 828
D. Depreciation and amortization	2 505	2 004
F. Increase (decrease) in provisions for liabilities & charges		0
G. Other operating expenses	44	153
<b>III. Operating income</b>	<b>5 328</b>	<b>3 702</b>
IV. Financial income	19 222	9 660
V. Financial expenses	(15 685)	(9 879)
<b>VI. Net operating income before taxes</b>	<b>8 865</b>	<b>3 483</b>
VII. Extraordinary income		0
VIII. Extraordinary expenses	(36 506)	(2 304)
<b>IX. Net income before taxes</b>	<b>(27 641)</b>	<b>1 179</b>
X. Income taxes		(16)
<b>XI. Net income</b>	<b>(27 641)</b>	<b>1 163</b>



Natural draft cooling towers - Wanzhou power plant (China)





ANNEXURES

建设神华

再创佳绩

文明出行 天津电建

CEEC  
中国电建

热烈庆祝公司成立

# PARAMETERS OF THE CORPORATE SOCIAL RESPONSIBILITY REPORT

For several years, our annual report contains a section on Corporate Social Responsibility, based on the Global Reporting Initiative (GRI) guidelines.

This year, we have adopted the GRI G4 guidelines. This involves a series of new methodologies, which are explained in this section. The G4 places greater emphasis on the need to focus non-financial reporting on themes that are relevant to our business activities and to our main stakeholders. This section explains the basis on which this work was carried out.

## RELEVANT ASPECTS IDENTIFIED AND STAKEHOLDER INVOLVEMENT

Hamon first identified an initial list of environmental, economic and social aspects which seemed relevant to its business activities. Their scope was also examined (within and/or outside the Group).

We then prioritized these aspects based on the principle of relevance. This enabled us to establish a materiality matrix chart of the various aspects, according to their importance for Hamon and their importance for its main stakeholders.

The third stage involved selecting the stakeholders to involve in the process. This was carried out specifically for the preparation of this report. As Hamon is present in 26 countries

(see Group Profile), we focused, for this first year, on the two countries in which Hamon first started its business: France and Belgium. It was not physically possible to involve all of our stakeholders in all of the countries in which we are present. We then identified our main stakeholders in these two countries. These were:

- Staff representatives and employees of our main French and Belgian subsidiaries.
- Regular customers of these French and Belgian subsidiaries (end users of our products as well as engineering contractors).
- Suppliers of these subsidiaries. Here again, we selected large suppliers with whom we work regularly.

The next step involved our stakeholders validating our materiality matrix, containing the relevant Aspects chosen and their scope. These discussions were held during two plenary meetings, one with all the staff representatives involved and the other with the suppliers. For the customers, discussions were held on a customer-by-customer basis (face-to-face or via telephone conference). Each stakeholder brought up certain new themes or concerns, but none of them were among the most relevant aspects, with the exception of the “Human

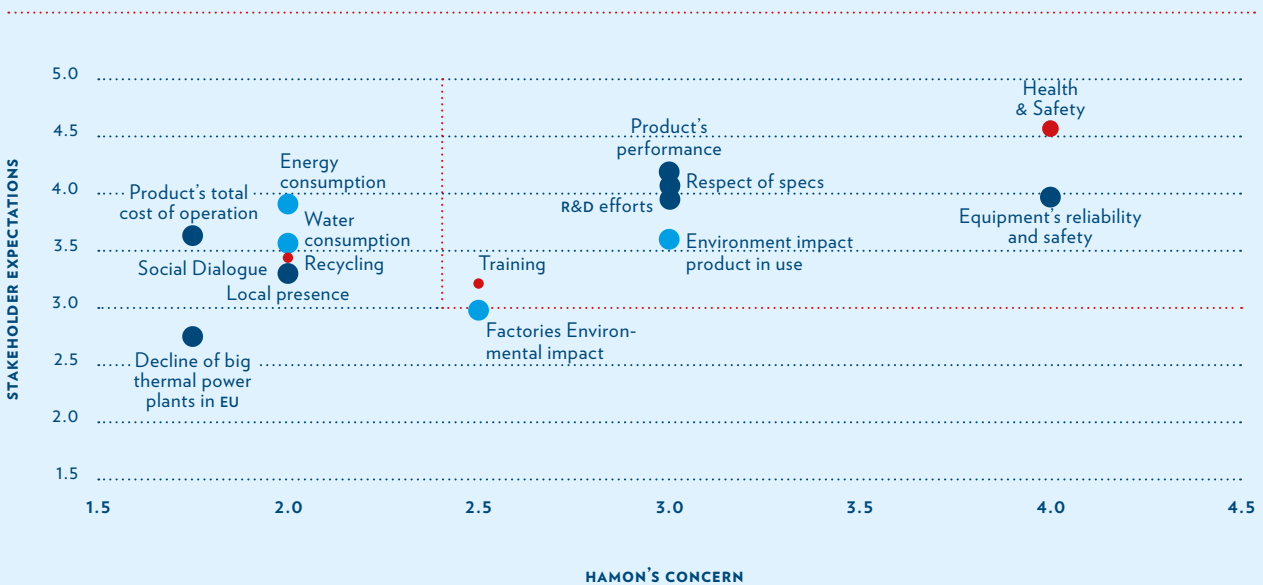
rights” aspect for the staff representatives. Hamon decided to keep this aspect (in a general way) in its report because it is also one of the four major chapters that must be covered for the United Nations Global Compact’s Communication on Progress (COP). For the same reason, “Fight against corruption” also figures among the aspects included.

Lastly, the findings of this work were presented to the Group’s Executive Committee in June 2014. Major decisions had to be made as to whether or not to involve certain external stakeholders (customers) in reporting on certain aspects and

themes that are very specific to our business. For reasons of practicality and confidentiality with regard to our competitors, it was decided not to involve our customers when transmitting information required establishing certain specific economic performance indicators.

In order to apply the entirety of this process rigorously and neutrally, Hamon was assisted by a consultant specialized in non-financial reporting.

Below is the materiality matrix chart resulting from this work.



**Comments:**

- x-axis = importance for Hamon; y-axis = importance for our stakeholders (staff representatives, customers and suppliers with a 40/40/20 weighting).
- The size of the “dots” is proportional to the degree of Hamon’s performance in that aspect.
- The aspects selected as being the most relevant are deemed important by both our stakeholders and by Hamon (in other words, those in the top right corner, separated by the two red lines). These are the following points, which cover the economic aspects (dark blue), environmental aspects (light blue) and social aspects (red):
  - Health and safety (of our staff in their places of work).
  - Performance of our products (in operation at the customer).

- Compliance with the customer’s specifications (costs, deadlines, quality, etc.).
- Reliability and safety of our products (in operation at the customer).
- R&D investments (innovation).
- Environmental impact of our products in use at the customer (for example, noise emissions, exhaust emissions, energy consumption, etc.).
- Training our staff.
- Environmental impact of our factories.

Hamon also decided to include in its report the two following aspects, considered important and required by the United Nations Global Compact:

- Human rights.
- Corruption.

## REPORT PROFILE

This annual report covers the 2014 fiscal year, namely the period from 1 January to 31 December 2014. By way of comparison, many of the tables provide the information for the previous fiscal year. This report is published on an annual basis. The previous report published was the 2013 annual report. Hamon's recent annual reports are available on our website, see [www.hamon.com](http://www.hamon.com). In case of comments or questions on this report, please refer to the persons mentioned in the section "General information" at the end of this report.

## ENTITIES INCLUDED IN THE SCOPE OF ANALYSIS ("PERIMETER")

For the section on Social responsibilities, the majority of the key indicators cover the Group's 26 main subsidiaries (subsidiaries with 2014 average headcount of at least 15 people), taken at

100% and over the twelve months of the 2014 fiscal year. Two of these subsidiaries are not consolidated by global integration but by the equity method. The other 24 subsidiaries represented 97% of the Group average headcount in 2014. The internal boundaries of the selected Aspects are the same for the gathering of information and for the reporting on key performance indicators.

For the section on Environmental responsibilities, we include the entities having the highest impact, namely those having a plant or a workshop, or a total of eleven plants and workshops. The scope of the Environmental aspects is thus often more limited.

For financial information, see the list of consolidated entities in note 5 of the financial section.

For more details, see the table hereunder indicating the subsidiaries taken in 2013 and 2014 for the chapter on Corporate Social Responsibility.

Subsidiaries included in the perimeter (CSR)	Country	Kind	2013 Social report	2013 Environmental report	2014 Social report	2014 Environmental report
Hamon & Cie (International) SA	Belgium	Offices	x		x	
Hamon Thermal Europe SA	Belgium	Offices	x		x	
Hamon Research-Cottrell SA	Belgium	Offices	x		x	
ACS Anti Corrosion Structure SA	Belgium	Plant	x	x	x	x
Hamon Thermal Europe (France) SA	France	Plant + offices	x	x	x	x
Hamon D'Hondt SA	France	Plant	x	x	x	x
Hamon Thermal Germany GmbH	Germany	Offices	x		x	
Hamon Enviroserv GmbH	Germany	Offices	x		x	
Hamon Research-Cottrell GmbH	Germany	Offices	x		x	
Hamon UK Ltd	UK	Offices	x		x	
Hamon do Brasil Ltda	Brazil	Offices	x		x	
Hamon Corporation	USA	Offices	x		x	
Hamon Custodis Inc.	USA	Offices	x		x	
Hamon Deltak Inc.	USA	Plant	x	x	x	x
Hamon Research-Cottrell Inc.	USA	Offices	x		x	
Thermal Transfer Corporation	USA	Plant	x	x	x	x
Hamon (South Africa) (Pty) Ltd	S. Africa	Offices	x		x	
Hamon D'Hondt Middle East Co. Ltd	Saudi Arabia	Plant	x	x	x	x
Hamon Research-Cottrell (Shanghai) Co. Ltd	China	Offices	x		x	
Hamon Thermal & Environmental Technology (Jiaxing) Co. Ltd	China	Plant	x	x	x	x
Hamon Thermal (Tianjin) Co. Ltd.	China	Plant + offices	x	x	x	x
TS Filtration (Shanghai) Co. Ltd	China	Workshop	x	x	x	x
Hamon Korea Co. Ltd.	S. Korea	Offices + plant	x	x	x	x
Hamon Research-Cottrell India Pvt Ltd	India	Offices	x		x	
Hamon Shriram Cottrell PVT Ltd	India	Plant + offices	x	x	x	x
P.T. Hamon Indonesia	Indonesia	Offices	x		x	

x included in the scope of analysis

The following entities are consolidated in our financial statements by global integration, but not included in the non-financial reporting scope, because non-significant (sleeping entities, holdings, or very few employees).

Subsidiary	Country
Hamon & Cie (International) Finance SCS	Belgium
Compagnie Financière Hamon S.A.	France
Hamon Research-Cottrell S.A.R.L.	France
Hacom Energiesparsysteme GmbH	Germany
Hamon Dormant Co. Ltd	UK
Hamon (Nederland) B.V.	Netherlands
Hamon Polska Sp.Zo.O	Poland
Hamon Esindus Latinoamerica SL	Spain
Hamon Research-Cottrell do Brazil	Brazil
Hamon Custodis Cottrell (Canada) Inc.	Canada
Hamon Esindus Latinoamerica Limitada	Chile
Hamon Esindus Latinoamerica SA de CV	Mexico
Research-Cottrell Cooling Inc.	USA
Hamon Holdings Corporation	USA
Hamon Australia (Pty) Ltd.	Australia
Hamon Trading (Jiaxing) Co., Ltd.	China
Hamon Asia-Pacific Ltd	China (Hong Kong)
Hamon Research-Cottrell (HK) Ltd.	China (Hong Kong)
Hamon India PVT Ltd.	India
Hamon Korea Youngnam Ltd.	South Korea
Hamon Malaysia SDN. BHD.	Malaysia
Hamon - B.Grimm Ltd.	Thailand
Hamon Termal ve Çevre Sistemleri Sanayi ve Ticaret A.Ş.	Turkey

## CHANGES TO THE SCOPE OF THE REPORT

The scope used in 2014 for this non-financial reporting is similar to the one used in 2013 (26 main subsidiaries – see table hereabove).

## COMPILATION OF THE REPORT

The content of this report is based on:

- The requirements of the Global Reporting Initiative (GRI), G4 guidelines, reporting “In accordance”, level “core”.
- The United Nations Global Compact reporting guidelines, for the Communication On Progress (COP), level “GC active”.

- Relevance: information which is not relevant for our stakeholders or which does not have a significant impact on the Group is not included.
- The stakeholders to whom the report is addressed and their expectations, namely our customers, staff (current employees or applicants), suppliers, shareholders, banks, financial analysts.
- For financial information: legal requirements regarding financial information (IAS/IFRS standards), set by our auditors.

The report also aims to present the information as clearly and transparently as possible.

## INFORMATION ON THE KEY PERFORMANCE INDICATORS

Some **social indicators** require detailed explanations. The references are those of the GRI – G4 (general standard disclosures and specific general disclosures):

### Total headcount by region, BU and gender (GRI ref.: G4-10)

As noted in the section on Corporate Social Responsibilities, these figures are based on:

- Employees from fully consolidated subsidiaries (and subsidiaries consolidated by proportional integration in 2012 and 2013).
- The number of people; it includes only staff on open-ended or long duration contracts. In the light of our extensive activities on worksites, the number of employees on short-term contracts constantly varies. In some cases, we use external temporary recruitment agencies.
- The average for the year (unless mentioned otherwise). If a subsidiary is only consolidated for one part of the fiscal year, a pro rata amount is calculated (for example, if a subsidiary is only consolidated for six months, the average staff numbers for this entity over the six months will only be taken at 50%).

### Rate of frequency of occupational accidents by region (number of accidents / million working hours) (GRI ref.: G4-LA6)

The rate of frequency is the ratio between:

- The number of occupational accidents (fatal and non-fatal, including on the way to work).
- The number of effective hours of work (in million).

### Rate of severity of occupational accidents by region (number of days lost / thousand working hours)

(GRI ref.: G4-LA6)

The rate of severity is the ratio between:

- The number of working days lost because of an occupational accident.
- The number of effective hours of work (in thousand).

The number of days lost are working days (not calendar days). The starting point for the calculation is the day of the occupational accident or disease.

### Rate of occupational disease by region (number of days lost / thousand working hours) (GRI ref.: G4-LA6)

The rate is the ratio between:

- The number of working days lost due to occupational diseases (depression, inhaling of toxic gases, etc.).
- Number of effective hours of work (in thousand).

### Proportion of working days lost because of occupational accident or disease by region (number of days lost / number of theoretical working days) (GRI ref.: G4-LA6)

The rate is the ratio between:

- The number of working days lost due to occupational accidents and diseases.
- Number of theoretical working days, excluding vacations and holidays.

### Rate of absenteeism (GRI ref.: G4-LA6)

This rate is the ratio between:

- The number of working days lost due to occupational accidents, occupational diseases and other illnesses (flu, etc.) or unexplained absences; maternity leaves and planned leaves such as holiday and statutory leave are not included. For some U.S. and Asian subsidiaries, the starting point is the day that exceeds the annual quota for sick leave (and holiday). If a person has already been on sick leave, it is the cumulated number of days already accrued for illness which is taken into account. The annual quota depends on each of the subsidiaries. If the number of days stays below that quota, the number of days indicated for absence or illness remains zero.

- The theoretical number of working days, excluding vacations and holidays.

The other key indicators are more usual; therefore explanations are given hereunder only when necessary:

#### a) Economic indicators

- Direct economic value created and distributed (GRI ref.: G4-EC1): this includes the turnover, the gross margin, labor costs, financial fees paid to banks, paid taxes, dividends paid out to shareholders, retained profits, donations.
- Research & development expenses (not an aspect specifically defined by GRI): this is the ratio between the R&D expenses (both the expenses indicated in the income statement and those capitalized) and revenue.

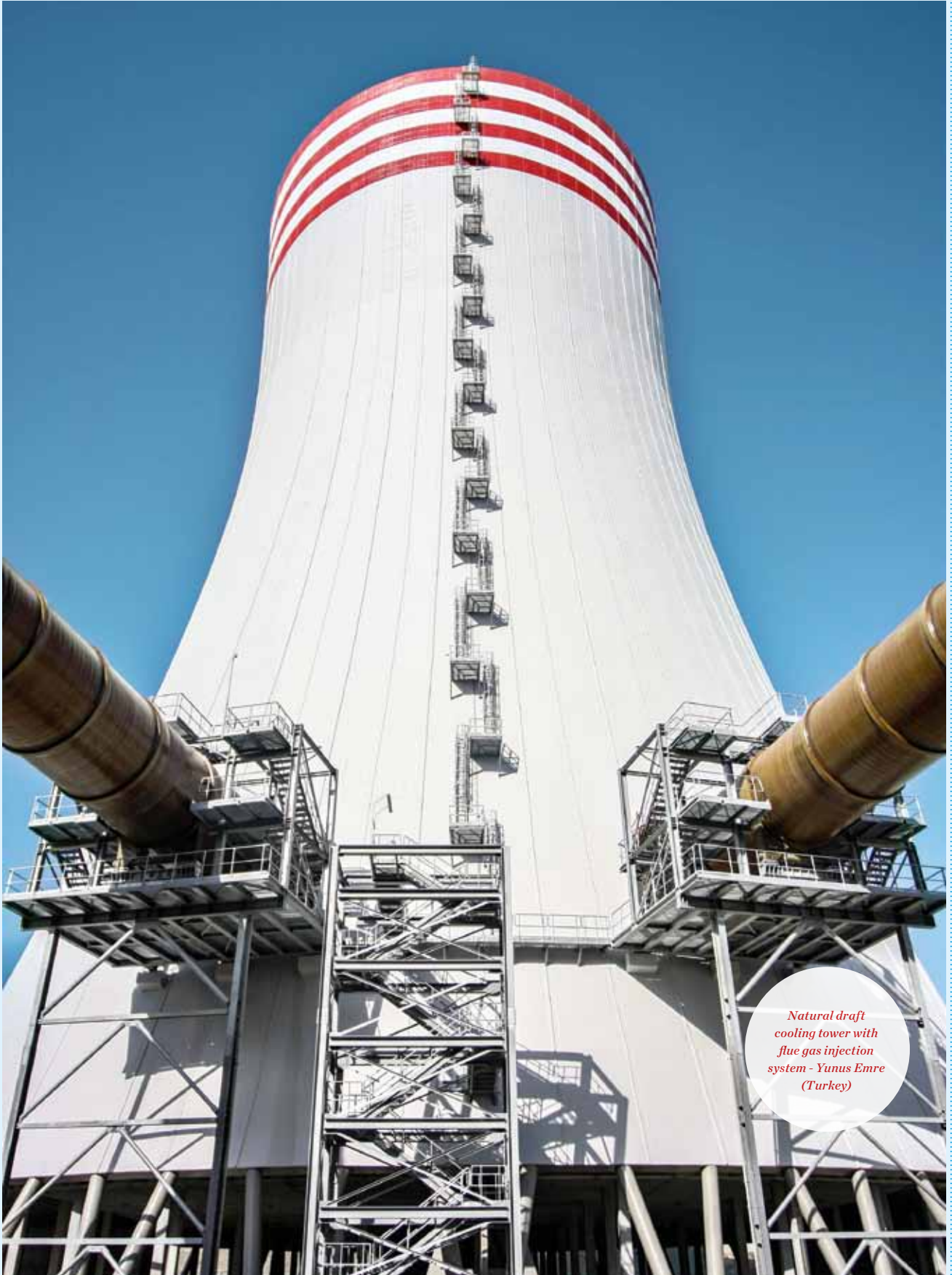
#### b) Environmental indicators

- Direct energy consumption by primary energy source (GRI ref.: G4-EN3). The conversion factors used are the following (higher calorific powers).
  - Conversion of MWh into MJ : 1 kWh = 3.6 MJ
  - Conversion of Nm<sup>3</sup> of gas into MJ : 1 Nm<sup>3</sup> = 39.01 MJ
  - Conversion of litre of fuel into MJ : 1 l = 35.94 MJ
  - Conversion kg of propane and LPG into MJ : 1 kg = 50 MJ
- Total volume of water withdrawn, by source (GRI ref.: G4-EN8).
- Initiatives to reduce the environmental impact of products and services (GRI ref.: G4-EN27).

#### c) Other social indicators

- Average number of hours of training per year (GRI ref.: G4-LA9).
- Human rights – operations and suppliers identified as having a significant risk for accidents involving children and the measures taken (GRI ref.: G4-HR5).
- Human rights – operations and suppliers identified as having a significant risk for accidents of forced or compulsory labor and the measures taken (GRI ref.: G4-HR6).
- Human rights – number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms (GRI ref.: G4-HR12).
- Fight against corruption – communication and training on anti-corruption policies and procedures (GRI ref.: G4-SO4).

The GRI correspondence grid which follows shows where to find each of these key performance indicators as well as the general management disclosures in the annual report.



*Natural draft cooling tower with flue gas injection system - Yunus Emre (Turkey)*

# GRI AND UN GLOBAL COMPACT CORRESPONDENCE GRIDS

## GRI CORRESPONDENCE GRID

### GENERAL STANDARD DISCLOSURES

For our Corporate Social Responsibility report based on the Global Reporting Initiative (GRI) G4 guidelines, **we have decided to report “in accordance” on the “core level”**. Here is the correspondence grid related to this level, allowing to find in this annual report the various sections covered by the GRI canvas.

Ref.	Description	External assurance	Page
<b>STRATEGY &amp; ANALYSIS</b>			
G 4-1	Statement from the CEO about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	No	6-9 ; 19
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Ref.	Description	External assurance	Page
<b>COMMITMENT TO EXTERNAL INITIATIVES</b>			
G 4-14	How is the precautionary approach or principle addressed by the organization.	No	27
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G 4-16	List of memberships of associations and advocacy organizations in which the organization holds a position, participates, provides substantive funding or view membership as strategic.	No	19
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G 4-17	List all entities included in the consolidated financial statements; report whether any consolidated entity is not covered by the report.	No	90-91 ; 147
G 4-18	Process for defining the report content & Aspect Boundaries; implementation of the Reporting Principles for Defining Report Content.	No	144-147
G 4-19	List of material Aspects identified in the process for defining report content.	No	144-145
G 4-20	For each material Aspect, report the Aspect Boundary within the organization.	No	20-31
G 4-21	For each material Aspect, report the Aspect Boundary outside the organization.	No	20-31
G 4-22	Effect of any restatements of information provided in previous reports, and reasons.	No	92-93
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G 4-25	Report the basis for identification and selection of stakeholders with whom to engage.	No	144
G 4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	No	144
G 4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	No	144-145
<b>REPORT PROFILE</b>			
G 4-28	Reporting period for information provided.	No	146
G 4-29	Date of most recent previous report.	No	146
G 4-30	Reporting cycle.	No	146
G 4-31	Contact point for questions regarding the report or its content.	No	156
G 4-32	Report a) the «In accordance» option the organization has chosen; b) the GRI Content Index for the chosen option; c) the reference to the External Assurance Report, if any.	No	150-153 ; 19

Ref.	Description	External assurance	Page
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G4-33	Organization's policy and current practice with regard to seeking external assurance for the report.	No	19
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G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	No	33-39
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G4-56	Organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	No	10 ; 24-26 ; 39

## SPECIFIC STANDARD DISCLOSURES

Relevant aspect	DMA (1) and KPI	Non disclosure of information	External assurance	Page
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	G4-HR12	No	No	25-26
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	G4-SO4	No	No	26

(1) DMA = Disclosure on Management Approach

Please note that our report also includes much additional information not listed in the GRI correspondence grid.

## UNITED NATIONS GLOBAL COMPACT CORRESPONDENCE GRID

For our Communication On Progress (COP) based on the guidelines of the United Nations Global Compact, we have decided to report on the “GC Active” level. Here is the correspondence grid allowing to find the information related to each of the 10 principles of the UNGC in the different parts of our report.

Principle	Page
<b>HUMAN RIGHTS</b>	
N°1 : Businesses should support and respect the protection of internationally proclaimed human rights.	24-26
N°2 : make sure that they are not complicit in human rights abuses.	24-26
<b>LABOUR</b>	
N°3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	21
N°4 : the elimination of all forms of forced and compulsory labour.	25
N°5 : the effective abolition of child labour.	25
N°6 : the elimination of discrimination in respect of employment and occupation.	20
<b>ENVIRONMENT</b>	
N°7 : Businesses should support a precautionary approach to environmental challenges.	27
N°8 : undertake initiatives to promote greater environmental responsibility.	27-29
N°9 : encourage the development and diffusion of environmentally friendly technologies.	27-29
<b>ANTI-CORRUPTION</b>	
N°10 : Businesses should work against corruption in all its forms, including extortion and bribery.	26

Please note that our report also includes much additional information not listed in the UNGC correspondence grid.

# GLOSSARY

## AIR COOLER (OR AFC)

Heat exchanger in which an often corrosive liquid or gas, under high pressure and high temperature, passes through special alloy finned tubes and is cooled by air from a ventilator. Used mainly in petrochemicals, and the Oil & Gas industry, but also in the cooling of auxiliaries, for example water in the steel industry.

## APC

Air Pollution Control.

## AQS

Air Quality System (comparable to APC).

## BANK GUARANTEES

Guarantees given by a bank for a certain amount and over a fixed period, when contracts are made (sold) and executed. Principal categories: advance payment bond, performance bond, and warranty bond.

## COOLING SYSTEM WHEN REFERRED TO IN THE CONTEXT OF POWER GENERATION

In a traditional power plant generating electricity, water is heated and transformed into high pressure steam. This turns a steam turbine connected to an alternator, which converts mechanical energy to electrical energy. At the exit of the turbine, the steam is cooled on a surface condenser through indirect contact between the steam and cold water running through the cooling circuit. This water is then sent to a cooling system, before it is re-injected into the cooling circuit.

## DENOx

Elimination of Nitrogen oxides, NOx in short form, from waste gases.

## DESOx

Elimination of Sulfur oxides, SOx in short form, from waste gases.

## DRY COOLING SYSTEM OR AIR-COOLED STEAM CONDENSER

Used in the production of electricity, this system directly condenses steam at the exit of the steam turbine, in finned tube bundles cooled by the surrounding air.

## EBIT

Earnings before interest and tax.

## EBITDA

Earnings before interest, taxes, depreciation & amortization and non-recurring items.

## EMEA

Europe, Middle East and Africa.

## EPC

ENGINEERING, PROCUREMENT & CONSTRUCTION

Engineering firm.

## ESP

Electrostatic Precipitator, an electrostatic filter that eliminates particles from the exhaust gases.

## FRP

Fibre-Reinforced Plastic, used for example for exhaust gas ducts in chimneys.

**GRI / GLOBAL REPORTING INITIATIVE**

International body whose mission (at a worldwide level) is to provide to organizations of any size, any location and any area a reliable, credible and standardized framework for their reporting in sustainable development.

**GROUP OR HAMON GROUP**

The name for Hamon and its subsidiaries in the sense of the Company Code, article 6, 2°.

**HAMON**

The name of the limited company (under Belgian law) Hamon & Cie (International) SA, with its head office at Axis-parc, rue Emile Francqui 2, 1435 Mont-St-Guibert, Belgium. The Hamon trade mark and logo (as it appears on the back cover of this report) are protected in most countries in which Hamon is established.

**HRS****HEAT RECOVERY STEAM GENERATOR**

Used in combined cycle power plants to generate steam from the hot gas turbine exhaust.

**HYBRID COOLING SYSTEM**

Combination of a wet cooling system and finned tube bundles that slightly heat the saturated humid air, in order to reduce the steam plume.

**IDDC / INDIRECT DRY COOLING**

Indirect dry cooling system, in which the cooling water is cooled down without any contact with air, thus with no water consumption.

**NAFTA / NORTH AMERICAN FREE TRADE AGREEMENT**

Territory which includes the United States of America, Canada and Mexico.

**NORTH AMERICA**

The territory regrouping the United States of America, Canada and Mexico.

**SNCR / SELECTIVE NON CATALYTIC REDUCTION**

NO<sub>x</sub> removal process in which reagents are injected and in which no catalyst is used (versus Selective Catalytic Reduction (SCR) processes in which catalysts are used to eliminate NO<sub>x</sub>).

**WET COOLING SYSTEM**

A system that cools water from 30-40° C to 20-30° C. The cooling occurs via direct contact between the water and surface streaming air, with evaporation of a part of the water.

# GENERAL INFORMATION

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Ce rapport annuel est également disponible en français.





