



## Table of contents

Mission Statement	2
Key figures	3
Board of directors	4
Financial calendar	5
Evolution of the share price	5
Group's Businesses	6
Key figures by business contribution	9
Key figures by geographic areas contribution	10
Management Report of the Board	
of Directors	13
• Agro business	14
Crop protection	14
Crop nutrition	15
• Industrial chemical and environment	17
Agro commodities distribution	18
• Logistics	19
Real estate and other	20
<ul> <li>Comments on the balance sheet and the</li> </ul>	
result for the year	22
• Developments in the first quarter 2015	23
Distribution of profits	24
Branch Holdings	24
• Statement of Corporate Governance	25
Consolidated financial statements	37
Consolidated income statement	38
Consolidated balance sheet	39
• Consolidated statement of cash flow	40
<ul> <li>Consolidated statement of changes</li> </ul>	
in equity	41
Accounting policies	42
<ul> <li>Notes to the consolidated financial</li> </ul>	
statements	55
• Auditor's opinion	84
Statutory Accounts	87
Management report	89
Balance sheet after distribution	90
• Income statement	92



Limited Company 500, Avenue Louise 1050 Brussels RPM Brussels – BE 0403 085 280

General Meeting of Shareholders on 16 June 2015

### **Mission Statement**

Established in 1926 as a mining and chemical company, Sapec expanded into various industrial and service sectors becoming an industrial holding group controlling and managing various businesses.

As an investor, the Sapec Group pays particular attention to generating value by pursuing the following objectives:

- managing a diversified portfolio of activities capitalising on the Group's skills and know how in the fields of agriculture, animal nutrition, chemical products, environment and logistic services, giving priority to the Iberian Peninsula market, without excluding other markets with strong potential for specific businesses;
- creating sustainable competitive advantages through the acquisition of a leadership position or by developing niche markets;
- selecting business sectors with growth potential.

This policy is based on:

- a systematic and close follow-up and support of the businesses in which the Group has invested, particularly those in which it has a majority shareholding;
- considering the businesses as autonomous profit centres responsible for their own cash flow, within the framework of defined return requirements, and which are able to count on the Group for support and financial solutions.

This policy expresses the aim to create value for shareholders with a view to ensure stable and regular dividend payment increase.

# Key figures relating to the Group's development

#### GLOBAL DATA (M€)

	2008	2009	2010	2011	2012	2013	2014
Revenue	679,6	519,6	456,8	516,1	501,3	474,3	441,9
Operating profit	9,4	-2,2	17,6	10,5	18,7	21,8	17,7
Net consolidated profit	-6,6	-15,3	9,6	4,7	8,5	-23,2	-0,2
Net consolidated profit - group share	-5,2	-15,4	6,1	4,7	8,4	-23,3	-0,2
EBITDA (recurrent)	31,1	8,7	30,9	21,1	29,0	31,2	31,6
Shareholders equity (after distribution)	117,3	101,0	109,5	114,6	121,5	98,0	98,1
Balance sheet	1068,0	1099,8	999,9	367,0	383,8	364,2	367,4

#### CONSOLIDATED DATA PER SHARE (€)

	2008	2009	2010	2011	2012	2013	2014
Number of shares	1.355.000	1.355.000	1.355.000	1.355.000	1.355.000	1.355.000	1.355.000
Shareholders equity (after distribution)	86,6	74,6	80,8	84,6	89,7	72,3	72,4
Operating profit	6,9	-1,6	13,0	7,7	13,8	16,1	13,0
Net consolidated profit - group share	-3,8	-11,4	4,5	3,5	6,2	-17,2	-0,2
EBITDA (recurrent)	22,9	6,4	22,8	20,1	20,6	22,6	20,5
Dividend common shares (gross)	0,65	-	-	-	0,5	-	0,55
Payout on operating profit	9,4%	-	-	-	3,6%	-	4,2%
Payout on net consolidated profit - group share	-17,0%	-	-	-	8,1%	-	-

#### BOARD OF DIRECTORS

#### **Board of Directors**

Eduardo Catroga Chairman

Antoine Velge Chief Executive Officer

Philippe de Broqueville Director
Matthieu Delouvrier Director
Jean-Marie Laurent Josi Director
Sophie de Roux Director
Patricia Velge Director
Xavier de Walque Director

#### **Board Secretary**

Eric van Innis

#### **Financial Officer**

António Marques

### **Operational Divisions**

#### Agro Business (includes crop protection and crop nutrition businesses)

Eric van Innis, CEO João Estrela, COO Nuno Loureiro, CFO

#### Other businesses

Paulo Rendas (Logistics) Luis Ladaria (Agro commodities distribution)

#### **Statutory Auditor**

Mazars Réviseurs d'Entreprises n° B00021 Avenue Marcel Thiry, 77, Boîte 4 à 1200 Bruxelles Represented by Mr. Philippe de Harlez

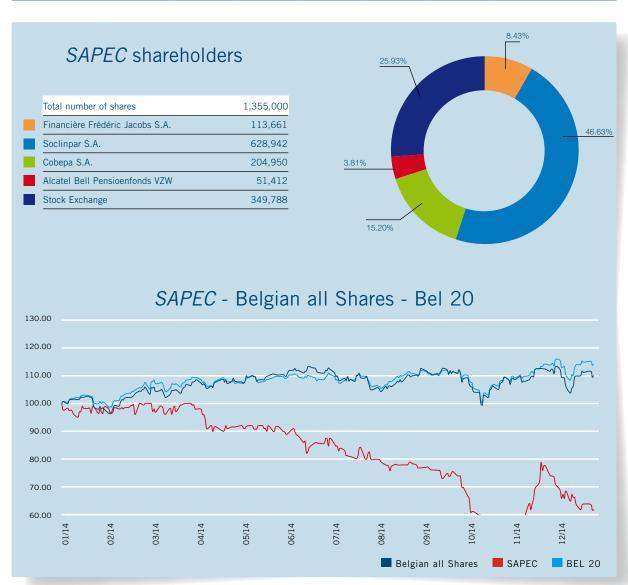
### Financial calendar

16 June 2015 General shareholder's meeting 2014 financial year
30 September 2015 Publication of half-yearly results
31 March 2016 Publication of the Annual Statement
29 April 2016 Publication of 2015 Financial Statement
21 June 2016 General shareholder's meeting 2015 financial year

#### Evolution of the share price

#### **En EUR**

		2008	2009	2010	2011	2012	2013	2014
Ordinary shares	min	53.0	41.2	47.5	41.2	36.0	40.5	27.0
	max	134.5	78.5	66.0	78.5	50.0	54.3	50.0
Closing 31/12	ord.	56.00	65.50	50.10	42.50	49.98	49.99	31.00
Total number of shares at 31/12		1,355,000	1,355,000	1,355,000	1,355,000	1,355,000	1,355,000	1,355,000
Market capitalization 31/12 (k€)		75,880	88,753	67,886	57,588	67,723	67,736	42,005



## **Group's Businesses**

The Sapec Group comprises a core business and three additional businesses:



#### Agro Business (includes crop protection and crop nutrition)

#### - Crop protection

This business consists of post synthesis, solid and liquid formulation (solids and liquids), packaging and distribution of crop protection products primarily in the Iberian Peninsula and south of Europe market, phytosanitary products for agriculture. The product portfolio consists mainly of generic products distributed under the brand names of Sapec subsidiary companies, Sapec Agro (PT) and Selectis in Portugal and Sapec Agro (ES) and Tradecorp in Spain. Together, the four companies make Sapec the third player overall in the crop protection sector in the Iberian Peninsula. Exports are mainly for the French and Italian markets.

This product portfolio consists of a range of fungicides, herbicides and insecticides, produced mainly for the Mediterranean crops, to meet the multiple needs of farmers. This business operates an industrial site with research and control laboratories in Setúbal (PT) and a logistic centre in Spain (near Albacete).

Since 2009 and following the investments applied in European homologations, 75% of turnover is today generated from our own active ingredients and formulated products.



#### - Crop nutrition

This business is involved in the production, including the synthesis of chelates, and sale of a wide range of products which provide integral solutions in crop nutrition, targeting principally the horticulture, viticulture, floriculture and orchard sectors.

The main components of the range are liquid and solid chelated trace elements, bio stimulants, humic acids, amino acids, algae and specific correctors.

This business, close to the field of operations, has a range of products in continuous development, allowing it to constantly bring innovative solutions to farmers, who seek to increase the quality and yields of their crops through a balanced nutrition.

The production is based in Spain in two different locations and the products are sold worldwide through our own commercial teams in the Iberian market, Europe, the Middle East, Mexico, Brazil, Colombia and Asia and through agreements with local distributors in more than 60 countries.



#### Industrial chemicals and environment

This business is involved in the production (products for water treatment), packaging and distribution of chemical products for the Portuguese industry, more specifically for the construction, automobile, paper, environmental and chemical sectors. Sapec Química heads this activity and operates through an industrial and logistical platform in Setúbal, and a logistic platform in Ovar, situated in the north of Portugal.

In the environment sector Sapec operates through CITRI (Integrated industrial non-hazardous waste treatment Centre) in Setúbal, which specializes in recycling, recovery and disposal of non-hazardous industrial waste, and follows a policy of making investments in other sub-sectors of industrial waste.



#### ► Agro commodities distribution

This business in Spain ensures a significant activity in importing and distributing agro commodity raw materials especially soya and other proteins for animal feeds.

At present, the Spanish subsidiary Interpec Ibérica is one of the major players on the market.



#### Logistics

This business focuses today on two different activities in Portugal: the port handling activity in Setúbal, represented by the Sapec port terminals of solid and liquid bulk products, and the 55% stake in Navipor, the port handling company, which in turn holds a 40% stake in the dock labour company Operestiva; and the multimodal land-based terminals of SPC (Valongo to the North; Bobadela and Póvoa in Lisbon; Setúbal to the South of Lisbon) offering integrated logistic services for container cargoes such as storing, repairing, consolidation /deconsolidation, warehousing and distribution. All these land based terminals have their own railway connections.



#### ▶ Others

Real estate is not, as such, one of the Group's activities.

The Group owns more than 100 hectares of industrial land in Setúbal, of the 300 hectares of the industrial park, and about 100 hectares for tourism in Lousal, in Portugal. These assets are not directly allocated to the operation of the Group's different businesses, and are therefore considered as non-operational and can be sold.

The Group also owns office space in Lisbon.

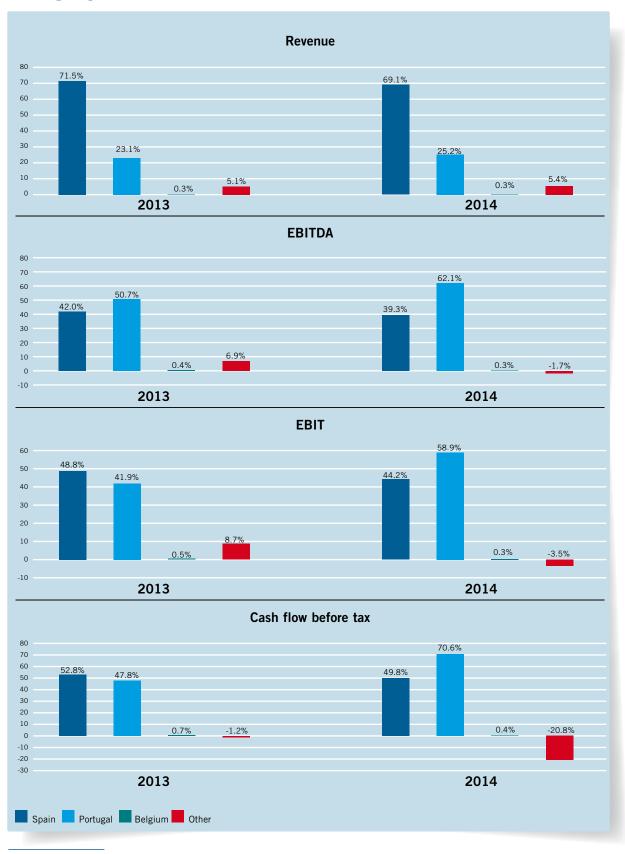
Sapec holds a 49% stake in the company Energia Limpia Invest (ELI), which owns 99.59% of Tharsis S.A. The latter owns real estate and forest land in Spain, and a 58.6% stake of Grupo Naturener, the parent company of a group of renewable energy companies in Spain and North America.

Over the following pages, the reader will find the key figures of the Group broken down per sector and per country as well as an organisation chart of the different companies by businesses and their geographical locations.

## Contribution to the consolidated results (k€)

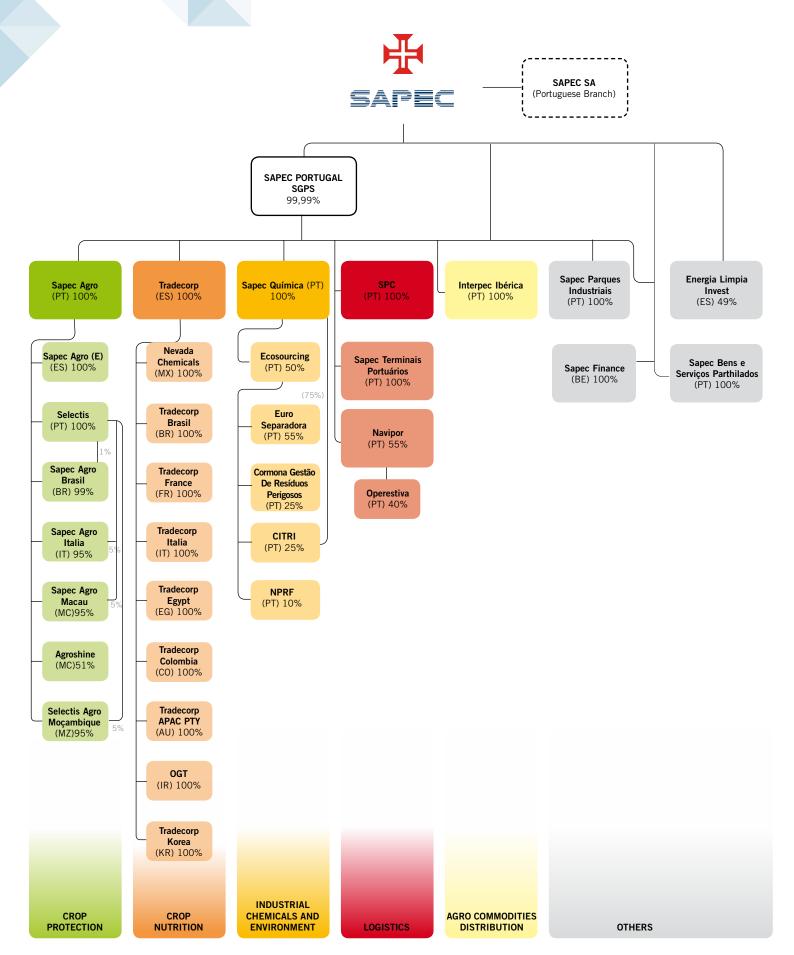


## Geographical contribution to the consolidated results\* (%)



<sup>(\*)</sup> By company which issues the "invoice"





B - BELGIUM; P - PORTUGAL; S - SPAIN; F - FRANCE; I - ITALY; BR - BRAZIL; MX - MEXICO; C - CANADA; USA - UNITED STATES; MC - MACAU; CO - COLOMBIA; AU - AUSTRALIA; IE - IRLAND; KR - KOREA; MZ - MOZAMBIQUE
Percentage - economic holding as at 31/12/2014

### **Management Report of the Board of Directors**

As regards the Group's overall operation, Agro Business has continued to grow, despite being affected in 2014 by a significant adjustment of its Brazilian crop nutrition subsidiary. In the Iberian Peninsula, although recent signs showed improved economic growth, our other sectors were still affected by a still lagging industrial activity. In Portugal, these activities were restructured and reorganised, which should lead to improved economic indicators in 2015. In Spain, INTERPEC IBERICA continued with its policy to refocus on a small range of products.

The consolidated EBITDA for the entire group amounts to 28,516 k€ at the end of 2014 compared to 32,243 k€ at the end of 2013 (recurring EBITDA increasing from 31,154 k€ in 2013 to 31,622 k€ in 2014) and the result of the period improved from -23.230 k€ in 2013 to -232 k€ in 2014. In 2013, this result was affected by the impairment of the Group's stake in Energia Limpia Invest (ELI) (2,786 k€) and together with the loan granted to this company (25,821 k€).

In 2014, Agro Business, which covers the crop protection and crop nutrition activities, recorded an increase in its recurring results and significantly improved the management of its working capital, which was largely due to the sound performance of crop protection activities. This sector grew considerably in the Spanish market and also in markets outside the Iberian Peninsula. The results of crop nutrition, which increased in all other regions, suffered from the major reorganisation in Brazil.

The gradual dilution of risks specific to each agricultural market, both business and climatic, and the achievement of critical mass by Agro Business in recent years, have enabled it to absorb the important readjustment of one of its subsidiaries.

In respect of chemical products distribution, the overall market situation remained poor and the sector continued to be severely affected within this context. Reorganisation and new measures were taken to adapt the sector to the new market reality and to provide it with means to develop new business opportunities.

As regards the environment, whilst the volume of industrial waste received by our treatment and recovery facility (CIT-RI) increased compared to 2013, landfill prices have been under pressure from increased competition in a stagnant and unregulated market. This affected the sector's results in 2014.

In terms of agro commodities distribution, progress has been made in recurring operating profits, in line with what would be expected for the sector following its reorganisation. Non-recurring costs (669 k€) related to the refocusing of business is the main cause for the difference in EBITDA between 2013 and 2014. Risks are under control and the sector has reduced its working capital requirements. The sale of our liquid bulk port terminal in Cadiz, however, did not materialise in 2014.

For the logistics sector, operating profits are still negative, but slightly improving compared to 2013. The ongoing "turnaround" of the inland terminal activity continues with sales growth, especially in the second semester. The port terminal and its two subsidiaries recorded a slight increase in operating results compared to 2013.

The management report for the accounting period ending on December 31, 2014, included on pages 13 to 24, and 25 to 36 (Statement of corporate governance, including risk management), has been prepared in accordance with article 119 of the Belgian Companies' Code and was approved by the Board of Directors on April 27, 2015. It covers both the consolidated accounts of the Sapec Group and the statutory accounts of Sapec SA.

#### AGRO BUSINESS

The dynamic Spanish market and the overall favourable climate conditions in Europe set a positive environment in which our teams were able to build on the strengths of Agro Business in the various markets we work in Europe. Outside Europe, except for Brazil, the various markets in the Middle East, Asia, and Central America met our expectations. In Mexico, results improved significantly in 2014, following the operational realignment implemented in mid-2013. In Brazil, by contrast, the subsidiary underwent a profound and necessary readjustment in a less favourable agricultural context, with large areas suffering with prolonged drought and falling prices of some agricultural commodities. Affected by the implemented measures, recurring EBITDA of the Brazilian subsidiary dropped from 3,098 k€ in 2013 to -2,514 k€ in 2014. Despite this drop in performance, Agro Business recorded a slight increase of 4% of its recurring EBITDA in 2014, showing the good performance of all the other businesses and, in particular, crop protection.

The net debt of the business, excluding the impact of the acquisition of the Irish seaweed company (OGT) decreased slightly, again improving the net debt/recurring EBITDA ratio.

Total investments of the sector amount to 16,084 k€ and are in line with our expectations. Investment in intangible assets (certifications and product development) (12,575 k€) includes investment in intangible assets in Brazil, where we have already obtained two certifications, serving as the doorway to the gradual start of the distribution contract in Brazil signed in early 2015 with the subsidiary of the Dreyfus Group.

#### CROP PROTECTION

The strong growth of the Spanish market in 2014 and international growth allowed the sector to significantly increase its earnings.



recovered and registered a growth of 12.5%. Our teams were therefore able to work



In 2014, the EBITDA for the crop protection sector increased by 20%, from 18,745 k€ in 2013 to 22,532 k€ in 2014. Operating profits increased by 17%, from 15,269 k€ in 2013 to 17,888 k€ in 2014.

in their respective markets under these favourable conditions.

In the Iberian Peninsula, our sales increased by over 12%, from 97,582 k€ in 2013 to 109,000 k€ in 2014, above market growth. We therefore remain in third place in a market that has generally increased about 7.8%.

The sector's gross margin remained stable compared to 2013, the increase in Spain having been offset by a slight decrease in Portugal due to the fact that the market was still saturated with products early in the year.

In terms of working capital needs, the sector saw a significant improvement of clients and suppliers' payment terms, held more stocks at the end of the year to anticipate the 2015 spring campaign purchases and face the dollar appreciation as well as scheduled stoppage due to maintenance. Overall, the crop protection sector generated a free cash-flow to equity in 2014. In Portugal, Sapec Agro and Selectis achieved a turnover of 39,271 k€ in 2014 compared to 36,204 k€ in 2013, i.e., an increase of 8.5 %, while the Portuguese market increased by 7.5%. The group has therefore consolidated its leading position in Portugal. These figures include the sale of veterinary medicinal products worth just over one million euros manufactured in our facilities using active ingredients (insecticides) certified by SAPEC Agro.

Sapec Agro Portugal also increased its exports outside the Iberian Peninsula, mainly to France, Italy and other European countries, e.g., the Balkans and other countries in northern Europe. Exports increased from 18,177 k€ in 2013 to 22,372 k€ in 2014, however they would have been higher if we had not to deal with successive delays in the approval process in France. These delays were gradually solved, enabling us to meet our goals for 2015.

Exports in Europe are made exclusively with our certified products.

In Spain, our subsidiaries TRADECORP and SAPEC Agro Spain recorded a sales growth of 12% in crop protection, higher than the market trend. Our turnover in Spain has in fact reached 66,840 k€ in 2014 compared to 59,560 k€ in 2013.

The gross margin rate again improved slightly compared to 2013 thanks to the increase of our certified products in the sales mix.

Due to the 12% sales growth and the significant investment in intangible assets, the crop protection sector was able to generate sufficient free cash-flow to ensure a reduction in its net debt. The increased EBITDA and the more intensive use of factoring without recourse have enabled us to greatly improve cash generation.

The sector's profit before taxes increased from 9,527 k€ in 2013 to 10,635 k€ in 2014, i.e., an increase of 12%.

#### CROP NUTRITION

All the regions met the expectations, with the exception of Brazil, subject to an extensive readjustment which

penalised the results of this sector in 2014.

In the Iberian Peninsula, the positive conditions for agriculture allowed teams to increase their sales by more than 7% compared to 2013. In

Portugal, the development and dynamic differentiation enabled the maintenance of a good level of average gross margin. In Spain, we achieved a positive growth of gross margin in 2014 due to the successful launch of new product lines on the market and to the significant improvement in the production cost of chelates.

International markets, representing more than 78% of sales in this sector, increased overall by 14% compared to 2013, with the exception of Brazil. This growth was accompanied by a slight improvement in the average gross margin. Goals outside Brazil were therefore achieved and some regions have seen significant increases.

- In Europe and Sub-Saharan Africa (ESA), sales increased 6% compared to 2013, which had been described as exceptional, with an increase of 31% compared to 2012. The Polish and French markets experienced good growth and the Benelux market met our expectations. The market in Baltic countries continued to give an important contribution and our commercial presence in East Africa allowed us to close a good campaign. Our gross margin in the region has remained stable.
- In the Middle East (MENA), despite the instability that still affects some of our important markets, sales grew by 16% compared to 2013, and the gross margin has also remained stable. The Maghreb region continued to grow and new opportunities are under analysis in West Africa.



#### MANAGEMENT REPORT

- In Mexico, sales increased 29% and the gross margin improved by 3 points. This positive performance follows the reorganization of the management structure in 2013. Agriculture has undergone a fast and dynamic development; 80% of agricultural production is exported to the U.S.A. and must meet the quality requirements set by this country.
- In Southern Europe (Italy and South-East Europe), our sales grew 7% and the gross margin remained stable. Outstanding receivables improved favourably following measures requiring the sales team to be more rigorous. Sales in the East (Romania, Bulgaria and Slovenia), where we are looking for better payment times, continued to rise.
- In Central and Latin America (LATAM), sales increased 11% and the gross margin improved slightly compared to 2013. Although the bulk of sales still comes from our clients in Ecuador and Peru, sales significantly increased in Colombia, where our sales team works mainly in floriculture.
- In Asia (APAC), sales increased 10% and the gross margin improved. We implemented a new distribution network and the direct commercial presence in Australia is starting to show results. Our direct presence in the South Korean market is now provided through the subsidiary Tradecorp Korea.
- In the second half of 2014, the crop nutrition sector incorporated OGT, an Irish company that produces seaweed extracts, the acquisition of which was completed in June. OGT's green space sector (sports fields, gardens, etc.) have continued to be successful in the market worldwide. In the area of Agro Business, a new product line was defined, which mixes Tradecorp special products with seaweed extract. These new products will be marketed by all the Agro Business teams.
- In Brazil, as we announced in our half-year report, an internal review of the risks made in the subsidiary showed in late March the need for measures to reorganize the commercial structure, regulate trade receivables, and redefine trade discipline before the start of the new campaign. Whilst the main objective of regularising account receivables was largely achieved, the measures had a negative impact on the results of the subsidiary in 2014, and the end-of-year campaign, which accounts for a significant share in Brazil, was made under less ideal conditions, both for agro-economic reasons in the country and because of the internal restructuring still in progress. As a result, sales dropped by 68% compared to 2013 (i.e., -9,034 k€), client receivables dropped 40%, and the Brazilian subsidiary recorded a recurrent EBITDA loss of -2,276 k€ compared to a positive recurring EBITDA of 3,160 k€ in 2013. Non-recurring charges were recorded in 2014, including reversals of inventories (1,552 k€) of some clients who did not accept the new trade policy set in place, adjustments and provisions of turnover taxes (538 k€) and costs for reshaping the commercial team (121 k€). This major readjustment was needed to allow the Brazilian subsidiary to continue to have a strong balance sheet with a new stringent trade policy, as the activities in this country have great potential.

The total revenue of the crop nutrition sector dropped from 73,011 k€ in 2013 to 71,454 k€ in 2014, representing a negative variation of -1,557 k€, of which -9,034 k€ due to the situation in Brazil.

The sector's recurring EBITDA dropped from 12,090 k€ in 2013 to 9,497 k€ in 2014. The variation of -2,593 k€ is due to the -5,437 k€ of the Brazilian subsidiary.

The sector's recurring operating income dropped from 10,418 k€ in 2013 to 7,485 k€ in 2014. The variation of -2,933 k€ is due to the -5,611 k€ of the Brazilian subsidiary.

Profit before taxes for the sector decreased from 5,870 k€ in 2013 to 1.604 k€ in 2014, i.e., a variation of -4,266 k€. The Brazilian subsidiary alone recorded a pre-tax income of -7,754 k€.

The impact of the readjustment in Brazil is heavy but it does not affect the strategic goals of this sector, thanks to the positive behaviour of all the other regions and given the one-off nature of this adjustment.

Excluding the impact of financing the acquisition of OGT, the sector was able to reduce its average net debt. The policy on the readjustment of the Brazilian subsidiary improved its working capital needs. The introduction of new non-recourse factoring facilities and the improvement of accounts receivable turnover in Mexico, Asia and Latin America were also a key factor for this.

#### ► INDUSTRIAL CHEMICALS AND ENVIRONMENT

#### **INDUSTRIAL CHEMICALS**

#### The development of the Portuguese market demanded a major reorganisation.



The weak market situation in Portugal continued to affect the results in this sector. To address this situation, the sector had to continue to reorganise both its support structures and commercial structure. A new management team was appointed, taking up functions in September. Commercial structures were streamlined, support services were reduced, and a marketing and development department was formed to stimulate the launching of new products.

By sector, in pulp and paper, we lost an important sulphuric acid client early in the year, but we regained this client at the end of the year for a minimum period of three years. The paint and coatings sector is still affected by the situation in construction. The water treatment, deter-

gents, animal feeds, and resins sectors met our expectations. A new supplier was chosen for the rubber industry and the resale of plastic products was discontinued because it was not profitable enough.

Overall, this sector sold 68,510 tons in 2014 compared to 74,104 tons in 2013, with a turnover of 30,807 k€ in 2014 compared to 32,474 k€ in 2013, i.e., -1,667 k€ (-5.1%).

Recurring operating income dropped from -78 k€ in 2013 to -605 k€ in 2014.

Restructuring costs were reported as non-recurring items.

#### **ENVIRONMENT**

Affected by structural changes in the environment market in Portugal, this sector was subjected to reorganisation and strategic reassessment.



While the volume of waste received was higher than in 2013, market competition and the treated waste mix lowered the average landfill prices, affecting the performance of this sector in 2014. The new management implemented a programme to reduce operating costs and developed other uses for the waste reception centre, such as the treatment of contaminated soils, wastewater and sludge. The project for importing waste from Italy was postponed to 2015 and is still undergoing analysis.

The recurring EBITDA of CITRI in 2014 was 149 k€ compared to 632 k€ in 2013.

Strategic reassessment is currently underway to reposition CITRI in a strongly growing market where preference to re-use waste in all its forms rather than use landfills is a clear trend. To this end, a common business platform was established with our local partner, the company CARMONA, allowing us to offer major clients a comprehensive solution for the re-use of their waste, both normal and toxic.

The sludge treatment plant built in 2014 is expected to be operational in the second semester of 2015. As part of our policy to diversify the activity, this facility needs to be improved before starting to receive industrial sludge.

#### AGRO COMMODITIES DISTRIBUTION

#### A restructured sector focused on a narrower range of products.



In 2013, INTERPEC IBERICA experienced a year of transition between two business models.

The volume of business and results still included the product lines that we had decided to discontinue. In 2014 our activity focused on the redefined product line, concentrated on proteins, mainly soybean meal, sunflower, rapeseed, and lupins.

In 2014, the volume of imported products dropped 25% from 800,000 MT to about 600,000 MT and turnover decreased 19%, from 235,363 k $\in$  in 2013 to191,480 k $\in$  in 2014.

We increased the volumes of soybean meal, our main product, in more than 10% compared to 2013. The price of proteins remained high, although, on average, they are about 10% less than those in 2013. Despite the difficult macroeconomic situation in Argentina, the export of soybean meal and related products was normal, public revenue being too dependent on income generated from agro industry. Soybean, however, is today an exchange currency for Argentinean farmers, much safer than the Peso, and when the macroeconomic or political situation is tense, they tend to hoard, sometimes causing supply difficulties.

As we have already announced, we reduced our team from 14 to 7 staff during the first quarter of 2014, as well as non-recurring costs related thereto. Despite this significant reduction, the team worked well and we kept all experts needed to maintain and control our business at current levels. We also kept a tight control over accounts receivable and recovered in 2014 two small amounts related to long running disputes (202 k€).

We continued to look for buyers for our liquid terminal in Cadiz. Despite two promising visits, they did not materialize in 2014. In 2014 we continued to receive from various port authorities payments of T3 taxes (capital and interest) improperly collected, totalling 828 K€. We have also lodged two claims for payment from freight-forwarders who received amounts without paying us back.

In 2014, recurring EBITDA for this business increased from 1,563 k $\in$  in 2013 to 1,745 k $\in$  in 2014 (+182 k $\in$ ) but after taking non-recurring costs into consideration, EBITDA dropped to 1,077 k $\in$  in 2014. As planned, the new Interpec Iberica business model dropped working capital needs significantly, from 33,595 k $\in$  in 2013 to 19,232 k $\in$  in 2014, i.e., a variation of -14,363 k $\in$ .

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#### **LOGISTICS**

## While port terminals kept their stride, inland terminals showed early signs of trend reversal.



In respect of land terminals, 2014 represented a trend reversal, with sales increasing by 18% and gross margin by 50%. Structure costs remained under control.

The average monthly turnover of 609 k€ in the first quarter 2014 increased to about 801 k€ in the fourth quarter. Although January was slightly below average new operations that had started in 2014 will be maintained and the activity will continue to grow in 2015.

Valongo terminal in the north revenue grew by 30% compared to 2013, but sales mix resulted in a slight decrease in the margin percentage. The terminal's EBITDA was not positive, as we had expected, but the loss was reduced by half. The visibility of the terminal for clients interested in the railway in the north increased significantly.

In Lisbon, we had to discontinue a part of the group's container logistic consolidation activity and the entire logistics contract activity, as we quit warehouse 4 in Póvoa and returned the keys to the owner, due to a dispute about the warehouse's structural soundness. The negative impact on results of having abandoned this activity was not very significant, but undermines the improvement noted in the container activity in Lisbon.

In Setúbal, the railway activity increased significantly with the introduction by one of our clients of a daily container transport service between our terminal and the port of Sines. This service, which started in September, is still not very profitable for the terminal but should bring in a number of "supplements" that will allow the terminal to become a positive net contributor to SPC's activity in 2015.

In the port sector, the bulk terminals of Sapec in Setúbal operated in line with their budgets with about 100,000 MT more than the preceding year. Much of the growth came from liquid bulk and exports, with a per-ton margin lower than the average. In 2014, our storage capacity was used less, negatively affecting results. The turnover for 2014 therefore increased only 4.2% compared to 2013, and EBITDA increased 4.8% to 1,302 k $\in$ .

The Navipor and Operestiva business in 2014 was also in line with their budget, increasing slightly compared to 2013.

#### ► REAL ESTATE AND OTHERS

#### **REAL ESTATE**

None of the plots in the industrial park of Setúbal were sold in 2014. We were unable to sell the plot (4,250 sq.m) intended for commerce in Quinta do Anjo, or the one intended for secondary residence (100,000 sq.m) near Lousal. In Lousal, our efforts have focused on the relocation of the families of former miners to houses owned by the municipality of Grândola, in order to free our land intended for residential purposes. At the end of December 2014, only four families were waiting to be relocated.

As regards the Lousal developments, a new more "fragmented" approach is underway with the municipality, which will enable us to sell smaller plots along the existing roads. This way, we will be able to make the first partial sales perhaps already in 2015.

In 2015, SAPEC will start the sale of PLIS (Industrial and Logistics Platform of Setúbal), of the 96 ha of land remaining in the industrial park of Setúbal. At the end of 2014 we have entered into an agreement with an international real estate brokerage company for this purpose.

This is an ambitious and time-consuming project, but the amounts at stake justify this effort. Portugal is currently on the radar of foreign investors and we want to take advantage of this opportunity, even though industrial and logistics sites are not their priority.

#### **SAPEC SHARED SERVICES (SBSP)**

The small company SAPEC Equipamentos established in 2013 to take over the rolling industrial equipment assets of SPC and lease them to several companies of the group was transformed into SBSP (Sapec Bens e Serviços Partilhados) at the end of 2014. This company took in the personnel from accounting, treasury, management control and common services of SAPEC Portugal SGPS, SPC, Sapec Química, Citri, SPI, STP (all the companies in Portugal outside Agro Business), in a total of about 12 staff. This will enable SBSP to centralise all the back-office activities of those subsidiaries to better optimise resources and available expertise. The purpose is to optimize costs and, in particular, to improve the quality of reporting and auditing, and coincides with an increase in the range of management software essential to those companies.

#### **ENERGIA LIMPIA INVEST, THARSIS and NATURENER**

Tharsis did not sell any property in 2014, but a number of contacts are underway, which should result in transactions in 2015.

In the United States, the agreement with Morgan Stanley (MS) to convert the Rim Rock "construction loan" into Naturener North America (NNA) shares, which comprises all the assets of the Naturener Group (GN) in the United States and Canada, was signed in October 2014.

MS is therefore the major shareholder of NNA, takes over the company's management, the conduct of the litigation against San Diego Gas & Electric (SDGE), and the commitments specific to a major shareholder (securities and others). GN and MS have agreed to split in such proportions as the parties agreed in the sharing agreement from the disposal of assets and ongoing litigations, after fully refunding MS the "new money" injected as from October 2014.

In 2014, the Montana parks continued to operate normally and have been selling electricity to the market as SDGE failed to fulfil the existing power purchase agreement. On the other hand, SDGE has continued to buy RECs (Renewable Energy Certificates) at the price agreed by the parties in the REC purchase contract. The litigation is ongoing, but the "discovery process" requested by the parties led to an postponement of the hearing to January 2016 (instead of March 2015). MS is conducting the proceedings on behalf of NNA. In Canada, MS believes that market conditions are unfavourable today for launching or selling the NNA project in that country.

In Spain, GN's photovoltaic projects continue to perform well from an operational standpoint, but with the tariff reform imposed by the government we are no longer able to cope with the financial commitments of the "project finance" type. Renegotiations with banking consortia are very slow, but should be completed before the summer.

The GN management teams are being restructured in order to reduce cash outflow as much as possible. The 100.8 M € loan from Novo Banco (NB, ex BES) to ELI expired on 31/12/2014 and was extended until 30/06/2015, as we wait for clearer view on our developments in the U.S.A. and in Spain.

As regards the guarantee given by SAPEC to NB for a maximum amount of 36,000 k€, and given the uncertainty over the outcome of the legal proceedings in the United States and the significant amounts claimed from the Spanish government in the framework of international treaties on the protection of investors, we are not able to estimate either the probability of this guarantee being called in the future, nor its amount or its terms, which is why no provision for this amount has been recorded in the 2014 accounts.

SAPEC ANNUAL REPORT 2014

#### COMMENTS ON 2014 FINANCIAL STATEMENTS

The Group's consolidated turnover amounted to 441,877 k€ in 2014 compared to 474,265 k€ in 2013, i.e., it dropped 32,388 k€. The Agro Business and Logistics turnover grew by 7.5% (+14,232 k€) and 10.8% (+1,610 k€) but the other activities of the group recorded drops in turnover for various reasons: i) the industrial chemicals and environment is still facing a sharp contraction in the Portuguese market and its turnover fell 5%, and ii) the turnover of agro commodities distribution was affected by the reorganisation decided in 2013 and by the drop in market prices. Turnover dropped 43,883 k€, i.e., -19%, but the results are in line with their objectives.

"Operating results after the impact of asset disposal and investments" dropped from 23,364 k€ in 2013 to 18,337 k€ in 2014, i.e., -4,027 k€.

Excluding the impact of non-recurring items, the "operating results after the impact of asset disposal and investments" amounts to 21,443 k€ in 2014 compared to 22,275 k€ in 2013, i.e., -832 k€.

Non-recurring items (-3,106 k€ compared to +1,089 k€ in 2013) are as follows:

- i) Non-recurring costs in Brazil: -2,211 k€ in 2014
- ii) Costs related to downsizing of staff in Interpec, Quimica, STP and SAPEC Agro: -1.105 k€
- iii) Variable remunerations for 2013: -307 k€
- iv) Costs related to the acquisition of OGT: -155 k€
- v) Effect of the spreading of "sale and leaseback" gains and profits from disposal of assets and investments: +672 k€ in 2014 compared to +1,607 k€ in 2013

The negative trend in operating results of Agro Business and Chemicals and Environment was in part offset by better results from Interpec (1,719 k€ in 2014 compared to 1,536 k€ in 2013). The level of losses in the Logistics sector remained stable (-827 k€ in 2014 compared to -835 k€ in 2013).

Net financial expenses have increased significantly (17,307 k€ in 2014 compared to 14,827 k€ in 2013). This variation is mainly due to the finance of working capital needs for Agro Business.

The negative tax expense is explained by the recognition of deferred tax assets hitherto unrecognized as such.

The results for the year from "continuing activities" amounted to 2,699 k€ in 2014 compared to 5,626 k€ in 2013, a drop of 2,928 k€.

The net profit of discontinued activities includes: i) 2,500 k€ for consultancy fees for the restructuring of the energy business (negotiations with Morgan Stanley for the conversion of the construction loan into capital, and negotiations with minority shareholders of the Naturener Group to increase the economic value of Tharsis in the Naturener Group from 58% to 70%), and ii) 431 k€ of losses concerning discontinued products and costs of assets held for sale by agro commodities distribution.

The "net income transferred to equity" is therefore set at -228 k€ in 2014 compared to -23,300 k€ in 2013.

Regarding the balance sheet, the total increased from 364,226 k $\in$  at the end of 2013 to 367,417 k $\in$  at the end of 2014. This variation (+3,191 k $\in$ ) is due to:

- i) the investment in the programme "European Certifications" in Agro Business (12,578 k€)
- ii) other investments in tangible assets in Agro Business (3,506 k€)
- iii) depreciation and amortisation (10,178 k€)
- iv) recording of goodwill in the amount of 4,185k€ related to the acquisition of OGT in June 2014;
- v) an increase in current and deferred tax assets (+1,271 k€);
- vi) reduction of working capital (-9,703 k€) mostly from the decrease in Interpec stocks and a decrease in trade receivables in Agro Business.
- vii) cash and cash equivalents (-2,868 k€).

Net debt increased 6,243 k€ (160,492 k€ in 2014 compared to 154.199 k€ in 2013), improving its structure through longer maturities.

#### DEVELOPMENTS IN THE FIRST QUARTER 2015

PWith respect to Agro Business, despite geopolitical tensions and the drop in the price of some agricultural commodities, we are relatively optimistic about this year. The indicators for the agricultural sector are, in general, positive; the imperative need to increase the quantity and quality of global agricultural production is a given fact. 2015 should be a year for the recovery of EBITDA, affected in 2014 by the readjustment in Brazil. We still have to achieve strong potential for growth.

In respect of crop protection, once we have received new certifications in France and Italy we will be able to offer full ranges of products for some major crops. In Spain, we must still explore our potential for growth and in Portugal we will be able to strengthen our position as market leader. The devaluation of the euro against the dollar will force us to review our selling prices in the second half of 2015, so that we can protect our margins.

The project to implement this business in Brazil is in progress and, as we mentioned before, Sapec Agro Brasil and Macrofértil (subsidiary of the international group Louis Dreyfus) have signed an agreement in early 2015 for the distribution of crop protection products of Sapec Agro Brasil in the Brazilian market. This agreement is part of a strategic partnership that brings together the know-how of two sound and innovative companies in the field of crop protection. The enormous potential of this partnership will gradually grow as Sapec Agro Brasil builds its portfolio of certified products. The first sales should take place at the end of 2015.

In terms of crop nutrition, we believe we have been able to put the Brazilian subsidiary back on track and we will advance in this country but with rigour and at a cautious pace. Growth in all regions should continue because the new developments in Mexico, Europe, Asia, Africa and Latin America are promising, and should potentiate the future of the sector. The seaweed range of products (OGT) is an additional asset to our commercial teams. This new subsidiary purchased in June 2014 is dedicated to the production of seaweed extracts for the Group's companies and to the marketing of specific products for green spaces, which is a strongly growing market.

After a thorough audit, the European Investment Bank (EIB) approved in March 2015 a long-term loan of 25,000 k€ to Agro Business, to finance its investment programme for development (certification of new products), environmental measures in connection with its industrial activity, and innovations (new crop protection patents).

#### MANAGEMENT REPORT

As regards chemical products, the reorganisation and the new guidelines seem to provide encouraging signs, the confidence of some clients was restored, structures were streamlined and reshaped, and there are new prospects. In this context we regained an important sulphuric acid client and new suppliers were surveyed in Asia in early 2015. We believe we will be able to make the first sales to the Portuguese industry of our new range of green chemical products under development in 2015.

For the environment sector, market indications are yet to be determined. Volumes received are still too low to ensure good profitability. Structural changes in the Portuguese market compel us to rethink our strategy as to the future of this sector, which is still ongoing. We are currently negotiating to receive significant volumes of normal waste by boat from Italy.

In logistics, the results of the port terminal and its subsidiaries should be similar to 2014. As for the inland terminals, the reversal of the trend seen in the second half of 2014 should continue in 2015.

As regards agro commodities distribution, after the last reorganisation and structuring in 2014, the sector should record a small profit in 2015.

Although we are not yet able to disclose final information, we are fairly confident about the performance of our core business for the year.

#### ► DISTRIBUTION OF PROFITS

The profit of Sapec S.A. amounts to 3,652 k€.

The amount of profit to be shared totals 3,652 k€.

The Board of Directors proposes the amount of Directors' fees to 108,878 €.

The Board of Directors will propose to the General Meeting of 16 June 2015 a dividend distribution of 0.55 € (gross value) per share.

We also propose to the Meeting, by separate vote, to discharge the Directors for their management and the Statutory Auditor from their audit task.

#### BRANCH HOLDINGS

The Belgian company Sapec SA has a branch in Portugal.

The accounts of the branch are part of the financial statements of the company.

## **Statement of Corporate Governance**

The company adheres to the Belgian Code on Corporate Governance (hereinafter C.C.G.), which is adopted as reference Code, and applies its recommendations in accordance with the "comply or explain" principle. The Company's Corporate Governance Charter entered into force on 21 June 2006 and is regularly revised, the latest version dating from March 2013. (The full text of our Charter is available on our website <a href="https://www.sapec.be">www.sapec.be</a>, Corporate Governance). The implementation of its principles and recommendations, however, takes into account the specific structure of the company and of the shareholder equity with the family majority ensuring the stability of the company for over 80 years.

#### ▶ COMPOSITION OF THE BOARD OF DIRECTORS

At present, the Board consists of 8 members:	Expiry of mandate
Eduardo Catroga (Chairman)	AGM 2015
Antoine Velge (CEO)	AGM 2015
Philippe de Broqueville	AGM 2015
Patricia Velge	AGM 2016
(Four directors proposed by the majority Group*)	
Xavier de Walque	AGM 2018
Jean-Marie Laurent Josi	AGM 2018
(Two directors proposed by the Cobepa Group)	
Matthieu Delouvrier	AGM 2018
Sophie de Roux	AGM 2015
(Independent Directors)	

<sup>\*</sup>By majority Group we mean the shareholders, Financière Frédéric Jacobs and Soclinpar

Regarding independence criteria, the Company complies with Article 526 of the Belgian Companies Code.

The Chairman and the Chief Executive Officer are chosen from amongst the appointed directors by proposal of the family shareholders. The same person cannot hold office as both the Chairman of the Board and as Chief Executive Officer (CEO). The division of responsibilities is clearly established and approved by the Board of Directors.

The term of office of Directors is laid down in the company's articles of association at a maximum of six years, but in fact the term of office proposed to the Shareholders Meeting is usually four years.

In accordance with the law, the Board of Directors, consisting of 6 men and 2 women at December 31, 2014, will take care, in future renewals, to comply within the relevant deadlines, with the requirement that at least one-third of the Board be women.

#### ▶ ROLE AND OPERATION OF THE BOARD OF DIRECTORS

The key areas which the Board of Directors was reserved were as follows:

- determine the company's values and strategies, and approve the business plans and budgets;
- decide on significant financial transactions, acquisitions and divestments;
- ensure the setting up of appropriate structures, procedures and controls to achieve the objectives of the company and manage the business-related risks;
- supervises the performance of day-to-day management;
- take all necessary measures to ensure the integrity and timely publication of financial statements and other significant financial or non-financial information, disclosed to the shareholders and potential shareholders;
- take all necessary and useful measures for the effective and efficient implementation of Belgian rules on the prevention of market abuse.

The Board meets at least four times a year on a regular basis, while additional meetings can be convened if needed.

In 2014, the Board met 4 times, 3 normal meetings and 1 by conference call.

Directors	Presences
Eduardo Catroga (Chairman)	4/4
Antoine Velge (CEO)	4/4
Philippe de Broqueville	4/4
Matthieu Delouvrier	3/4
Manuel Fernando Espírito Santo <sup>(1)</sup>	1/4
Jean-Marie Laurent-Josi	4/4
Sophie de Roux	4/4
Patricia Velge	4/4
Xavier de Walque	4/4

<sup>(1)</sup> Mr. Manuel Fernando Espírito Santo has resigned on September 15, 2014

In 2014, the members of the Board of Directors were not confronted with conflict of interest situations requiring the implementation of the legal procedures provided for by the Companies Code.

Decisions are made collectively by a majority of votes. The Chairman of the Board has a casting vote.

The company is legally bound vis-à-vis third parties by the signature of two Directors, and is also validly represented by special representatives within the limits of their mandates.

The Board has set up two Advisory Committees.

#### **Audit Committee**

The mission of the Audit Committee is to primarily monitor the preparation of the financial information, monitor the efficiency of internal controls and risk management, and monitor the statutory audit of annual and half-yearly accounts. The expertise of the Audit Committee is based on the professional experience of its members.

- On December 31, 2014, the Audit Committee was formed by Sophie de Roux (Chairman), Matthieu Delouvrier and Xavier de Walque.
- The Audit Committee met 4 times in 2014. The CFO of the Company, António Marques, the CEO, Antoine Velge, and the Auditor usually attend the meetings.
- The main items on the agendas of the meetings were: i) the analysis of the periodic annual and half-year consolidated financial statements and the statutory annual accounts, and ii) the definition of the missions of internal audit, and the monitoring of its activity; the identification of key risks and their monitoring by the management; and the review of the external audit conclusions.
- Following each meeting, the Chairman of the Audit Committee reported the conclusions of the Audit Committee to the Board of Directors.

Members	Presences
Sophie de Roux (Chairman)	4/4
Matthieu Delouvrier	3/4
Xavier de Walque	4/4

#### The Appointments and Remuneration Committee

- The Appointments and Remuneration Committee advises and makes recommendations to the Board of Directors regarding appointments and remunerations of Directors and senior management of the company.
- On December 31, 2014, the Committee was composed of Eduardo Catroga (Chairman), Matthieu Delouvrier and Sophie de Roux. The CEO Antoine Velge regularly attends the meetings
- The Committee met 1 time in 2014 and all members were present.
- The Appointments and Remuneration Committee forwards its findings to the Board of Directors.

#### ▶ DAY-TO-DAY MANAGEMENT OF THE COMPANY

The Board of Directors may delegate part of its authority to a managing director (or even two). Within the framework, the managing director will be entrusted with the following main tasks:

- responsibility for the day-to-day management of the company and the supervision of the subsidiaries;
- ensuring the effective organisation of the company and of its subsidiaries, and implementing internal controls
  based on the frame of reference approved by the Board of Directors, without prejudice to the supervisory and
  control role of the Board;
- · preparing financial statements and other significant financial and non-financial information on the company;
- evaluates the management members and makes recommendations to the Appointment and Remuneration Committee about their prospects and remuneration;
- has delegated authority from the Board of Directors for making investment/divestment decisions of under EUR 1 million;
- preparing and submitting to the Board of Directors important decisions to be taken and providing timely information on the performance of its obligations;
- implementing the decisions of the Board of Directors, and reporting to the Board regarding the exercise of his responsibilities.

To help coordinate his tasks, the CEO is assisted by an Executive Committee composed of specialists usually from the general management of the Group or its subsidiaries.

#### STATEMENT OF CORPORATE GOVERNANCE

Each member of the Executive Committee arranges his personal and business affairs so as to avoid direct or indirect conflict of interest with the company.

The CEO is ultimately responsible accountable to the Board of Directors for the company's day-to-day management.

The Executive Committee meets monthly, additional meetings being convened, if required.

The Executive Committee is currently composed by Antoine Velge (the Group's CEO), Eric van Innis (head of various businesses) and António Marques (financial officer of the company). Eduardo Catroga, as Chairman of the Board of Directors, attends the meetings of the Executive Committee.

In 2014, the Executive Committee met 12 times.

#### SHAREHOLDER STRUCTURE AND PUBLICITY

At December 31, 2014, the share capital was EUR 36,600,000, represented by 1,355,000 shares.

Also in accordance with the legislation and the company's articles of association, all shareholders who hold more than 3% of shares, and then 5% or a multiple thereof, must submit a declaration of transparency to the company.

#### ► GENERAL MEETINGS

The General Meeting takes place on the third Tuesday of June at 11 a.m. at the company's head-office. If an extraordinary meeting is necessary, the Board of Directors will try to hold it immediately before or after the ordinary general meeting.

The General Meeting deliberates following the agenda specified in the notice convening the meeting.

Invitations to the meetings comply with the statutes and statutory requirements under the Companies Code.

Voting is public, by show of hands. Votes are counted and the results are announced immediately. The minutes of the general meeting are drawn up immediately by the Board Secretary, and are signed by the shareholders who wish to do so at the end of the meeting

#### DIVIDEND POLICY

The company's dividend policy is the result of a balance between the dividend for shareholder and the availability of resources to finance the development of its activities.

#### ▶ DEROGATIONS

Given its shareholder structure and size, the company departs from the recommendations of the Belgian Companies Code on the following:

- The group of directors elected by the family shareholders is in a position to dominate the decisions.
- The Board of Directors has only two Independent Directors.
- A systematic and formal process of evaluation of the Board of Directors, its committees and individual directors has not yet been established.
- The mandates of the Directors may be renewed several times; the limit of 12 years applies only to Independent Directors.
- The Appointments and Remuneration Committee meets only once a year.

#### GENERAL COMMUNICATION POLICY

The regulatory and non-regulatory communications is carried out in French, with a translation in English being available a few days later through the company's website.

In general, the company always ensures that all resources and communication for shareholders to exercise their rights are available.

The annual report will be drawn up in French, with an English version being available a few days later through the company's website.

#### ► RELATIONS WITH THE DOMINANT SHAREHOLDERS

There is an agreement between Cobepa and the majority Group.

#### **AUDITOR**

The Auditor is the firm "Mazars Réviseurs d'Entreprises", represented by Mr. Philippe de Harlez, Company Auditor.

#### ► REMUNERATION REPORT

#### 1. Description of the procedure for the remuneration of Directors

At the shareholders' annual meeting for the approval of accounts, the Board of directors' total fees are fixed. This amount is equally distributed amongst the non-executive Directors. The non-executive Directors, who are members of the Audit Committee and/or the Appointment and Compensation Committee, also receive attendance fees for taking part in committee meetings.

Non-executive Directors do not receive any variable remuneration linked to the results or other performance criteria. Non-executive Directors are not entitled to stock options or any supplemental pension scheme.

The Company reimburses the non-executive Directors travel and other expenses incurred in the performance of their duties.

The non-executive Directors do not have permanent infrastructures (office, secretariat, car).

The Company also takes out insurance policies to cover risks the members of the Board of Directors in the exercise of their duties.

In 2013, the total amount of director's fees will be 77,000 € and in 2014 108,878 €.

#### 2. Description of the procedure for the remuneration of the Chairman of the Board

The Chairman of the Board receives a fixed remuneration as part of his special duties to support the CEO and the Executive Committee, and the relationships with the various shareholders of the company and its subsidiaries. This remuneration is authorised and defined by the Board of Directors based on the recommendations of the Appointments and Remuneration Committee.

The Chairman has a permanent infrastructure (office, secretariat, car) and his business expenses on behalf of the company are justified item by item.

#### 3. Description of the procedure for the remuneration of the CEO

The individual remuneration of the CEO, consisting of a fixed and a variable component, is determined by the Board of Directors on the recommendation of the Appointments and Recommendation Committee (see table below).

The variable component is largely linked to the net income of the Group.

CEO expenses are governed by the same rules as apply to all Group management staff, which is justification item by item.

In terms of insurance, the company provides the same type of coverage for the CEO as it does for senior managers.

For pensions, sickness and death, the CEO is entitled to benefits on the basis of the provisions of the plans applicable to senior managers in Portugal.

The CEO does not receive stock-options and does not benefit from any so called "golden parachute" clause.

#### 4. Description of the procedure for the remuneration of other members of the Executive Committee

The remuneration of the members of the Executive Committee, consisting of a fixed and a variable component, is determined by the Board of Directors on the recommendation of the Appointments and Recommendation Committee.

The variable component is in great part linked to the net profit of the Group or the results of certain material subsidiaries.

The Executive Committee members' expenses are governed by the same rules as those applicable to all Group management staff, which is justification item by item

In terms of insurance, the company provides the same type of coverage for the CEO as it does for senior managers.

For pensions, sickness and death, the Executive Committee are entitled to benefits on the basis of the provisions of the plans applicable to senior managers in Portugal.

The members of the Executive Committee do not receive stock-options and do not benefit from a clause called "golden parachute".

30
SAPEC ANNUAL REPORT 2014

The Executive Committee members including the CEO have, according to their responsibilities, duties as Directors in the Group's subsidiaries. Where such duties are compensated, they are included in the amounts given in the table below.

Gross remuneration	s granted to Directors (€)	2014	2013
Eduardo Catroga, (d	312,695	354,653	
Philippe de Broque	ville, director's and attendance fees	11,052	15,554
Matthieu Delouvrie	r, director's and attendance fees	22,752	23,354
Manuel Fernando E	Espírito Santo, director's fees	11,052	15,554
Jean-Marie Laurent	:-Josi, director's fees	11,052	23,354
Sophie de Roux, di	rector's and attendance fees	22,752	27,254
Xavier de Walque, o	director's and attendance fees	22,752	-
Christian Varin, dire	ector's fees	-	15,554
Patricia Velge, direc	11,052	15,554	
Gross remuneration	2014	2013	
Antoine Velge	Fixed remuneration <sup>(1)</sup>	454,092	475,045
	Variable remuneration	-	-
	Others	42,580	42,580
Gross remuneration	granted to other members of the Executive Committee (€)	2014	2013
Fixed remuneration	(1)	479,426	609,989
Variable remunerati	ion	85,802	200,665
Others		20,000	20,000

<sup>(1)</sup> Including services provided

#### ► RISK MANAGEMENT

One of the priorities of the Sapec Group is to act responsibly in all its businesses as a corporate citizen and to care for the health and safety of its employees as well as for the environment in general.

Sapec's policy is to achieve a satisfactory level for the management of the risks inherent to each of its businesses, improving the process of identification, evaluation and skill to manage such risks.

The Sapec Group has defined 10 major risk categories:

- Financial
- Product
- · Risk to people
- Environmental
- Climate
- Supply chain and manufacturing
- Regulatory, political and legal
- Market- strategy
- Information and IT
- Reputation

#### STATEMENT OF CORPORATE GOVERNANCE

#### Financial risk

The Sapec Group defines financial risk as including foreign exchange, liquidity, interest rate and counterparty risk.

Sapec has foreign exchange rate risk exposure for some of its international businesses as related to the EUR – USD, Brazilian Real and Mexican Peso:

- For purchases / sales in USD, Sapec usually fixes forward exchange and/or enters into option contracts, securing the EUR value of the USD cash flows.
- Sapec also chose to hedge against currency risk the balance sheets of its subsidiaries, which are denominated in foreign currency, by obtaining financing lines in the various currencies in question. These credit lines can make currency flows predictable and allow underwriting futures to ensure value in EUR.
- The policies to cover the foreign exchange rate risk are defined centrally, and implemented by each business. There is a systematic overview of the implementation of the defined policies.

Liquidity risk is linked to the ability of the Group's companies to fulfil their financial obligations.

- To cope with this risk, the Group chose a centralised cash management policy to match incoming cash flows and maturities of loans and other financial obligations, and to systematically and in the long term maintain a certain amount of fast disbursing cash.
- Management of financing debts is done by the Central Treasury on behalf of the various Group's companies, so that they do not experience difficulties in refinancing their activities.

Interest rate risk arises from treasury flows linked to variable-interest rate loans. This is dealt with as far as possible by the use of derivatives: options, Forward Rate Agreement (FRA's) and swaps.

Sapec is exposed to the counterparty risk in its cash management as well as in its commercial relationships with clients and suppliers:

- In order to reduce the risk in its cash management, Sapec works with banking institutions with a high credit rating, follows a policy of diversifying its' banks portfolio.
- A customer default could lead to a write-down on the trade receivables. Each business has a department in charge of managing client receivables and responsibility to define guidelines with respect to credit policy. All businesses report on a monthly basis to the Executive Committee allowing a follow- up of the performances regarding this matter. Part of the receivables is insured.

#### **Product risk**

Exposure arising from injury or damage to third parties or their property by the use of a Sapec product which could lead to possible litigation. Product liability may also arise from out-of-specification products, inappropriate use or manufacturing errors resulting in defective products that may cause contamination and potential recalls.

Exposure to product liability is relatively reduced on one hand by insurances and on the other hand by the strict quality control systems carried out by our people. Appropriate information and technical assistance are provided to clients regarding products which require such a level of support.

All regulatory compliance, approvals, licenses and strict procedures for labelling, packaging, transport and warehousing must be observed for our products that contain chemical substances. The implementation of the REACH directive in Europe, requiring the pre-market approval for all chemical products, will reduce product liability exposure.

#### Risk to people

Exposure of employees, contractors, and the public in general to the adverse effects which may arise from Sapec activities and products. This risk is principally linked to manufacturing, warehousing and transport of chemical products.

Health and safety of people are high priorities in the management of Sapec activities. Risk-control programmes and objectives are required in all areas of activity. All of our production units are ISO certified. The most sensitive units in the plant protection business hold ISO 14001 and OHSAS 18001 certification. Local authorities validate pollution and accident prevention measures and procedures which are in place. Additionally, these measures and procedures are the subject of internal and/or external audits twice a year.

The transport of our chemical products respect all national regulations that cover the transport of hazardous materials.

#### **Environmental risk**

Exposure to the risk of an accidental release of a chemical substance due to plant or warehouse equipment failure or production problems which result in exceeding permitted emissions levels.

Sapec considers environmental protection of fundamental importance in the management of its activities. All our production and warehousing are submitted to environmental risk directives and control programmes. In addition, in order to be allowed to operate, all of our industrial installations must obtain environmental impact statements issued by local and national authorities, which impose strict standards and annual audits.

#### **Climate risk**

Mainly for the businesses related to agriculture, agro business and, to a lesser extent, the agro commodities distribution business, the risk associated with periods of climate instability (drought, floods and extreme temperatures) may affect the demand for products and production factors. Some markets are more sensitive than others to this risk; this is defined as biological vulnerability of a market. Through its policy of internationalisation and market diversification, Agro business has reduced and will continue to dilute this risk.

#### Supply and manufacturing risk

Supply and manufacturing risk is the exposure of Sapec on one hand, to risks associated with raw materials and their suppliers, and on the other hand, to risks associated with production units, such as breakdowns or serious plant damage.

For our businesses, a key element of the strategy is the ability to secure the supply of products and/or raw material at competitive economic conditions.

For some of these businesses, programmes are in place to permit access to in-depth market knowledge of products / raw materials and their sources of supply. Where possible, policies are being put in place to diversify suppliers and reduce dependence.

All our factories are subjected to preventive maintenance programmes in order to reduce the risk of failures. Our factories and equipment are also periodically subjected to audits. Sapec has insurances to reduce the financial impact of potential events that may cause damage and lead to production interruption.

SAPEC ANNUAL REPORT 2014

#### STATEMENT OF CORPORATE GOVERNANCE

#### Regulatory, political and legal risk

Exposure to new legislation or national/supranational regulations that may impose a ban on the use of a product or introduce restrictions to such an extent that the product becomes unprofitable.

For most of its businesses and in order to be able to carry out its activities, Sapec must obtain and maintain regulatory authorisation granted by authorities or agencies based in different countries. Sapec relies on a network of consultants specialised in these various matters, not only to obtain the different kinds of required authorisation but also to track any changes in regulations and/or legislations.

In 2008, Sapec achieved the pre-registration of all its products concerned by REACH, the European procedure for homologation of all chemical products sold.

Exposure to political decisions that may cause difficulties in the supply of products and raw materials or that may cause upheaval to such a degree that markets are no longer commercially accessible.

Purchasing managers seek to maintain geographical spread when sourcing key raw materials. Sapec also avoids taking commercial risks in so-called "at risk" countries. Insurance cover is also obtained, when possible.

Legal risk is the exposure to the adverse consequences of non-compliance with regulations or contractual undertakings.

In order to manage its legal risk, Sapec relies on a network of external and reputable legal specialists and partners, with expertise in the various aspects of the laws and legislations inherent to the running of the businesses. Adverse outcome of disputes or litigations is always possible, and for this reason the policy of the Group is to make appropriate financial provision to cover this risk.

#### Market-strategy risk

The market-strategy risk is the exposure to possible adverse developments in our markets or our competitive environment. The possible lack of success of new products, unsuccessful penetration in a new market, demand reduction in our principal markets linked to new legislations or to important socio-political problems, development of substitute products, eventual scarcity of certain raw materials are examples of the risks that may affect our activities.

To prevent or reduce the impact of some of these risks, management makes an effort to preserve a balanced portfolio of products, maintain an important pipeline of new products and has a diversification policy of customers and markets.

For several years now, the group has carried out an annual strategic analysis process for all its businesses. This has allowed us to analyse the evolution of the competitive environment, define new strategic guidelines if necessary and measure the conformity to the established objectives in terms of performance, durability and risk profile.

#### Information and IT risk

Information technologies are integrated in the Group's different activities to process and exchange the necessary information and to optimize business processes for management control as defined for all our businesses. Making available and ensuring good communication and good information management on the Group's activities is a real asset. The risks of accidental breakdowns, losses, deliberate misuse, abuse and theft are real challenges to be overcome.

Our internal IT experts manage and protect the systems and guarantee their integrity. They support and train the users and look after computer security. They carry out regular backup copies and guarantee a safer use of the systems. The backup copies are stored in safe places.

#### Reputation risk

Reputation is a major asset and confidence is a fundamental element of reputation. Damage to a reputation may weaken competitiveness in general and can be prejudicial to confidence and therefore to the will to collaborate of both personnel and all partners (customers, suppliers, banks).

For more than eighty years now, as a medium sized company with a stable majority family shareholder structure, the Group developed an informal code of conduct which naturally transposes to all employees based on values which have always been defended and required by the founding shareholder. These values oblige the personnel to follow principles of honesty, ethics, transparency and availability.

Several businesses and Group affiliates have put in place systematic procedures of internal (newsletters) and external (for customers) communications. Certain businesses regularly organise seminars, conferences and open days for their customers and internally prepare sessions for staff motivation, training and team building.

On a regular basis, some businesses use third parties to carry out customer satisfaction questionnaires. The Group uses the website for all periodical communication on the market.

The Governance Charter is available on our website and is distributed to all managing directors of the company.

#### INTERNAL CONTROL AND RISK MANAGEMENT

#### **General comments**

SAPEC is a medium-sized, industrial holding group which conducts a great part of its activities in the Iberian Peninsula. The geographic proximity of the decisions centres of the different businesses and the homogeneity of the management profile according to the family nature of the company, allows different activities to be managed with simple and localized control structures.

The internal control and risk management procedures in force in the group are adapted to the dimension, complexity and to the present geographic positioning of the group. The main persons responsible for these procedures are the executive Managers of each business. They are supported by a "controller" who also reports to the group's CFO.

Both the audit committee and the external auditors play an important role in the process of internal control and risk management. The function of internal auditing is being put in place with the support of an external auditor. This need is being felt due to the Group's progressive expansion to regions outside the Iberian Peninsula.

#### **Control environment**

Each company must comply with the legislation applicable in the country it operates. Financial reporting rules are established for the Group, and all entities must respect these rules and timetable established in the Group's "Account Consolidation Manual". All businesses must report in accordance with the IAS / IFRS rules or include in their financial statements any significant adjustments in order to respect these rules in the consolidation framework.

#### Financial risk management

The measures adopted for risk management are described above in more detail. Specifically in terms of consolidated reporting, controls are carried out by a structured and experienced department supervised directly by the Group's CFO and based on the consolidation manual.

#### **Control implementation**

The controls implemented in the SAPEC group are based on two pillars: (i) a close review and supervision of the financial operations by the Group's Executive Committee and (ii) a corporate culture of the Group - integrity, ethics and competence – required and adopted by all members of the staff and in particular, those in responsible positions in the Group.

The Group also expects and requires from the external auditors a detailed examination of all the accounts of its affiliates which allows for the fulfilment of the established procedures.

#### Information and communication; "steering"

The SAPEC group is particularly sensitive to the financial information transmitted to the markets. Special attention is given to the comprehensiveness of this information in order for the markets (shareholders, financial analysts, banks) to be fully informed of all of the Group's evolution. The timing of market communications are also the object of an in-depth control.

The Group is fully aware that financial information is a vital communication instrument and has established, taking this into account, rules and IT controls to ensure that all important financial information is always available whilst at the same time developing security measures (which include both distance safeguarding and daily operation controls through appropriate control accesses and other "IT Best Practices").

As for any other matter concerning audit control, the communication and information disclosed by the group is the object of a close follow-up by the Executive Committee.

## **Consolidated Financial Statements**

- Consolidated income statement and statement of comprehensive income
- Consolidated balance sheet
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements

## **Consolidated income statement**

Consolidated income statement and statement of comprehensive income (in k€)

		Notes	31.12.14	31.12.13	Var.
1.	Revenue	1;2	441,877	474,265	-32,388
2.	Other operating income	3	5,820	5,516	304
3.	Operating expenses		-430,032	-458,023	27,991
	3.1. Raw material andconsumables used		-318,667	-360,852	42,185
	3.2. Changes in inventories of finished goods and work in progress	14	5,045	8,414	-3,369
	3.3. Employee benefit expenses	4	-40,395	-37,154	-3,241
	3.4. Depreciation and amortisation	4	-10,178	-8,879	-1,299
	3.5. Impairment charges ( net of reversals)	4	-195	-946	751
	3.6. Restructuring costs	4	-1,225	0	-1,225
	3.7. Other operating expenses	4	-64,417	-58,606	-5,811
4.	Operating profit		17,665	21,758	-4,093
5.	Gain (loss) on disposal of non-current assets	5	672	1,105	-433
6.	Gain (loss) on disposal of investments	5	0	501	-501
7.	Operating profit after impact of disposal of fixed assets and				
	investments		18,337	23,364	-5,027
8.	Finance costs - net	6	-17,307	-14,827	-2,480
	8.1. Finance costs		-17,866	-15,578	-2,288
	8.2. Finance income		559	751	-192
9.	Share in the results of investments accounted for using the				
	equity method	10	94	69	25
10.	Profit (loss) before income tax		1,124	8,606	-7,482
11.	Income tax expense	7	1,575	-2,980	4,555
12.	Profit (loss) for the year from continuing operations		2,699	5,626	-2,927
13.	Profit (loss) for the year from discontinued operations	13	-2,931	-28,856	25,925
	Profit (loss) for the year		-232	-23,230	22,998
	14.1. Non-controlling interests		-4	70	-74
	14.2. Owners of the parent		-228	-23,300	23,072
1.	EARNINGS PER SHARE (in €)				
1. B	asic earnings per share from profit for the year	24	-0.17	-17.29	17.12
	1.1 From continuing operations		2.00	4.12	-2.12
	1.2 From discontinued operations		-2.17	-21.40	19.23
2.	Diluted earnings per share from profit for the year	24	-0.17	-17.29	17.12
	2.1 From continuing operations		2.00	4.12	-2.12
	2.2 From discontinued operations		-2.17	-21.40	19.23
	·				

(For information about recurrent/non-recurrent, see page 56)

## Consolidated statement of comprehensive income (in k€)

	31.12.14	31.12.13
Profit (loss) for the year	-232	-23,230
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Cash flow hedges	185	460
which tax impact	-58	-149
Currency translation differences	315	-723
Other comprehensive income (loss) for the year net of tax	500	-263
Total comprehensive income (loss) for the year	268	-23,493
- Attribuable to non-controlling interests	-4	70
- Attribuable to owners of the company	273	-23,564

## **Consolidated balance sheet** (in k€)

ASSETS	Notes	31.12.14	31.12.13	Var.
I. NON-COURANT ASSETS		167,085	153,060	14,025
1. Property , plant and equipment	8	74,880	77,432	-2,552
2. Intangible assets	9.1	64,355	54,463	9,892
3. Goodwill	9.2	15,098	10,913	4,185
4. Investments in associates	10	977	924	53
5. Deferred income tax assets	11	11,348	8,659	2,689
6. Other long term investments	12	427	438	-11
7. Trade and other receivables		0	231	-231
II . CURRENT ASSETS		200,332	211,166	-10,835
8. Assets of disposal group classified as held for sale	13	7,000	7,000	0
9. Inventories	14	84,472	89,323	-4,851
10. Derivative financial instruments	15	1,468	80	1,388
11. Current income tax assets		2,420	4,555	-2,135
12. Trade and other receivables	16	85,809	87,378	-1,569
13. Cash and cash equivalents	17;20	18,236	21,104	-2,868
14. Other current assets		927	1,726	-799
TOTAL ASSETS		367,417	364,226	3,191
LIABILITIES	Notes	31.12.14	31.12.13	Var.
I. EQUITY		99,226	98,965	261
A. Equity attribuable to owners of the company		98,147	97,876	271
1. Capital	18	36,600	36,600	0
2. Primes		7,127	7,127	0
Consolidated reserves		54,614	54,461	153
4. Own shares	19	-194	-312	118
B. Non-controlling interests		1,079	1,089	-10
II. LIABILITIES		268,191	265,261	2,930
A. Non-current liabilities		125,362	117,875	7,487
5. Long-term interest-bearing financial debts	20	111,694	103,247	8,447
6. Long-term non-interest-bearing financial debts	20	773	447	326
7. Deferred income	21	4,739	5,192	-453
8. Long-term provisions	22	2,036	2,137	-101
9. Derivative financial instruments	15	630	1,037	-407
10. Deferred income tax liabilities	11	3,135	3,427	-292
11. Other non-current liabilities		2,355	2,388	-33
B. Current liabilities		142,829	147,386	-4,557
12. Short-term interest-bearing financial debts	20	66,105	71,505	-5,400
13. Short-term non-interest-bearing financial debts	20	156	104	52
14. Deferred income	21	559	546	13
15. Derivative financial instruments	15	159	242	-83
16. Current income tax liabilities		4,794	4,906	-112
17. Trade and other payables	23	65,617	64,316	1,301
18. Other current liabilities		5,439	5,767	-328
TOTAL EQUITY AND LIABILITIES		367,417	364,226	3,191

## Consolidated statement of cash flow (in k€)

	Notes	31.12.14	31.12.13
A. Cash and cash equivalents at begining of the year		21,104	12,669
1. Profit/ (loss) for the year		-232	-23,230
2. Non-cash adjustments		9,607	37,259
Depreciation and amortization	4;8;9	10,178	8,879
(Reversal of) impairment losses	4;14;16	195	938
(Profit )/loss on disposal of property , plant and equipment and financial assets	5	-672	-1,606
Share in results on investments accounted using the equity method		-94	-69
Changes in provisions			155
Impairment losses on investments recorded as available-to-sale	13		28,962
3. Changes in working capital		6,954	10,999
Changes in inventories		5,041	-6,823
Changes in trade and other receivables		2,100	12,158
Changes in derivative financial instruments		-1,878	-532
Changes in trade and other payables		1,386	7,338
Changes in income tax assets and liabilities		2,499	-600
Other changes in working capital		-2,194	-542
B . Cash flows from operating activities		16,329	25,028
1 . Acquisitions		-23,397	-15,017
Payments made for the acquisition of non-current assets (excluding financial assets) (-)	8,9	-18,128	-14,656
Payments made for the acquisition of financial assets (-)	24	-5,269	-361
2. Disposals		565	1,129
Entries from to the disposal of non-financial non-current assets		565	627
Entries from to the disposal of financial investments		0	502
C. Cash flows from investing activities		-22,832	-13,888
Changes in long-term interest-bearing debts	20	8,725	28,672
Changes in short-term interest-bearing debts	20	-5,348	-31,376
D. Net cash used in financing activities		3,377	-2,704
E. Net (decrease) / increase in cash and cash equivalents		-3,126	8,435
F. Changes in consolidation scope		258	0
G. Cash and cash equivalents at end of year	17	18,236	21,104

# Statement of changes in equity (in k€)

	Share Capital	Share premiums	Foreign currency translation reserve (1)	Cash flow hedging reserve (2)	Other reserves	Own shares	Attributable to owners of the parent	Non-controlling interests	Total Equity
As at December 31, 2012	36,600	7,127	-806	-1,149	80,040	-302	121,509	1,017	122,526
Profit (loss) for the year					-23,300		-23,300	70	-23,230
Gains (losses) from hedging instruments				460			460		460
Exchange differences on translating foreign operations			-723				-723		-723
Total comprehensive income (loss)for the year			-723	460	-23,300	0	-23,564	70	-23,492
Operations with own shares					11	-11	0		0
Other					-70		-70		-70
As at December 31, 2013	36,600	7,127	-1,529	-689	56,680	-312	97,876	1,089	98,965
Profit (loss) for the year					-228		-228	-4	-232
Gains (losses) from hedging instruments				185			185		185
Exchange differences on translating foreign operations			315				315		315
Total comprehensive income (loss)for the year			315	185	-228	0	272	-4	268
Dividends							0		0
Operations with own shares					-119	119	0		0
Other					-1		-1	-6	-7
As at December 31, 2014	36,600	7,127	-1,214	-504	56,333	-194	98,147	1,079	99,226

(1) Foreign currency translation reserve
This item includes amounts resulting from changes in the value of shareholders' equity of the subsidiary and its partners due to changes in exchange rates.

(2) Cash flow hedging reserve
This item represents the market value of derivatives on interest rates accounted for under IAS 39, as cash flow hedges.

## MAIN ACCOUNTING POLICIES

## 1. GENERAL INFORMATION

Sapec (the "Company") is a Belgian limited company listed on the NYSE Euronext Brussels. The main activities of the company, of its subsidiaries and its joint ventures (together referred to as the "Group") are described in the activity report on pages 6 to 8 of this report.

Its consolidated financial statements are for a period of 12 months ended 31 December 2014. The Board of Directors authorised the publication of the financial statements dated April 27, 2015.

#### 2. DECLARATION OF CONFORMITY

The consolidated financial statements have been prepared in accordance with international accounting standards (IFRS-International Financial Reporting Standards) applicable to the closing date of these financial statements, as adopted by the European Union.

#### Mandatory changes in accounting policies

The standards, amendments and interpretations implemented during fiscal year 2014 were as follows:

- IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014);
- IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014);
- IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014);
- IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014);
- IAS 28 Investments in Associates (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 27 Consolidated Financial Statements and Disclosures Investment entities (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IAS 32 Financial Instruments: Presentation Offsetting of assets and liabilities (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IAS 36 Impairment of Assets Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement Novation of derivatives and continuation of hedge accounting (effective for annual periods beginning on or after 1 January 2014);

The application of new standards, amendments and interpretations listed below did not have a significant impact on the consolidated financial statements for the year and previous years. Additional information has however been provided in the notes on consolidated participations and on investments accounted by the equity method following the initial adoption of the IFRS 12.

#### Standards, interpretations and amendments applicable after 2014

Sapec has not anticipated the application of new standards, interpretations and amendments that come into force after December 31, 2014, namely:

- *IFRS 9 Financial Instruments and amendments* (applicable for annual periods beginning on or after 1 January 2018, but not yet adopted at EU level);
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet adopted at EU level);
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2017, but not yet adopted at EU level);
- Improvements to International Financial Reporting Standards (2010-2012 Cycle) (applicable for annual periods beginning on or after 1 February 2015);
- Improvements to International Financial Reporting Standards (2011-2013 Cycle) (applicable for annual periods beginning on or after 1 January 2015);
- Improvements to International Financial Reporting Standards (2012-2014 Cycle) (applicable for annual periods beginning on or after 1 July 2014, but not yet adopted at EU level);

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities Application of the consolidation exception (applicable for annual periods beginning on or after 1 January 2016, but not yet adopted at EU level);
- Amendments to IFRS 10 and IAS 28- Sale or contribution of assets between an investor and its associate or joint venture (applicable for annual periods beginning on or after 1 January 2016, but not yet adopted at EU level);
- Amendments to IFRS 11 Joint Arrangements Accounting for acquisitions of an interest in a joint operation (applicable for annual periods beginning on or after 1 January 2016, but not yet adopted at EU level);
- Amendments to IAS 1 Presentation of Financial Statements Disclosure initiative (applicable for annual periods beginning on or after 1 January 2016, but not yet adopted at EU level);
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets Clarification of acceptable methods of depreciation and amortisation (applicable for annual periods beginning on or after 1 January 2016, but not yet adopted at EU level);
- Amendments to IAS 16 and IAS 41 Property, Plant and Equipment and Agriculture Bringing bearer plants into the scope of IAS 16 (applicable for annual periods beginning on or after 1 January 2016, but not yet adopted at EU level);
- Amendments to IAS 19 Defined Benefit Plans Employee Contributions (applicable for annual periods beginning on or after 1 February 2015);
- Amendments to IAS 27 Equity Method in Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2016, but not yet adopted at EU level); and
- IFRIC 21 Levies (applicable for annual periods beginning on or after 17 June 2014);

The future application of these new standards, amendments and interpretations should not have a significant impact on the consolidated financial statements.

#### 3. BASIS OF PREPARATION

The consolidated financial statements are presented in thousands of Euros, which is also the functional currency of the parent company. The Group's consolidated financial statements were prepared on a historical cost basis, unless otherwise indicated. The accounting policies have been applied consistently with the previous year.

The preparation of the financial statements requires the use of estimates and the formulation of judgements and assumptions that have an impact on the application of accounting policies and the amounts shown in the financial statements. The areas for which the estimates and assumptions are significant compared to the consolidated financial statements are presented in note related to "Accounting estimates and judgements".

#### 4. CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company, the entities controlled by the Group, and the Group's interests in joint ventures and associates consolidated by the equity method. The subsidiaries, joint ventures and important associates close their accounts on 31 December.

The companies controlled by the Group (control is understood to mean the power to influence the financial and operational policies of a company in order to obtain benefits from its activities) are consolidated according to the global integration method.

Sapec is presumed to exercise control if it acquires, directly or indirectly, more than 50% of voting rights. To assess this control, potential voting rights held by Sapec and its subsidiaries that are immediately exercisable or convertible are taken into consideration.

The results and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting practices into line with those used by the other Group companies.

All intra-group balances and transactions are eliminated.

Changes in the Group's interest in a subsidiary that do not result in a loss of control 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 recognised directly in equity.

When the Group loses control of a subsidiary, the profit and loss on the disposal is calculated as the difference between i) the total fair value of the consideration received and the fair value of any retained interest, and ii) the previous carrying amount of assets (including goodwill) and liabilities of the subsidiary, as well as any non-controlling interest. When the assets of the subsidiary are carried at revalued amounts or at the fair value, and the accumulated profit or loss has been previously recognised in other comprehensive income and accumulated to equity, this accumulated profit or loss is accounted for as if the Company had directly disposed of the related assets (i.e., reclassified as profit or loss or transferred directly to retained earnings). The fair value of an interest retained in the former subsidiary at the date when control is lost must be regarded as the fair value on initial recognition for subsequent accounting according to IAS 39 Financial Instruments: Recognition and Measurement, or, if applicable, as the cost, on initial recognition, of an investment in an associate or jointly controlled company.

#### 5. JOINT VENTURES AND INVESTMENTS IN ASSOCIATED COMPANIES

A joint venture is a company in which Sapec has joint control with one or more other parties for which the parties have rights to the net assets of the company. Joint control is the contractually agreed sharing of control over an enterprise, which exists only in the case where decisions about the relevant activities require the unanimous consent of the parties sharing control. These joint ventures are recognized in the consolidated financial statements using the equity method.

If the Group has significant influence in a company, the equity interest in it is considered an associate. Significant influence is the power to participate in decisions on the financial and operating policies, without exercising control or joint control over those policies. Associated companies are recognized in the consolidated financial statements using the equity method except when the investment is classified as held for sale; in which case it is accounted for under *IFRS* 5 - *Non-current assets held for sale and discontinued operations*.

#### **6. BUSINESS COMBINATIONS**

In the business combinations, the Group applies the acquisition method. The considerations transferred for a business combination is evaluated at fair value, calculated as being the sum of fair values at the date of acquisition of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquired and the equity instruments issued by the Group in exchange for the control of the acquired. Acquisition-related costs are recognised in profit and loss as incurred.

Where a business combination is done in stages, the Group must re-evaluate previously held interests in the acquired to fair value at the date of acquisition (i.e., the date on which the Group obtains control) and the resulting gain or loss will be recognised in profit or loss. Amounts arising from interests in the acquired prior the date of acquisition that have been previously recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

At the date of acquisition, the identifiable assets acquired and the liabilities assumed that meet the recognition criteria of IFRS 3 are recognised at their fair value at the date of acquisition, except for deferred tax assets and liabilities, obligations related to employee benefits, liabilities or equity instruments related to share-based payment arrangements and assets classified as held for sale.

### 7. GOODWILL

Goodwill arising from a business combination is recognised as an asset at the date on which control is obtained (the acquisition date). Goodwill is measured as the excess of consideration transferred in the net fair value at the date of acquisition of identifiable assets acquired and liabilities assumed. The consideration transferred is the sum of the fair values of the assets transferred and liabilities incurred by the acquirer to former owners of the acquired and the equity instruments issued by the acquirer.

If, after an assessment, the net fair value at the date of acquisition of identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the difference is recognised immediately in profit or loss as a gain on a bargain purchase.

The goodwill is not amortised, but is tested for impairment, annually or more frequently if there are any indications of a loss in value.

For the purpose of impairment tests, goodwill is allocated to each of the Group's cash-generating units (CGU), who should benefit from the synergies of the combination in accordance with IAS 36 Impairment of Assets.

A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets.

These tests consist of comparing the carrying amount of assets (or of CGU) with their recoverable amount. The recoverable amount of an asset (or a CGU) is the higher of its fair value minus the costs to sell and its value in use.

If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is first recorded as a reduction of any goodwill allocated to the unit, and then is subsequently charged to other assets of the unit in proportion to the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent periods.

On disposal of a subsidiary, goodwill arising from it is taken into account in determining the profit and loss on disposal.

#### 8. FOREIGN CURRENCIES

The functional currency and presentation of consolidated financial incomes of the Group is the EUR.

Operations denominated in a currency other than the functional currency of the entity are initially recognised and recorded in the functional currency at exchange rates prevailing at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rate. Exchange differences are recognised in profit or loss in which they arise.

As part of the consolidation, the assets and liabilities of foreign transactions are expressed into EUR using closing rates. Results are translated into EUR at the average exchange rate for the period. Exchange differences arising are recognised under the heading "currency translation differences" in equity.

On the disposal of a foreign operation, exchange differences previously recognised in equity are recognised in income.

The main exchange rates used are:

		Closir	ng rate	Averag	ge rate
		2014	2013	2014	2013
1 Euro=					
US Dollar	USD	1.21410	1.37910	1.32870	1.32812
Mexican Peso	MXN	17.86790	18.04890	17.65668	16.95826
Brazilian Real	BRL	3.22070	3.22580	3.12166	2.87103
Macao Pataca	MOP	9.69950	11.01410	10.61462	10.60944
Australian Dollar	AUD	1.48290	-	1.47188	-
Colombian Peso	COP	2890.69000	-	2772.61785	-
Egyptian Pound	EGP	8.655	-	9.11885	-
South Korean Won	KRW	1324.829	-	1385.16305	-

#### 9. INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and any impairment in value. They are recognised if it is probable that the future economic benefits associated with the asset will flow to the company, and if the cost of the asset can be reliably measured.

Intangible assets are amortised on a straight-line method on the basis of their useful life. The useful life applied as follows:

- Licenses, patents and similar rights  $\mathbf{5}$  to  $\mathbf{15}$  years
- Computer software: 3 years
- Concessions: the duration of the contract

The amortisation period for licenses, patents and similar rights is related to the duration of the recording of their active ingredients.

Research expenses are recognised as an expense as incurred.

Internal and external development costs are activated if, and only if all conditions specified below are met:

- The product or process is clearly defined, and the costs related to it are measured reliably and identified separately:
- The technical feasibility of the product has been demonstrated;
- The product or process will be placed or used internally;
- The assets will generate future economic benefits (there is a potential market for the product, or where it is to be used internally, its utility is demonstrated);
- The appropriate technical and financial resources, and other resources required to complete the project are available.

Development costs that do not meet the criteria listed above are recognised as expenses when incurred. Development costs previously recognised as an expense cannot be recognised as an asset in a subsequent period.

#### 10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised in the balance sheet at cost less accumulated depreciation and impairment losses.

Assessments (made by independent evaluators) are performed when indicators of impairment exist, to ensure that the fair value of the asset does not differ materially from its carrying value.

The subsequent expenses relating to property, plant and equipment are only entered as an asset if it can be clearly demonstrated that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line basis, according to the estimated useful life of assets, as shown below:

1	Rι	ıild	lings.

	9	
	Industrial	20 years
	Commercial	50 years
	Administrative	33 to 50 years
2.	Equipment	3 to 10 years depending on the nature
3.	Facilities – fixtures and fittings	10 to 15 years depending on the destination
4.	Transportation equipment	from 4 to 6 years depending on the nature
5.	Furniture -Office equipment	from 3 to 10 years
6.	IT equipment	4 years
7.	Buildings, Facilities,	The duration of the concession, if it is less than the
	Material for concessions	original life.

Improvements made to leased buildings are capitalised and amortised over the remaining life of the lease, or the useful life, if less.

When the carrying amount of an asset exceeds its estimated recoverable amount, an impairment of this difference is recognised directly offset against the carrying value of the asset. Gains and losses on capital expenditure are included in operating income.

#### 11. INVESTMENT PROPERTY

Investment properties are properties held to earn rentals or for capital appreciation, or both.

Investment properties are initially evaluated at cost. Depreciation is provided over the estimated useful life. Assessments (made by independent experts) are conducted regularly to ensure that the fair value of the asset does not differ significantly from its carrying value. The fair value of the investment property is stated in the notes to financial statements.

#### 12. LEASES

#### - Financial leases

Assets held under financial leases, (lease financing is understood to be a lease contract having the effect of transferring to the lessee almost all the risks and rewards of ownership of an asset, transfer of ownership may occur or not, *in fine*), are recognised in the balance sheet at fair value, or, if lower, at the present value of the minimum lease payments associated with the contract.

The corresponding liability is recorded as a debt. Financial charges, which represent the difference between all rentals and the fair value of assets, are recognised in the income statement over the lease term.

#### - Operating leases

Operating lease contracts are recognised as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of how the economic benefits relating to the leased asset are spread over time. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that benefits were received as part of the conclusion of operating leases, such benefits are recorded as liabilities. The cumulative profit of benefits is recognised as a reduction of rental expenses on a straight-line basis, unless another systematic basis is more representative of how the economic benefits related to the lease assets are spread over time.

#### 13. IMPAIRMENT OF ASSETS

Each year, the Group carries out an impairment test on goodwill. At each balance sheet date, the Group reviews the carrying amounts of tangible and intangible assets, in order to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable value of the asset is calculated. If it is estimated that the recoverable value of the asset is less than the carrying amount, an impairment loss is recognised as an expense in the income statement. When an impairment loss recognised in prior periods ceases to exist, the carrying amount is partially or wholly restored, except in the case of goodwill, in which the impairment cannot be reversed.

#### 14. GRANTS

Grants related to capital purchases are recognised in the balance sheet under the heading "deferred income".

The grant is taken into income at the same rate as the depreciation of property to which it relates.

#### 15. INVENTORIES

Inventories are valued at the lower of a purchasing cost (raw materials and merchandise) or production cost (work in progress and finished goods) and net realizable value. The value of inventories is determined by applying the method of weighted average price.

Given the specificities of the "Agro commodities distribution" activity, inventories of this segment are valued at their fair value at the balance sheet date, less pending commercialization costs.

Cost of inventories includes the purchase, conversion and other costs incurred to bring the inventories to their present location and condition. The costs of conversion of inventories include costs directly related to the units produced, such as direct labour. They also include a systematic allocation of general production overheads and variables that are incurred in converting materials into finished products. The fixed production overheads are those indirect production costs that remain relatively constant regardless production volume, such as depreciation and maintenance of buildings and industrial equipment, and plant management and administration fees. Variable production costs are the indirect costs that vary directly, or almost directly, according to production volume, such as indirect raw materials and indirect labour.

#### **16. FINANCIAL ASSETS**

Financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require the delivery of the financial asset in the time frame set by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as current when the maturity of the expected cash flows of the instrument is less than one year.

Financial assets are classified into one of four categories defined in *IAS 39 Financial instruments: Recognition and Measurement* according to the purpose of the acquisition. This classification determines the method of valuation of the financial asset at subsequent balance sheet dates: amortised cost or fair value.

Amortised cost is the amount at which the financial asset was initially recognised minus principal repayments, plus or minus the cumulative amortisation using the method of effective interest rate, of any difference between that initial amount and the amount at maturity. The method of effective interest rate is a method of calculating the amortised cost of a financial asset and allocating the interest income during the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts (including all fees and items paid or received that are part of the effective interest rate, transaction costs and other premiums or discounts) on the expected life of the financial asset or, if appropriate, a shorter period.

#### - Financial assets at fair value through profit and loss

A financial asset is classified as financial asset at fair value through profit and loss if it is held for transaction purposes. Financial assets at fair value through profit and loss are recognised at fair value and any arising gain or loss is recognised in income. A financial asset is classified in this category if acquired primarily for the purpose of short-term sales. Derivatives are also classified at fair value through profit and loss, unless they are designated as hedging instruments.

#### - Financial assets available for sale

Financial assets available for sale include interests in companies that are not acquired with the intention of being sold in the short term, and that are not consolidated or recognised under the equity method. These financial assets are measured at fair value, and any resulting variation is immediately recognised in other comprehensive income (equity), except in the case of impairment, in which case the cumulative loss in equity is transferred to income. Nevertheless, these financial assets may be measured at cost if there is no quoted price in an active market, and the fair value cannot be reliably measured through alternative valuation method.

#### - Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The loans and receivables of the Group include cash and cash equivalents, trade receivables, tax receivables and other non-current assets, except for pension funds surpluses. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, have an original maturity of three months, and are subject to insignificant risk of change in value. Loans and receivables are measured at amortised cost using the method of effective interest, less any impairment. Interest income is recognised using the effective interest rate, except for short-term receivables, or when the deviation from the straight-line method will not be significant.

#### - Depreciation of financial assets

The impairment of a financial asset measured at amortised cost is the difference between its carrying amount and the value of estimated future cash flows, discounted at original effective interest. The impairment of financial assets available for sale is calculated by reference to its current fair value. An impairment test is performed, on an individual basis, for each material financial asset. Other assets are tested in groups of financial assets with similar credit risk characteristics.

Impairment losses are recognized in the income statement. As regards assets held for sale, in case of impairment, the cumulative negative changes in fair value previously recognized in equity are transferred to profit and loss. The impairment loss is reversed if the reversal can be related objectively to an event occurring after its recognition. For financial assets measured at amortized cost and financial assets available for sale that represent debt instruments, the reversal is recognized in profit and loss. For financial assets available for sale that represent equity instruments, the reversal is recognized directly in equity.

#### 17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and demand deposits, short-term investments and highly liquid investments that can readily be converted into a known amount of cash, and for which the risk of fluctuation is immaterial. They are recognised in the balance sheet at fair value

#### 18. FINANCIAL LIABILITIES

Financial liabilities are classified as financial liabilities at fair value through profit and loss, or as financial liabilities at amortised cost.

- Financial liabilities at fair value through profit and loss

A financial liability is classified as financial liabilities at fair value through profit or loss if it is held for sale. Financial assets at fair value through profit or loss are carried at fair value and any gain or loss that results is recognized in income. A financial asset is classified in this category if acquired principally for the purpose of short-term sales. Derivatives are also classified as at fair value through profit or loss, unless they are designated as hedging instruments.

- Financial liabilities recognised at amortised cost using the effective interest rate
Financial liabilities at amortized cost, including loans, are first measured at fair value, net of transaction costs. These
financial liabilities are subsequently measured at amortized cost using the method of effective interest rate and the
interest expense is recorded using the effective yield.

The method of effective interest rate is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash outflows based on the expected life of the financial liability or, if appropriate, a shorter period.

The Group's financial liabilities at amortised cost consist of long-term financial debts, other non-current liabilities, current financial debts and commercial debts.

#### 19. HEDGE ACCOUNTING

The Group designates certain hedging instruments, including derivatives under interest rate risk as cash flow hedges.

When the hedging relationship is created, the entity prepares a document describing the relationship between the hedging instrument and the hedged item, as well as its goals in terms of risk management and strategy to perform various hedging transactions. Moreover, at the inception of the hedge and on an on-going basis, the Group confirms whether the hedging instrument used is highly effective in offsetting cash flows of the hedged item.

#### - Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit in periods when the hedged item is recognized in profit, in the same item of the income statement as the recognized hedged item. However, if a hedged forecast transaction results in the recognition of an asset or a financial liability, gains and losses that were previously deferred in equity are reclassified from equity to be considered in the initial assessment of cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, or when the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any cumulative gain or loss accumulated in equity at that time continues to be deferred in equity and is recognized when the forecast transaction is recorded in income or expense. When a forecast transaction is no longer likely to occur, the cumulative gain or loss that was deferred in equity is immediately recognized as income or expense.

#### **20. PROVISIONS**

Provisions are recognized when the Group has a present obligation (legal or constructive), at the balance sheet date:

- Resulting from a past event;
- If it is likely that an outflow of resources is necessary to settle the obligation, and
- If the amount of the obligation can be estimated in a reliable way.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the period for submission of financial information, taking into account the risks and uncertainties surrounding the obligation. If a provision is measured based on estimates of cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

Commitments resulting from restructuring are recorded when a detailed formal plan for restructuring has been established and the restructuring has either commenced or has been announced to those affected.

#### 21. INCOME TAXES

Income taxes for the period include current taxes and deferred taxes. They are recognised in the income statement, unless they relate to items recognised in other comprehensive income, directly in equity, in which case they are recognised in other comprehensive income or in equity.

Current tax is the tax payable on the taxable profit for the period, calculated at the tax rates prevailing at the balance sheet date, as well as adjustments relating to prior periods.

Deferred tax is recognized on temporary differences existing between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities should be valued at the tax rates which are expected to apply the fiscal year in which the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

In general, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that taxable income, on which the deferred tax assets will be charged, would be available.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the recovery of all or part of the asset.

#### 22. CAPITALIZED 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

#### 23. SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may acquire revenue and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. The chief operating decision maker of Sapec Group is the Executive Committee.

#### 24. REVENUE RECOGNITION

Income is recognized when it is probable that the profits associated with the transaction will be acquired and the amount can be estimated reliably.

Turnover consists of sales to third parties, net of trade discounts. It is recorded in the income statement when the significant risks and rewards incidental to ownership of property is transferred to the buyer.

Dividends are recorded in the income statement when they were decreed by the General Meeting of the company that distributes them. Interest income is recorded in the income statement accruals basis, taking into account the effective interest rate of investment.

Interest income is recorded in the income statement accruals basis, taking into account the effective interest rate of investment.

#### **25. CASH DISCOUNTS**

The cash discounts not related with the normal commercial activity and whose specifications are similar to financing activities, are registered as financial costs.

#### **26. DISTRIBUTION OF DIVIDENDS**

The distribution of dividends to shareholders is recognized as a liability in the Group financial statements for the period during which the dividends are approved by the shareholders of the company.

#### **27. CONTINGENCIES**

Contingent assets are not recognised in the financial statements, they are disclosed if an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of economics benefits is remote.

#### 28. OWN SHARES

Own shares are initially recorded at cost and deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of these shares. These gains or losses should be presented in the financial statements as a change in shareholders' equity.

### 29. ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

Assets and disposal groups held for sale are classified as held for sale if the sale is highly probable, if there is a formal commitment from management, and if their carrying amount is recovered principally through a sales transaction rather than through continuing use. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of an entity which the entity has disposed of, or is classified as held for sale, representing a line of business or key and distinctive geographical area that may be identified separately for operational and financing reporting purposes.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Prior period statements of financial position are not restated to reflect the new classification in the financial statement (balance sheet).

Assets classified as held for sale and associated liabilities should be presented separately from other assets and liabilities.

#### 30. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period which are not adjusting events are disclosed in the notes if material.

#### 31. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

To prepare its financial statements in accordance with the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying value of certain assets and liabilities, revenues and expenses, as well as information provided in certain notes to financial statements.

The estimates and associated assumptions are based on historical and other factors deemed relevant in light of economic conditions.

The estimates and underlying assumptions are reviewed on a regular basis. Depending on the changes in these assumptions or conditions different from those which had been provided, the amounts in future financial statements may differ from current estimates.

#### - Tangible assets

Notwithstanding the valuation rules, the land related to the activity of the company Citri (non-hazardous waste treatment) are amortized over their useful lives.

#### - Deferred tax assets

The carrying amount of deferred tax assets is reviewed at each balance sheet date. It is reduced to the extent that it is no longer probable that sufficient taxable profit comes from the advantage of these assets, in whole or in part. Such an impairment loss is reversed if it becomes probable that sufficient taxable profit will be available.

#### - Impairment

Each year, the Group carries out an impairment test on goodwill and cash generating units, for which there are indicators that the carrying amount exceeds its recoverable amount. This analysis requires management to estimate expected future cash flows from the cash generating unit, and to apply an appropriate discount rate to calculate present values.

#### - Provisions for litigation

All significant legal disputes are examined on a regular basis by Sapec's lawyers. This examination includes an assessment of the need to include provisions or adjust existing provisions.

# Scope of consolidation

## 1. List of companies consolidated according to the global integration method

Countries	Companies	Place	Participation in%	Currency	Capital	Sector
Belgium	SAPEC FINANCE, S.A.	Brussels	99.99%	EUR	16,000,000	Holding
Brazil	TRADECORP DO BRASIL COM. INS. AGRIC. Ltda	São Paulo	99.99%	BRL	4,957,323	Crop Nut.
Spain	INTERPEC IBÉRICA, S.A.	Madrid	99.99%	EUR	6,010,000	Agro Com. Dist.
	TRADE CORPORATION INTERNATIONAL, S.A.	Madrid	99.99%	EUR	8,770,000	Nut.Plante
	SAPEC AGRO, S.A. (E)	Valencia	99.99%	EUR	2,510,978	Crop Nut.
France	SAS TRADECORP FRANCE	Paris	99.99%	EUR	37,000	Crop Nut.
Italy	TRADECORP ITALIA, S.R.L.	Milan	99.99%	EUR	10,000	Crop Nut.
	SAPEC AGRO ITALIA	Varese	99.99%	EUR	10,000	Crop Nut.
Mexico	NEVADA CHEMICALS SA DE CV	Guadalajara	99.99%	MXN	2,301,000	Crop Nut.
Colombia	Tradecorp Colombia SAS	Bogota	99.99%	COP	14,151,000	Crop Nut.
Portugal	SAPEC PORTUGAL SGPS, S.A.	Lisbon	99.99%	EUR	41,046,825	Holding
	NAVIPOR, Lda	Setúbal	54.99%	EUR	375,000	Logistics
	CITRI, S.A.	Setúbal	87.49%	EUR	3,968,000	Chem.P.and Env
	SAPEC AGRO, S.A.	Setúbal	99.99%	EUR	9,494,670	Crop Prot.
	SAPEC QUÍMICA, S.A.	Setúbal	99.99%	EUR	3,415,000	Chem.P.and Env
	SELECTIS, S.A.	Setúbal	99.99%	EUR	950,000	Crop Prot.
	SPI, S.A.	Setúbal	99.99%	EUR	8,500,000	Real estate
	STP, S.A.	Setúbal	99.99%	EUR	4,182,500	Logistics
	SPC, S.A.	Vila Franca de Xira	99.99%	EUR	9,000,000	Logistics
	Sapec Bens e Serviços Partilhados	Lisbon	99.99%	EUR	50,000	Holding
Australia	Tradecorp APAC PTY	Griffith	99.99%	AUD	5,000	Crop Nut.
Egypt	Tradecorp Egypt Limited	Cairo	98.79%	EGP	25,000	Crop Nut.
South Korea	Tradecorp Korea	Seoul	99.99%	KRW	100,000,000	Crop Nut.
Ireland	OGT	Donnegal	99.99%	EUR	447,652	Crop Nut.
Macao	SAPEC AGRO MACAU, Ltd	Macao	99.99%	MOP	100,000	Crop Nut.

## 2. List of companies consolidated under the equity method

Countries	Companies	Place	Holding in %	Currency	Capital	Sector
Portugal	CARMONA- GESTÃO GLOBAL DE RESIDUOS PERIGOSOS, SA	Azeitão	12.50%	EUR	3,500,000	Chem.P.and Env
	EUROSEPARADORA	Setúbal	27.50%	EUR	2,000,000	Chem.P.and Env
	OPERESTIVA	Setúbal	40.00%	EUR	26,000	Logistique
	ECOSOURCING, Lda	Setúbal	49.99%	EUR	1,000,000	Chem.P.and Env

## 3. Modifications of the perimeter of consolidation

#### 3.1 Full Consolidation Method

Included in the scope:	Place	Participation in%	Currency	Capital	Date of integration	Sector
Tradecorp APAC PTY	Australia	99.99%	AUD	5,000	Sep.2014	Crop Nut.
Tradecorp Korea	South Korea	99.99%	KRW	100,000,000	Sep.2014	Crop Nut.
Tradecorp Egypt Limited	Egypt	98.79%	EGP	25,000	Dec.2014	Crop Nut.
Tradecorp Colombia SAS	Colombia	99.99%	COP	14,151,000	Sep.2014	Crop Nut.
Sapec Agro Italia	Italy	99.99%	EUR	10,000	June 2014	Crop Prot.
Sapec Bens e Serviços Partilhados	Lisbon	99.99%	EUR	50,000	Jan.2014	Holding
OGT	Irland	99.99%	EUR	447,652	June 2014	Crop Nut.

Only the OGT company was subject to an external acquisition (detailed in note 24), the other entries in the consolidation consist of companies creations.

#### 3.2 Integration by the equity method

Change in consolidation method	Place	Participation in%	Currency	Capital	Date of Change	Sector
ECOSOURCING, Lda	Setúbal	49.99%	EUR	1,000,000	Jan.2014	Chem.P.and Env

### 4. Outputs the scope of consolidation

Companies	Place	Participation in%	Currency	Capital	Date of release	Sector
NPRF	Setúbal	5,00%	EUR	100.000	Dec.2014	Chem.P.and Env

## 5. Companies not included in the perimeter of consolidation

Companies	Place	Participation in%	Currency	Capital	Notes
Sapec Agro Brasil	Brazil	99.99%	BRL	750,000	a)
SelectisAgro Moçambique	Mozambique	99.99%	MT	150,000	a)
ELI	Spain	49.00%	EUR	1,000,000	b)

NOTES: a) Start Activity in 2015 b) Participation recorded in «Assets held to sale» (see Note 13)

The voting rights corresponding to the ownership of shares.

In accordance with Belgian legislation, the table below lists the registered numbers of the Belgian companies

Companies	Companies number				
SAPEC, SA	RPM Bruxelles BE 0403 085 280				
SAPEC FINANCE, S.A.	RPM Bruxelles BE 0882 477 096				

## Notes to the consolidated financial statements 2014

The following notes refer to the figures given in the summarised consolidated financial statements and are drawn up in  $k \in (thousand \in)$ , unless otherwise indicated.

#### Note 1 – Information by business and region

The Group has adopted IFRS 8. IFRS 8 requires the identification of operating segments based on internal reports regularly presented to the chief operating decision maker to decide on the allocation of resources to the segment and assess its performance. The businesses covered are: crop protection, crop nutrition, distribution of chemical products and environment, agro commodities distribution, and logistics.

Financial information by business and country were prepared in accordance with the accounting policies used in the preparation of consolidated financial statements.

The changes recorded in the different businesses during 2014 are explained in the management report. Inter-sector sales are based on market prices.

#### Brief description of the nature of operating segments

#### Crop protection

This activity consists of the post synthesis, the solid and liquid formulation, the packaging and the distribution of crop protection products in the Iberian Peninsula market and in other countries in the South of Europe. The product portfolio consists primarily of generic products distributed under the brands of the subsidiary companies Sapec Agro (PT) and Selectis in Portugal, France and Italy, and Sapec Agro (ES) and Tradecorp in Spain.

### Crop nutrition

This activity consists of production including the synthesis of chelates, and the marketing of a range of nutrients and other high-value products for agriculture, especially horticulture, viticulture, and floriculture. The main components of the range are solid and liquid trace elements (chelates), bio stimulants (humic acids, amino acids, algae), as well as liquid and solid acidity and/or salinity correctors. Production is located in Spain in two distinct sites and the products are marketed in various countries either directly (in the Iberian Peninsula, Europe, the Middle East, Mexico, Brazil, Colombia and Asia) or through agreements with local distributors (in more than 60 countries worldwide).

#### Chemicals products and environment

This activity incorporates the production, packaging and distribution of chemical products, more specifically for the construction, paper, industrial chemicals and environment industries.

As regards the environment sector, the Group operates through Citri and Carmona-GGRP in Setúbal, companies specialising in recycling and land fill of non-hazardous and hazardous industrial waste.

#### Logistics

This activity focuses on two activities: port terminals of solid and liquid bulk products, and multimodal land terminals, in Portugal, offering integrated logistics services for clients using container storage, repair, consolidation/deconsolidation, warehousing and distribution.

#### <u>Distribution of agro commodities</u>

This activity covers the import and distribution, in Spain, of raw materials for animal feeds, such as cereals, cereal substitutes, soy and other proteins.

The information by region considers all the companies by place of origin of the business generating unit and not by export region.

## - Information by business segment

2014	Crop protection	ıtrition	Chemicals pro- ducts and envi- ronment	Ş	Agro commodities distribution	Unallocated (1)	tions	dated
	Crop pr	Crop nutrition	Chemica ducts an ronment	Logistics	Agro co distribu	Unalloc	Eliminations	Consolidated
Revenue				_		_		
External sales	131,842	71,454	31,558	15,242	191,480	301		441,877
Inter-segment sales			1,908	1,329		1,252	-4,489	0
EBITDA	22,247	7,087	-15	936	1,077	-2,818		28,516
of which: recurrent items  Depreciation and amortization	22,532 4,359	9,497 2,012	251 1,581	924 1,751	1,745 27	-3,328 449		31,622 10,178
EBIT	17,888	5,075	-1,596	-815	1,050	-3,267		18,337
of which: recurrent items	18,173	7,485	-1,330	-827	1,718	-3,777		21,443
Finance costs (net)	-7,253	-5,881	-1,033	-735	-224	-2,182	4 = 0 =	-17,307
Finance costs Finance income	-7,299 46	-6,428 547	-1,796 763	-1,071 336	-343 119	-2,514 332	1,585 -1,585	-17,866 559
Share in the results of associates consolidated by the equity	40	547	22	72	119	332	-1,565	94
method				. –				
EBT	10,635	-806	-2,608	-1,477	826	-5,449		1,124
of which: recurrent items  Cash flow (before tax)	10,920	1,604	-2,342 1,027	-1,490 274	1,494	-5,958 -5,000		4,230 11,302
of which: recurrent items	14,994 15,279	1,206 3,616	-1,027 -761	274	853 1,521	-5,000		11,302
Income tax expense	2,851	-248	-370	627	233	-4,668		-1,575
Profit (loss) for the year from discontinued operations	,				-431	-2,500		-2,931
Net result transferred to equity	7,784	-557	-2,147	-2,189	162	-3,281		-228
Total assets	162,766	86,441	29,918	30,605	27,747	172,096	-142,156	367,417
of which non current assets of which associated companies	69,471	27,877	18,088 788	19,328 236	1,022	93,250	-61,952	167,085 1,024
Deferred tax assets	277	3,305	2,081	356	953	4.376		11,348
Total liabilities	120,206	67,630	22,987	21,309	8,975	110,216	-83,132	268,191
of which non current liabilities	37,359	26,150	2,989	7,256	0,570	54,749	-3,140	125,363
Operational working capital (2)	46,560	39,187	1,630	-136	8,967	11,768	-4,399	103,578
Investments	12,535	3,790	272	465	55	57		17,174
2013					S			
	Crop protection	Crop nutrition	Chemicals products and envi-	Logistics	Agro commodities distribution	Unallocated (1)	Eliminations	Consolidated
Revenue						Unallocated	Eliminations	
Revenue External sales	Crop protection	Crop nutrition	34,317	14,614	Agro commodities distribution	Unallocated (1)		474,265
Revenue External sales Inter-segment sales	116,052	73,011	34,317 875	14,614 347	235,363	Onallocated 806	Eliminations	474,265 0
Revenue External sales Inter-segment sales EBITDA	116,052 18,585	73,011 11,738	34,317 875 1,846	14,614 347 1,162	235,363 1,563	<b>Onallocated</b> 908		474,265 0 32,243
Revenue External sales Inter-segment sales EBITDA of which: recurrent items	116,052 18,585 18,745	73,011 11,738 12,090	34,317 875 1,846 1,324	14,614 347 1,162 1,147	235,363 1,563 1,563	908 -2,650 -3,715		474,265 0 32,243 31,154
Revenue External sales Inter-segment sales EBITDA	116,052 18,585	73,011 11,738	34,317 875 1,846	14,614 347 1,162	235,363 1,563	<b>Onallocated</b> 908		474,265 0 32,243
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items  Depreciation and amortization  EBIT of which: recurrent items	116,052 18,585 18,745 3,316 15,269 15,429	73,011 11,738 12,090 1,672 10,066 10,418	34,317 875 1,846 1,324 1,511 335 -187	14,614 347 1,162 1,147 1,997 -835 -850	235,363 1,563 1,563 27 1,536 1,536	908 908 -2,650 -3,715 356 -3,006 -4,071		474,265 0 32,243 31,154 8,879 23,364 22,275
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net)	116,052 18,585 18,745 3,316 15,269 15,429 -5,742	73,011 11,738 12,090 1,672 10,066 10,418 -4,548	34,317 875 1,846 1,324 1,511 335 -187 -1,076	14,614 347 1,162 1,147 1,997 -835 -850 -661	235,363 1,563 1,563 27 1,536 1,536 -757	908 -2,650 -3,715 356 -3,006 -4,071 -2,043	-1,222	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net) Finance costs	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952	235,363 1,563 1,563 27 1,536 1,536 -757 -793	908 -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578
Revenue External sales Inter-segment sales EBITDA of which: recurrent items Depreciation and amortization EBIT of which: recurrent items Finance costs (net) Finance income	116,052 18,585 18,745 3,316 15,269 15,429 -5,742	73,011 11,738 12,090 1,672 10,066 10,418 -4,548	34,317 875 1,846 1,324 1,511 335 -187 -1,076	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291	235,363 1,563 1,563 27 1,536 1,536 -757	908 -2,650 -3,715 356 -3,006 -4,071 -2,043	-1,222	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751
Revenue External sales Inter-segment sales EBITDA of which: recurrent items Depreciation and amortization EBIT of which: recurrent items Finance costs (net) Finance costs	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952	235,363 1,563 1,563 27 1,536 1,536 -757 -793	908 -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578
Revenue External sales Inter-segment sales EBITDA of which: recurrent items Depreciation and amortization EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method EBT	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59	235,363 1,563 1,563 27 1,536 1,536 -757 -793	908 -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128 85	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items  Depreciation and amortization  EBIT of which: recurrent items  Finance costs (net)  Finance costs Finance income  Share in the results of associates consolidated by the equity method  EBT of which: recurrent items	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779	908 -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128 85 -5,049 -6,115	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method  EBT of which: recurrent items Cash flow (before tax)	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779 806	908 -2,650 -3,715 -356 -3,006 -4,071 -2,043 -2,128 85 -5,049 -6,115 -4,693	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method  EBT of which: recurrent items  Cash flow (before tax) of which: recurrent items	116,052 18,585 18,745 3,316 15,269 -5,742 -5,836 94 9,527 9,687 12,843 13,003	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190 7,542	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779 806 806	908 -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128 85 -5,049 -6,115 -4,693 -5,759	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method  EBT of which: recurrent items Cash flow (before tax)	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779 806	908 -2,650 -3,715 -356 -3,006 -4,071 -2,043 -2,128 85 -5,049 -6,115 -4,693	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items  Depreciation and amortization  EBIT of which: recurrent items  Finance costs (net) Finance costs Finance income  Share in the results of associates consolidated by the equity method  EBT of which: recurrent items  Cash flow (before tax) of which: recurrent items  Income tax expense  Profit (loss) for the year from discontinued operations  Net result transferred to equity	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843 13,003 2,401 7,116	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190 7,542 1,537 3,981	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258 -205	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545 -366	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779 806 806 0 0 -249 531	908 -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128 85 -5,049 -6,115 -4,693 -5,759 -387 -28,607 -33,285	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395 2,980 -28,856 -23,300
Revenue External sales Inter-segment sales EBITDA of which: recurrent items Depreciation and amortization EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method EBT of which: recurrent items Cash flow (before tax) of which: recurrent items Income tax expense Profit (loss) for the year from discontinued operations Net resul transferred to equity Total assets	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843 13,003 2,401 7,116 135,119	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190 7,542 1,537 3,981 81,498	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258 -205 -525 33,767	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545 -366 -3117 32,549	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779 806 806 806 0 -249 531 42,120	908  -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128 85  -5,049 -6,115 -4,693 -5,759 -387 -28,607 -33,285 39,172	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395 2,980 -28,856 -23,300 364,226
Revenue External sales Inter-segment sales EBITDA of which: recurrent items Depreciation and amortization EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method EBT of which: recurrent items Cash flow (before tax) of which: recurrent items Income tax expense Profit (loss) for the year from discontinued operations Net resul transferred to equity Total assets of which non current assets	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843 13,003 2,401 7,116	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190 7,542 1,537 3,981	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258 -205 -525 33,767 18,109	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545 -366 -1,117 32,549 22,062	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779 806 806 0 0 -249 531	908 -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128 85 -5,049 -6,115 -4,693 -5,759 -387 -28,607 -33,285	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395 2,980 -28,856 -23,300 364,226 152,343
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items  Depreciation and amortization  EBIT of which: recurrent items  Finance costs (net) Finance costs Finance income  Share in the results of associates consolidated by the equity method  EBT of which: recurrent items  Cash flow (before tax) of which: recurrent items  Income tax expense  Profit (loss) for the year from discontinued operations  Net resul transferred to equity  Total assets of which associated companies	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843 13,003 2,401 7,116 135,119 60,448	73,011  11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350  5,518 5,870 7,190 7,542 1,537  3,981 81,498 20,663	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258 -205 -525 33,767 18,109 763	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545 -366 -1,117 32,549 22,062 205	235,363 1,563 27 1,536 1,536 -757 -793 36 779 779 806 806 0 -249 531 42,120 1,047	908 -2,650 -3,715 356 -3,006 -4,071 -2,043 -2,128 85 -5,049 -6,115 -4,693 -5,759 -387 -28,607 -33,285 39,172 30,014	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395 2,980 -28,856 -23,300 364,226 152,343 968
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method  EBT of which: recurrent items Cash flow (before tax) of which: recurrent items Income tax expense Profit (loss) for the year from discontinued operations Net resul transferred to equity Total assets of which associated companies Deferred tax assets	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843 13,003 2,401 7,116 135,119 60,448	73,011  11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350  5,518 5,870 7,190 7,542 1,537  3,981 81,498 20,663 1,496	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258 -205 -525 33,767 18,109 763 335	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545 -366 -1,117 32,549 22,062 205 401	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779 806 806 0 -249 531 42,120 1,047	908 -2,650 -3,715 -356 -3,006 -4,071 -2,043 -2,128 -85 -5,049 -6,115 -4,693 -5,759 -387 -28,607 -33,285 39,172 30,014	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395 2,980 -28,856 -23,300 364,226 152,343 968 8,659
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method  EBT of which: recurrent items Cash flow (before tax) of which: recurrent items Income tax expense Profit (loss) for the year from discontinued operations Net resul transferred to equity Total assets of which associated companies Deferred tax assets Total liabilities	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843 13,003 2,401 7,116 135,119 60,448 418 97,022	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190 7,542 1,537 3,981 81,498 20,663 1,496 62,365	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258 -205 -525 33,767 18,109 763 335 24,177	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545 -366 -1,117 32,549 22,062 205 401 24,564	235,363 1,563 1,563 27 1,536 1,536 7757 -757 -793 36 779 806 00 -249 531 42,120 1,047 1,001 22,925	908 -2,650 -3,715 -356 -3,006 -4,071 -2,043 -2,128 -85 -5,049 -6,115 -4,693 -5,759 -387 -28,607 -33,285 39,172 30,014 -5,008 34,207	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395 2,980 -28,856 -23,300 364,226 152,343 968 8,659 265,261
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method  EBT of which: recurrent items Cash flow (before tax) of which: recurrent items Income tax expense Profit (loss) for the year from discontinued operations Net resul transferred to equity Total assets of which non current assets of which associated companies  Deferred tax assets Total liabilities of which non current liabilities	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843 13,003 2,401 7,116 135,119 60,448 418 97,022 38,218	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190 7,542 1,537 3,981 81,498 20,663 1,496 62,365 21,432	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258 -205 -525 33,767 18,109 763 335 24,177 3,337	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545 -366 -1,117 32,549 22,062 205 401 24,564 9,489	235,363 1,563 1,563 27 1,536 1,536 -757 -793 36 779 779 806 806 0 -249 531 42,120 1,047 1,001 22,925	908 -2,650 -3,715 -356 -3,006 -4,071 -2,043 -2,128 -85 -5,049 -6,115 -4,693 -5,759 -387 -28,607 -33,285 39,172 30,014 -5,008 34,207 45,322	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395 2,980 -28,856 -23,300 364,226 152,343 968 8,659 265,261 117,876
Revenue  External sales Inter-segment sales  EBITDA of which: recurrent items Depreciation and amortization  EBIT of which: recurrent items Finance costs (net) Finance costs Finance income Share in the results of associates consolidated by the equity method  EBT of which: recurrent items Cash flow (before tax) of which: recurrent items Income tax expense Profit (loss) for the year from discontinued operations Net resul transferred to equity Total assets of which associated companies Deferred tax assets Total liabilities	116,052 18,585 18,745 3,316 15,269 15,429 -5,742 -5,836 94 9,527 9,687 12,843 13,003 2,401 7,116 135,119 60,448 418 97,022	73,011 11,738 12,090 1,672 10,066 10,418 -4,548 -4,898 350 5,518 5,870 7,190 7,542 1,537 3,981 81,498 20,663 1,496 62,365	34,317 875 1,846 1,324 1,511 335 -187 -1,076 -1,835 759 10 -731 -1,253 780 258 -205 -525 33,767 18,109 763 335 24,177	14,614 347 1,162 1,147 1,997 -835 -850 -661 -952 291 59 -1,437 -1,452 560 545 -366 -1,117 32,549 22,062 205 401 24,564	235,363 1,563 1,563 27 1,536 1,536 7757 -757 -793 36 779 806 00 -249 531 42,120 1,047 1,001 22,925	908 -2,650 -3,715 -356 -3,006 -4,071 -2,043 -2,128 -85 -5,049 -6,115 -4,693 -5,759 -387 -28,607 -33,285 39,172 30,014 -5,008 34,207	-1,222 865	474,265 0 32,243 31,154 8,879 23,364 22,275 -14,827 -15,578 751 69 8,606 7,516 17,486 16,395 2,980 -28,856 -23,300 364,226 152,343 968 8,659 265,261

<sup>(1)</sup> includes: « holdings», «real estate» , «discontinued operations» and «consolidation adjustments» (2) Includes the balances of «trade receivables», «inventories» and «suppliers»

## - Information by geographical area $^{\left( 1\right) }$

2014	Belgium	Portugal	Spain	Rest of World	Unallocated (2)	Eliminations	Consolidated
Revenue							
- External sales	1,217	111,366	305,399	23,894			441,877
- Inter-segment sales		52,225	9,523	35,434		-97,182	0
EBITDA	111	26,084	16,526	-718	-13,488		28,516
of which: recurrent items	111	16,526	17,332	1,494	-3,841		31,621
Depreciation and amortization		7,198	2,369	392	220		10,178
EBIT	111	18,886	14,157	-1,109	-13,708		18,337
of which: recurrent items	111	9,328	14,963	1,102	-4,061		21,443
Finance costs (net)		-8,235	-3,876	-4,571	-625		-17,307
Share in results of associates consolidated by the equity method		94					94
EBT	111	10,745	10,281	-5,680	-14,333		1,124
of which: recurrent items	111	1,187	11,086	-3,468	-4,686		4,230
Cash flow (before tax)	111	17,943	12,650	-5,288	-14,113		11,303
of which: recurrent items	111	8,385	13,455	-3,077	-4,466		14,408
Profit (loss) for the year from discontinued operations			-431		-2,500		-2,931
Total assets	1,119	249,428	149,984	63,595	120,091	-216,800	367,417
of which non current assets		117,307	56,654	11,894	70,305	-89,075	167,085
Total liabilities	1,008	188,932	94,883	57,558	65,902	-140,092	268,191
of which non current liabilities		67,469	26,030	575	41,496	-10,208	125,363
Investments	7	9,441	5,587	2,092	47		17,174

2013							
	Belgium	Portugal	Spain	Rest of World	Unallocated (1)	Eliminations	Consolidated
Revenue							
- External sales	1,463	109,405	339,238	24,018	141		474,265
- Inter-segment sales		44,427	12,850	29,859		-87,136	0
EBITDA	151	18,390	15,227	2,494	-4,019		32,243
of which: recurrent items	151	16,772	15,745	2,494	-4,008		31,154
Depreciation and amortization		6,871	1,812	116	80		8,879
EBIT	151	11,519	13,415	2,378	-4,099		23,364
of which: recurrent items	151	9,901	13,933	2,378	-4,088		22,275
Finance costs (net)		-8,077	-3,755	-2,760	-235		-14,827
Share in results of associates consolidated by the equity method		69					69
EBT	151	3,511	9,660	-382	-4,334		8,606
of which: recurrent items	151	1,893	10,178	-382	-4,323		7,517
Cash flow (before tax)	151	10,382	11,472	-266	-4,254		17,485
of which: recurrent items	151	8,764	11,990	-266	-4,243		16,396
Profit (loss) for the year from discontinued operations			-249		-28,608		-28,856
Total assets	946	228,143	150,519	43,224	130,685	-189,291	364,226
of which non current assets		116,566	41,134	3,449	62,990	-71,796	152,343
Total liabilities	794	174,011	100,828	38,843	72,506	-121,721	265,261
of which non current liabilities		72,546	20,796	1,539	41,270	-18,275	117,876
Investments		11,013	4,018	745	90		15,866

<sup>(1)</sup> By company that issues the «invoice» (2) Includes the balances of «clients», «stocks» and «suppliers / advances received»

## Note 2 - Revenue

	31.12.14	31.12.13
Sales of goods	422,117	455,773
Revenue from services	19,724	18,459
Rental income	36	33
Total	441,877	474,265

<sup>&</sup>quot;Revenue from services" is concerned mainly with the logistics and environment sectors and represents the value of services rendered for loading and unloading, storage and waste treatment.

## Note 3 - Other operating income

Other operating income is as follows:

	31.12.14	31.12.13
Government grants	173	199
Capitalized overhead	3,384	2,980
Other income	2,263	2,337
Total	5,820	5,516

In 2014 and 2013, the item "Capitalized overhead" is related to internal works on projects in progress under European approval in the crop protection sector.

## Note 4 - Operating expenses

### 4.1 – Employee benefits expenses

Employee benefits expenses for the years ended 31 December, 2014 and 2013 are as follows:

	31.12.14	31.12.13
Wages and salaries	29,262	27,691
Social expenses (including social security costs)	7,870	6,316
Compensations	-	302
Other employee benefits expense	3,263	2,845
Total	40,395	37,154

On 31 December 2014 and 2013, the average number of employees was of 926 and 856, respectively, and is broken down as follows:

	31.12.14	31.12.13
Directors and executive officers	89	93
Administrative staff	323	268
Workers	514	495
Total	926	856

#### Note 4.2 – Depreciation and amortisation expense

Depreciation and amortisation for the years ended December 31, 2014 and 2013 are made up as follows:

	31.12.14	31.12.13
Depreciation of property, plant and equipment	6,530	6,504
Amortisation of intangible assets	3,648	2,375
Total	10,178	8,879

#### 4.3 - Reductions in value (net of recoveries)

Increase (decrease) of impairment losses for the years ended December 31, 2014 and 2013 is made up as follows:

	31.12.14	31.12.13
Impairment loss recognised on trade receivables	806	986
Reversal of impairment loss recognised on trade receivables (-)	-611	-40
Total	195	946

In 2014 and 2013, impairment losses reflect the ordinary course of business companies.

In 2014, reversals of bad debts mainly concerns three clients, one in Interpec Ibérica, one in Nevada and one in Sapec Agro (E).

#### 4.4 - Restructuring charges

Restructuring costs for the fiscal year 2014 (1,225 k€) relate to compensation paid in Agro Commodities, Distribution of Chemical Products and Crop Nutrition (Brazil), resulting from the reorganization of these sectors which have drastically reduced their staff.

#### 4.5 - Other operating expenses

Other operating expenses for the years ended December 31, 2014 and 2013 are made up as follows:

	31.12.14	31.12.13
Services and other goods	62,207	56,373
Other taxes	1,811	1,775
Provisions for liabilities and other charges	-	155
Penalties	143	55
Other	256	248
Total	64,417	58,606

## 4.6 - Services and other goods

Services and other goods for the periods ended on December 31, 2014 and 2013 comprise the following:

	31.12.14	31.12.13
Transportation expenses	7,280	7,463
Sub contracts	6,039	5,213
Specialized work	10,312	8,596
Rents	5,520	5,125
Advertising	4,702	3,676
Maintenance and conservation	3,747	3,391
Travel expenses	5,566	4,953
Insurance	2,046	1,874
Communication expenses	1,112	863
Fees	1,487	2,054
Water, gas and electricity	2,876	2,734
Other expenses	11,521	10,431
Total	62,207	56,373

## Note 5 – Gain on disposal of non-current assets and investments

In 2014 the gain on disposal of non-current assets includes 408  $k \in \text{relating}$  to the deferral income from the sale lease-back transaction (1,061  $k \in \text{in 2013}$ ).

In 2013 the gain on disposal of investments amounting 501k€, includes the gain on the sale off GEEF (499 k€).

## Note 6 - Finance costs (net)

	31.12.14	31.12.13
Charges of the debts net of the income from current assets <sup>(1)</sup>	10,130	8,999
Net foreign exchange (gains) losses	483	-
Other financial (gains) losses <sup>(2)</sup>	6,694	5,827
Total	17,307	14,827

Bond	1,376	733
Commercial paper	1,384	1,046
Finance lease liabilities	901	961
Bank borrowings and overdrafts	6,202	6,302
Factoring	609	470
Others	73	61
Sub-total	10,545	9,573
Interests income(-)	-415	-573
Total	10,130	8,999
(2) of which:		
Cash discounts	1,819	947
Letters of credit	1,460	1,262
Bank commissions on bond loans	234	67
Bank commissions on loans	846	1,226
Commissions on commercial paper	987	882
0 1 1 20 10 10 1 1 1 1 1 1 1 1 1 1 1 1 1	890	815
Commissions with "factoring" and "express bill"		
Others	458	628

In 2014, the capitalized interest amounted to 1,823 k $\in$  (1,743 k $\in$  in 2013) using an average rate of 5% in 2014 and 6.8% in 2013.

## Note 7 - Income tax expense

	31.12.14	31.12.13
Income tax		
Current taxes related to current year	1,239	2,709
Current taxes related to prior years	66	106
Deferred income taxes	-2,880	165
Total	-1,575	2,980
Deferred taxes by categories		
Depreciation of property, plant and equipment	-207	-121
Amortization of intangible assets	-86	-72
Reductions in value of inventories, trade and other receivables and provisions	5	-19
Tax losses	-2,589	311
Others	-3	66
Total	-2,880	165
Profit (loss) before income tax	1,124	8,606
Reconciliation of effective tax rate		
Applicable tax rate	33.99%	33.99%
Tax charge based on the applicable tax rate	382	2,925
Tax rates and special tax regimes in other jurisdictions	-162	-234
Tax effect on tax-exempt revenues	-306	-753
Tax effect of non-deductible expenses	450	299
Tax effect of unrecognized deferred tax assets	174	316
Tax effect of deferred tax assets recognized for the first time	-4,655	-
Tax effect of capital gain without any impact on income subject to taxation	2,066	-
Tax effect of tax benefits	-620	-608
Tax effect of changes in tax rates	66	106
Tax effects of current and deferred tax adjustments related to prior years	75	-
Others	955	929
Tax charge	-1,576	2,980
Effective tax rate	-140.16%	34.62%

The group's effective tax rate (-140.16%) was mainly due to the recognition of deferred tax assets on losses by Sapec SA.

Note 8 - Property, plant and equipment

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
GROSS CARRYING AMOUNT						
As at December 31, 2012	85,359	48,131	17,898	1,399	5,312	158,099
Changes of the period:						
- Capital expenditures	205	557	500	14	2,436	3,712
- Disposals	-784	-12	-484	-8		-1,288
- Transfers	743	156	58	-2	-951	4
- Currency translation differences	-9	-29	-58	-8	-104	-208
As at December 31, 2013	85,514	48,803	17,914	1,395	6,693	160,319
Changes of the period:						
- Capital expenditures	213	567	741		3,005	4,526
- Disposals	-40	-78	-3,145	-1		-3,264
- Transfers	321	2,053	69	-139	-3,281	-977
- Currency translation differences	1	3	3			7
- Acquisition of subsidiary		324	185	9		518
As at December 31, 2014	86,009	51,672	15,767	1,264	6,417	161,129
DEPRECIATIONS AND IMPAIRMENT LOSSES						
As at December 31, 2012	28,761	33,514	13,941	1,020		77,236
Changes of the period:						
- Depreciation	2,446	2,981	1,015	62		6,504
- Reversal of depreciation on disposals and closures	-367	-12	-436	-3		-818
- Transfers	-473	481	-8			0
- Currency translation differences	-3	-3	-28	-1		-35
						02 007
As at December 31, 2013	30,364	36,961	14,484	1,078	0	82,887
Changes of the period:			14,484		0	
Changes of the period: - Depreciation	<b>30,364</b> 2,357	<b>36,961</b> 3,227	893	<b>1,078</b> 53	0	6,530
Changes of the period:			,		0	
Changes of the period: - Depreciation - Reversal of depreciation on disposals and closures	2,357	3,227 -96	893	53 -4	0	6,530 -3,168
Changes of the period: - Depreciation - Reversal of depreciation on disposals and closures - Transfers	2,357	3,227	893 -3,058	53 -4 -17	0	6,530 -3,168
Changes of the period: - Depreciation - Reversal of depreciation on disposals and closures - Transfers - Currency translation differences	2,357	3,227	893 -3,058 4 2	53 -4	0	6,530 -3,168 -5 3
Changes of the period:  - Depreciation  - Reversal of depreciation on disposals and closures  - Transfers  - Currency translation differences  - Acquisition of subsidiary	2,357 -10 226 0	3,227 -96 -218	893 -3,058 4 2 2	53 -4 -17 0		6,530 -3,168 -5 3
Changes of the period:  - Depreciation  - Reversal of depreciation on disposals and closures  - Transfers  - Currency translation differences  - Acquisition of subsidiary  As at December 31, 2014	2,357 -10 226 0	3,227 -96 -218 1	893 -3,058 4 2 2 12,327	53 -4 -17 0 0 1,110	0	6,530 -3,168 -5 3 2 86,249
Changes of the period:  - Depreciation  - Reversal of depreciation on disposals and closures  - Transfers  - Currency translation differences  - Acquisition of subsidiary	2,357 -10 226 0	3,227 -96 -218	893 -3,058 4 2 2	53 -4 -17 0		6,530 -3,168 -5 3

#### 8.1. -The major acquisitions are as follow:

	31.12.14	31.12.13
Ports facilities	381	135
Plant facilities -Tradecorp	1,275	903
Plant facilities -Sapec Agro (PT)	1,623	686
Sorting facilities	60	350
Others	1,187	1,638
Total	4,526	3,712

#### 8.2. - Other Information

	Land and buildings	Plant, machinery and equipment	Furniture and rolling stock	Total
Net carrying amount of finance leases included in property, plant and equipment	29,556	826	1,525	31,906
Gross carrying amount of fully depreciated property, plant and equipment which are still in use	10,775	19,368	7,940	38,083
Amount of property, plant and equipment pledged as security for debts (including mortgages)	-	-	-	-

Financial lease contracts are primarily related to logistics and real estate. In 2014, the net book value of financial leases included in tangible fixed assets contains an amount of  $8,176 \text{ k} \in \text{ relating to a financing contract (on land and facilities)}$  of the Valongo logistics platform, and an amount of  $10,416 \text{ k} \in \text{ on a financing contract on land in the industrial park in Setúbal ("Lot 1"). This contract was signed in 2009 for 17,399 k \in \text{ for a 10 year period, but was extended in 2013 to 2028.}$ 

Payments of future loans amount to, at present value, 3,726 k€ for 2015, 14,186 k€ for the period 2016 to 2020, and 9,972 k€ beyond this period.

## Note 9 - Intangible assets and Goodwill

## 9.1 - Intangible assets

	Licences, patents and similar rights	Other intangible assets	Total
Gross Carrying amount			
As at December 31, 2012	20,567	36,373	56,940
Changes of the period:			
- Capital expenditures (1)	817	11,031	11,848
- Disposals	-27		-27
- Transfers	12,369	-12,369	0
- Currency translation differences	-65	-108	-173
As at December 31, 2013	33,661	34,927	68,588
Changes of the period:			
- Capital expenditures (1)	1,583	11,065	12,648
- Transfers	4,670	-3,778	892
As at December 31, 2014	39,914	42,214	82,128
Accumulated amortisations and impairment			
As at December 31, 2012	10,470	1,294	11,764
Changes of the period:			
- Amortisation	1,810	565	2,375
- Currency translation differences	-14		-14
As at December 31, 2013	12,266	1,859	14,125
Changes of the period:			
- Amortisation	2,917	731	3,648
As at December 31, 2014	15,183	2,590	17,773
Net carrying amount at December 31, 2013	21,395	33,068	54,463
Net carrying amount at December 31, 2014	24,731	39,624	64,355

<sup>(1)</sup> During 2014, investments were made in the amount of 12,648 k€ (11,848 k€ in 2013), which relate almost exclusively to investments in European approval procedures.

Research and development costs in 2014 and 2013 amounted to 725 k€ and 331 k€ respectively.

#### 9.2. Goodwill(1)

	Other intangible assets
Gross Carrying amount	
As at December 31, 2012	10,913
Changes of the period:	
- Arising on acquisitions	
As at December 31, 2013	10,913
Changes of the period:	
- Arising on acquisitions	4,185
As at December 31, 2014	15,098
Accumulated amortizations and impairment	
As at December 31, 2012	0
Changes of the period:	
- Impairment	
As at December 31, 2013	0
Changes of the period:	
- Impairment	
As at December 31, 2014	
Net carrying amount at December 31, 2013	10,913
Net carrying amount at December 31, 2014	15,098

At December 31 the goodwill are allocated to the following CGUs:

	2014		20	13
	Carrying amount	Accumulated impairment losses	Carrying amount	Accumulated impairment losses
Crop Nutrition (Agro ES)	2,936	-	2,936	-
Crop Protection (Tradecorp and OGT)	9,300	-	5,115	-
Chemical Distribution and Environment (Sapec Quimica, Citri and Ecosourcing)	2,211	-	2,211	-
Holdings (Sapec Portugal SGPS)	651	-	651	-
Total	15,098	-	10,913	-

- (1) Under IFRS, goodwill is no longer subject to depreciation; on the contrary, its value must be periodically tested for impairment, or when an event indicates a loss of value. To carry out impairment tests, the Group uses the "discounted cash-flow" (DCF), determined as follows:
  - A maximum ten-year business plan prepared by management based on growth prospects, taking into consideration past performances, foreseeable changes of the economy, and expected market growth;
  - The consideration of a terminal value determined by capitalising a standard cash flow obtained by extrapolating the most recent cash flow of the explicit business plan period, affected by a long-term growth rate deemed appropriate for the activity and the location of the assets.
  - The present value of expected cash flow at a rate based on the weighted average cost of capital.

The main assumptions regarding the weighted average cost of capital, retained in 2014 for the implementation of annual impairment tests on goodwill were of 7.4% to 8.7% for European companies (7.9% to 8.3% in 2013), and of 12.7% to 13% for Brazil (12.7% to 12.9% in 2013).

The result of impairment tests carried out on 31 December 2014 and 2013 was that no loss of goodwill value was registered.

Note 10 - Investments in associates

	Equity accounted investees
As at December 31, 2012	846
- Gross carrying amount	846
- Cumulated losses of value (-)	0
Changes of the period:	
- Acquired during the year	
- Transfers	9
- Share in results	69
As at December 31, 2013	924
- Gross carrying amount	924
- Cumulated losses of value (-)	0
Changes of the period:	
- Share in results	94
- Other changes	-41
As at December 31, 2014	977
Equity Gross carrying amount	977
- Cumulated losses of value (-)	0

The tables below provide a summary of the financial information in respect of associates of the group. This summary represents the amounts included in the financial statements of companies prepared in accordance with IFRS.

2014				
	GGRP	Euro	Operestiva	Total
		Separadora		
Non-current assets	6,811	2,249	29	9,089
Current assets	2,948	1,159	933	5,040
Non-current liabilities	2,873	1,462	3	4,338
Current liabilities	2,441	1,205	367	4,013
Investments in associates and joint ventures	-	-	-	-
Equity	4,445	741	592	5,778
Percentage of ownership interest	12,50%	27,50%	40,00%	n,r,
Share in equity	537	204	237	977
Goodwill	-	-	-	-
Book value at December 31, 2014	537	204	237	977
Turnover	5,130	3,054	3,191	11,375
Profit (loss) from continuing operations	282	-50	181	413
Profit (loss) after tax from discontinued operations	-	0	-	-
Net income (loss) for the period (including non- controlling interests)	282	-50	181	413
Net income (loss) for the period (Group share)	282	-50	181	413
Other comprehensive income	-	0	-	-
Total comprehensive income for the period	282	-50	181	413
Dividends received during the year	-	0	-	-
Share of the group in the profit (loss) for the period	35	-13,75	72	94

#### 2013

	GGRP	Euro Separadora	Operestiva	NPRF	Total
Non-current assets	6,534	2,178	33	54	8,799
Current assets	2,424	1,190	853	328	4,795
Non-current liabilities	2,689	1,410	11	-	4,110
Current liabilities	2,157	1,123	362	426	4,068
Investments in associates and joint ventures	-	-	-	-	-
Equity	4,112	835	513	-44	5,416
Percentage of ownership interest	12.50%	27.50%	40.00%	20.50%	n.r.
Share in equity	497	230	205	-9	924
Goodwill	-	-	-	-	-
Book value at December 31, 2014	497	230	205	-9	924
Turnover	3,955	2,395	2,839	1,851	11,040
Profit (loss) from continuing operations	205	94	147	-169	277
Profit (loss) after tax from discontinued operations	-	-	-	-	-
Net income (loss) for the period (including non-controlling interests)	205	94	147	-169	277
Net income (loss) for the period (Group share)	205	94	147	-169	277
Other comprehensive income	-	-	-	-	_
Total comprehensive income for the period	205	94	147	-169	277
Dividends received during the year	-	-	-	-	_
Share of the group in the profit (loss) for the period	19	26	59	-35	69

## Note 11 - Deferred taxes

	31.12.14	31.12.13
Deferred tax assets by categories of temporary differences	11,348	8,659
Property, plant and equipment	29	400
Intangible assets	-	300
Inventories, trade and other receivables, trade liabilities, and provisions	396	325
Tax losses	10,269	6,543
Other	655	1,091
Deferred tax liabilities by categories of temporary differences	3,135	3,427
Property, plant and equipment	599	797
Intangible assets	1,752	1,824
Other	784	806
Net Total	8,214	5,232

In 2014, Sapec SA recorded tax losses.

Deferred tax assets and liabilities are recorded in the balance sheet with respect to temporary differences arising from the fact that tax authorities apply different rules to those used when assessing assets and liabilities. Deferred taxes are calculated based on tax rates in force in each country where the Group operates. Variations in temporary differences for the period are recorded in the income statement, except those from elements recognised directly in equity.

Deferred tax assets on tangible and intangible assets relate mainly to temporary taxable differences arising from differences in the duration of useful life under IFRS and the duration allowed by different tax regimes.

Deferred tax liabilities on tangible assets relate to temporary differences arising from re-evaluations.

No deferred tax liability is recognised on taxable temporary differences between the accounting and tax value of investments, where the Group is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future.

Tax losses carried forward generating deferred tax assets are presented below by expiration date:

	31.12.14	31.12.13
Up to 1 year		717
In 2 to 5 years	948	4,787
In 5 years or more	1,918	433
With no limits	7,403	606

#### Note 12 - Other financial assets

	Shares	Other financial assets	Total
Gross Carrying Amount			
As at December 31, 2012	88	0	88
Changes of the period:			
- Acquisitions	306		306
- Other changes		44	44
As at December 31, 2013	394	44	438
Changes of the period:			
- Acquisitions			0
- Other changes	1	4	5
- Changes in consolidation perimeter (1)	-16		-16
As at December 31, 2014	379	48	427
Net carrying amount as at December 31, 2013	394	44	438
Net carrying amount as at December 31, 2014	379	48	427

 $<sup>(1) \</sup> Inclusion \ in \ the \ consolidation \ perimeter \ of \ Tradecorp \ Colombia, \ Tradecorp \ Egypt \ and \ Tradecorp \ APAC$ 

### Note 13 – Assets held for sale and liabilities associated with assets held for sale

Values of assets and liabilities of activities included in the consolidated balance sheet and recorded under the headings "assets held for sale" and "liabilities included in the disposal groups held for sale" are presented as follows:

#### a) Energia Limpia Invest («ELI»)

On 31 December 2014 and 2013, assets held for sale and liabilities included in the disposal groups, associated with ELI, are presented as follows:

ASSETS	31.12.14	31.12.13
A. Non-current assets	0	0
Financial Assets		
Long term receivables		
Total assets	0	0

#### Result of discontinued operations:

	31.12.14	31.12.13
Impairment		-28,608
Other operating expenses	-2,500	
Loss before income tax	-2,500	-28,608
Income tax	-	-
Loss for the year from discontinued operations	-2,500	-28,608

(100% of result attributable to owners of the parent)

In 2008, the management of the Sapec Group was involved in a process for the sale of the Naturener Group (GN), the company that owns the renewable energy activities, of which 58.6% is owned by THARSIS, a subsidiary owned in 99.59% by Sapec SA.

An active plan to find a buyer was initiated, and the Group expected the transaction to take place within one year. In accordance with IFRS 5, the assets and liabilities of GN were classified as available for sale.

For reasons beyond the control of Sapec, relating to adverse markets conditions, the sale was not completed within this period.

In 2009, negotiations with a group of Spanish investors took place, and a sale price was negotiated between the parties for 2/3 of the investment. Considering the adverse market conditions, this price was below the Group's carrying amount at the end of 2009.

Based on the sale price received in 2009 and an independent evaluation in early 2010, the Sapec Group recorded an impairment of 13,298 k€ in 2009 and 38,293 k€ in 2010. As the negotiations were unsuccessful, in December 2010 SAPEC formed the company ELI with a share capital of 1,000 k€ fully paid up by SAPEC.

At the same time, the following transactions took place between SAPEC and ELI:

- Acquisition by ELI of 99.59% of Tharsis;
- Acquisition by ELI of two loans that SAPEC had granted to Tharsis.

The balance of these transactions rose to 25,821 k€ for SAPEC, an amount loaned to ELI at market conditions.

During the first half of 2011, Banco Espírito Santo (BES) confirmed its agreement on the transfer to the company ELI of the loan for 101,000 k€ granted to SAPEC, subject to obtaining from SAPEC, SA, a guarantee of no more than 36,000 k€.

At the same time, the management of SAPEC negotiated with 3 investors the transfer of 51% stake of ELI. This transaction was realized in May 2011 for an amount of 510 k€ in May 2011 on the basis of the best offer obtained. As a result of this transaction and the appointment of the majority of Board members by the new shareholders on 29 June 2011, SAPEC lost the control of ELI.

In July 2012, the loan agreement entered into between ELI and BES was amended regarding its duration and payment. The interest rate is Euribor 6 months, plus a spread ranging from 4.75% to 5%.

In December 2012, the Group commissioned external consultants to evaluate the assets of the ELI subsidiaries (land owned by Tharsis and Naturener Group). In all tested scenarios, the value obtained was greater than the book value. In 2013, Glacier I and Glacier II parks operated normally and in September 2013 the MATL power line linking Rim Rock Park to the Canadian power grid came into service.

On 15 December 2013, Naturener USA (NUSA), the subsidiary of the Naturener Group, informed San Diego Gas & Electric (SDGE) that all the prerequisites in the contract signed by the parties on 6 January 2012 were met, and that SDGE had to pay Tax Equity in the amount of about 300 million US dollars contractually agreed for the Rim Rock project in Montana.

On 20 December 2013, SDGE replied that some conditions (such as those related to the protection of protected bird species) in their opinion were not fulfilled, and so they refused to pay the Tax Equity foreseen, at the same time discharging it from its obligation to enforce, as from 1 January 2014, the two 10-year power purchase agreements and the purchase of green certificates for 20 years associated to the Rim Rock project at the contractually agreed price.

SDGE's decision was immediately challenged by NUSA, which initiated legal proceedings in the courts of Montana for the "wrongful breach of contract" and to prevent SDGE from suspending its obligations to purchase the "green certificates".

The refusal of SDGE to fulfil its contractual obligations in principle means that repaying the "Construction Loan" granted by Morgan Stanley (MS) will not be possible, and the guarantee for the assets of the GN in North America will be exercised.

On the basis of the information available when the 2013 financial statements were prepared, Sapec have decided to include in the 2013 accounts an impairment loss of 100% in its participation (2,786 k€) and the ELI debt (25,821 k€), for a total amount of 28,608 k€.

An agreement was entered into and signed in October 2014 with MS to convert the Rim Rock construction loan into Naturener North America shares (NNA, a new company that comprises all the GN assets in the USA and Canada). MS became the majority shareholder of NNA and took over the management of the company, the conduct of the litigation against SDGE, and the commitments (guarantees and other commitments) that apply to a majority shareholder. GN and MS have agreed to distribute in such proportions as may be agreed in advance the results from the disposal of assets and ongoing litigation, after the new money injected in October 2014 has been fully repaid to MS.

In 2014, the Montana parks continued to operate normally and have been selling the electricity produced to the market, SDGE having failed to fulfil the existing power purchase agreement. On the other hand, SDGE has continued to buy RECs (Renewable Energy Certificates) at the price agreed by the parties in the initial contract. The litigation is ongoing, but the "discovery process" requested by the parties has extended the expiry of the verdict to January 2016 (instead of March 2015 as previously communicated). MS is conducting the proceedings on behalf of NNA. The  $\in$  100.8 M loan from Novo Banco (NB, ex BES) to ELI expired on 31/12/2014 and was extended until 30/06/2015, as we wait for a clearer view on the developments in connection with GN aux USA and in Spain.

As regards the guarantee given by SAPEC to NB for a maximum amount of 36,000 k€, and given the uncertainty over the outcome of the legal proceedings in the U.S.A. and the very significant amounts to be claimed from the Spanish authorities under the framework of international treaties on the protection of investors, we are not able to provide an estimate of whether or not this guarantee will be exercised in the future, its amount and terms, which is why Sapec has not recognised any provision for this amount in the 2014 accounts. (In respect of this guarantee, see also note 24).

#### b) Liquid bulk terminal in Cadiz

At the end of 2014 and 2013, an amount of 7,000 k $\in$  (7,000 k $\in$  in 2013) remains in the balance sheet under the heading "Assets held for sale" relating to the liquid bulk terminal, which is accounted for in Interpec Ibérica's books. Management remains firmly committed to finding buyers, and in early 2015 again ordered the sale of these assets.

ASSETS	31.12.14	31.12.13
A. Non-current assets	7,000	7,000
Property, plant and equipment	7,000	7,000
B. Current assets	0	0
TOTAL ASSETS	7,000	7,000

The result of discontinued operations is as follow:

	31.12.14	31.12.13
Operating expenses	-319	
Operating result	-319	0
Losses in value	-166	-355
Net financial expenses	-130	
Profit before income tax	-616	-355
Income tax expense	185	107
Profit for the year from discontinued operations	-431	-248

(100% of result attributable to owners of the parent)

In 2013, the amount of -355 k  $\in$  reflects the difference between the carrying amount of liquid bulk terminal and the value of the received bids. In 2014, the amounts of  $\in$  -319k and -130k  $\in$  relate to costs with abandoned product lines and the amount of  $\in$  166 k relates to the costs of the liquid bulk terminal.

# Note 14 - Inventories

	31.12.14	31.12.13
Raw materials and supplies	15,382	16,368
Work in progress	104	2,946
Finished goods	38,546	30,062
Goods purchased for resale	21,710	31,106
Property intended for sale	8,730	8,841
Total	84,472	89,323

On 31 December 2014 and 2013, stocks held by third parties amounted to  $11.488 \text{ k} \in \text{and } 19,611 \text{ k} \in \text{respectively}$ . On 31 December 2014 and 2013, the item "Property held for sale" includes land and infrastructures related to the industrial park of Setúbal. These assets are valued at cost.

# Raw materials and consumables used

Le coût des approvisionnements, marchandises et immeubles destinés à la vente, reconnu au cours des exercices 2014 et 2013, est déterminé comme suit:

	Raw materials and	Goods purchased	Property intended
	supplies	for resale	for sale
Balance as of December 31, 2012	15,232	32,147	8,887
Purchases	27,106	333,793	
Regularizations			2
Balance as of December 31, 2013	16,368	31,106	8,841
Raw materials and consumables used	25,970	334,834	48
Balance as of December 31, 2013	16,368	31,106	8,841
Purchases	26,100	282,074	
Regularizations			
Balance as of December 31, 2014	15,382	21,710	8,730
Raw materials and consumables used	27,086	291,470	111

#### Changes in inventories

On 31 December 2014 and 2013, the amounts recognised in the income statement related to changes in inventories are determined as follows:

		Finishing goods and work in progress	
	31.12.14	31.12.13	
Closing balance	38,650	33,008	
Regularizations	-597	1,663	
Opening balance	33,008	26,257	
Changes in inventories	5,045	8,414	

# Note 15 – Derivative financial instruments

As part of its operational activities, the Group is exposed to currency risk, interest rate and prices of raw materials (see "Risk Management"). To hedge against these risks, the Group uses derivative financial instruments. But with few exceptions, the criteria for applying hedge accounting under IFRS are not met and the impact of these transactions is recorded directly in the income statement.

For some positions in raw materials linked to business segments, the Group uses instruments (including futures and swaps) to reduce the risk of price fluctuations.

The policy of hedging foreign exchange that is followed includes hedging transactional exchange and monitoring of the potential coverage of currency positions generated by activities on the basis of expected cash flows. At the level of transactional risk management (the purchase or sale by a Group company in a currency other than the functional currency), the exposure of the Group is mainly associated with the EUR/USD risk.

Derivative instruments used to hedge the risk of exchange rates are forwards and options.

Risk management of interest rates is performed centrally at Group level and the amount of existing hedges at the end of 2013 was not significant.

On 31 December 2014, the Group had no debt at fixed rate. An increase (decrease) of 1% of interest rates would have resulted in an increase (decrease) of 1,770 k€ in interest expenses.

The following table summarises the carrying value of derivative financial instruments:

# Change in the net balance sheet position

	2014	2013
At 1 January - net position of financial derivatives	-1,199	-1,731
Increase / (decrease) recognized in income	1,635	-77
Increase / (decrease) recognized in equity	243	609
Other	0	0
31 December - net position of financial derivatives	679	-1,199

Note 16 - Trade and other receivables

	31.12.14	31.12.13
Trade receivables	72,169	77,192
Other receivables	13,640	10,186
Total	85,809	87,378

In 2014, the customer balance represents 57 days of sales (59 in 2013) and the carrying value of receivables reflects their fair value at the balance sheet date. The decrease in the clients' days of sales is in part due to the increased use of non-recourse factoring. Credit risk at Group level is controlled by a strict policy of granting loans and by underwriting credit insurance in accordance with the note "Risk management" (see page 31).

The Group's exposure to credit risk is attributed to customer balances related to the operating activity of the Group.

The amounts in the financial statements are net of corresponding impairment losses, which were estimated by the Group, based on past experience and taking into account the evolution of the economic environment. We believe that the carrying amount of trade receivables is similar to the corresponding fair value.

The Group is not exposed to an important concentration of credit risk, because the risk is diluted across a number of different clients.

	31.12.14	31.12.13
Not past due	48,800	62,519
Less than 30 days past due	9,744	6,359
Between 31 and 90 days past due	5,065	2,864
Between 91 and 180 days past due	6,160	3,925
More than 181 days past due	12,667	13,466
Subtotal	82,436	89,133
Write-down	-10,267	-11,941
Total	72,169	77,192

The balances outstanding in excess of 30 days are mainly related to the crop protection and nutrition businesses (crops) and to chemicals, and do not represent a risk of recovery. The figures are subject to constant review and are covered by credit insurance.

# 16.1 - Other receivables

At December 31, 2014 and 2013 Other Receivables comprised the following:

	31.12.14	31.12.13
VAT receivable	4,234	3,359
Current account with the State (excluding taxes)	2,694	1,718
Receivables from related companies	108	317
Other receivables	7,760	6,012
Sub-total	14,796	11,406
Impairment losses	-1,156	-1,220
Total	13,640	10,186

The item "Current accounts with the State" relates to the value receivable from the Spanish Port Authorities regarding the recovery of customs duties (T3) and the taxes (IMI and IS) recoverable from the Portuguese authorities in connection with an internal split-merger operation.

# 16. 2 - Impairment losses

Movements on the provision for impairment losses recorded in 2014 and 2013 were as follows:

	Opening balance	Charge for the year	Reversal	Applications	Closing balance
2014					
Doubtful debts	11,941	806	-611	-1,869	10,267
Other doubtful receivables	1,220			-64	1,156
TOTAL	13,161	806	-611	-1,933	11,423
2013					
Doubtful debts	11,072	978	-49	-60	11,941
Other doubtful receivables	1,203	17			1,220
TOTAL	12,275	995	-49	-60	13,160

The increase (decrease) in impairment losses recorded during the 2014 and 2013 fiscal years, rise respectively to 195 k€ and 946 k€, amounts recorded in the income statement under the heading «Impairment losses (net of reversals)».

# Note 17 - Cash and cash equivalents

	31.12.14	31.12.13
Cash at bank and on hand	12,636	16,710
Short-term bank deposits	5,600	4,394
Total	18,236	21,104
Note 18 - Share capital		
Note 18 - Share capital	31.12.14	31.12.13
Note 18 - Share capital  Number of nominal shares without par value	<b>31.12.14</b> 1,355,000	<b>31.12.13</b> 1,355,000

# Share capital

As of December 31, 2014 and 2013, the share capital is represented by 1,355,000 social shares without designation of value.

As on December 31, 2014 the Group's shareholders structure is as follows:

Shareholders	Number of shares	%
Financière Frédéric Jacobs S.A.	113,661	8.43%
Soclinpar S.A.	628,942	46.64%
Cobepa S.A	204,950	15.20%
Alcatel Bell Pensioenfonds VZW	51,412	3.81%
Stock Exchange	349,788	25.92%
Total	1,348,753	100.00%

# Legal reserve

In certain locations, in accordance with local Companies' Code and with the respective articles of association, the legal reserve must be increased by a percentage of the annual profits until its value equals a certain percentage of the company's share capital. This reserve can only be used to cover losses or to increase share capital. At December 31, 2014 this reserve amounts 15,464 k€.

# Note 19 - Own shares

	31.12.14	31.12.13
Number of shares:		
Free from specific allocation	6,247	6,247
in k€:		
Carrying amount at December 31,	194	300
Market value as at December 31,	194	312

As of December 31, 2014 and 2013 the Group held 6,247 own shares recorded as a reduction in equity. At December 31, 2014 the market value of this shares was 31 € per share (49.99 € in 2013).

# Note 20 - Net indebtedness

	31.12.14	31.12.13
Financial debts	178,728	175,303
Cash and cash equivalents (-)	-18,236	-21,104
Net indebtedness	160,492	154,199

# Note 20.1 - Financial debts

	31.12.14	31.12.13	Notes
Bonds (medium term)	19,901	19,866	a)
Finance lease liabilities (medium and long term	19,446	21,374	
Credit institutions (medium term)	28,943	27,121	
Commercial paper (medium term)	43,250	34,136	
Other loans (medium term)	154	750	
Subtotal (medium and long term)	111,694	103,247	
Other non-interest bearing loans (medium and long term)	773	447	
Amount due within 12 months (shown under current liabilities)	3,138	2,876	
Commercial paper (short term)		1,300	
Other loans (short term)	63,123	67,433	
Total	178.728	175.303	

# a) Bond Ioan

Issuer	Naminal value	Interest rate		Year	
	Nominal value	Nominal	Effectif	Issuance	Maturity
Sapec Portugal SGPS	10,000	6.58%	6.68%	31/12/12	31/12/16
Sapec Portugal SGPS	10,000	5.58%	5.66%	05/11/13	05/11/18

# 20.2. - Liquidity risk

The maturity schedule of financial liabilities and suppliers is as follows:

	31.12.14	31.12.13
On demand or within one year	127,520	132,126
Between two and five years	104,883	100,719
Beyond five years	8,214	4,012
Total	240,617	236,857

Of which,

The financial lease obligations are payable as follow:

		31.12.14			31.12.13	
	Total future payments	Unexpired interests expenses	Present value	Total future payments	Unexpired interests expenses	Present value
Not later than one year	3,726	745	2,981	3,542	771	2,771
Between one and five years	14,186	2,954	11,232	19,614	2,253	17,361
Later than five years	9,972	1,758	8,214	4,476	463	4,013
Total	27,884	5,457	22,427	27,632	3,487	24,145

# Note 21 - Deferred income

	31.12.14	31.12.13
Government grants	364	434
Capital gain on sale lease back operation	4,896	5,304
Others	38	
TOTAL	5,298	5,738
Maturity:		

	-,	-,
Maturity:		
- Maturity in one year	559	546
- Maturity in more than one year	4,739	5,192

The amount of  $4,896 \text{ k} \in (5,304 \text{ k} \in \text{in 2013})$  corresponds to the gains obtained in 2009 with the sale-leaseback transaction of Lot 1 of the industrial park and of some buildings, recognised in the income statement over the term of the lease contract. This lease contract was originally made for a 10-year period, and was extended in 2013 until 2028 (a duration of 19 years)

Note 22 - Provisions for other liabilities and charges

	Tax	Other	31.12.14	31.12.13
Opening balance	1,825	312	2,137	767
Provisions reversed during the year	27		27	199
Provisions used during the year	-50	-78	-128	-150
Other			0	1,321
Closing balance	1,802	234	2,036	2,137
from which non-current provisions	1,802	234	2,036	2,137

In 2013, following a change in the Portuguese tax legislation, we have reclassified as "provisions" an amount of 1,321  $k \in M$  of deferred tax liabilities. This amount corresponds to the tax on capital gains realized on the sale of financial investments, which we consider, in disagreement with the tax authorities, as not subject to tax (on the basis of deductions for reinvestment). This situation is currently still in dispute.

# Note 23 - Trade and other payables

As of December 31, 2014 and 2013 "Trade and other payables" are made up as follows:

	31.12.14	31.12.13
Trade payables	53,064	50,144
Advances from customers	47	515
Wages, benefits debts and social security	4,517	4,041
Other payables	7,989	9,616
Total	65,617	64,316

On 31 December 2014 and 2013, the heading Suppliers corresponds to the amounts payable for purchases made in the course of the Group's activities.

On 31 December 2014, the companies believe that the carrying amounts of these accounts payable are equivalent to the fair value.

#### Note 24 – Other information

#### a) Off-balance sheet liabilities

#### 1) Guarantees and other liabilities

	31.12.14	31.12.13
Bank guarantees	10,080	8,410
Other guarantees	42,350	49,550

Bank guarantees are mainly guarantees granted to secure the payment of VAT (Customs).

In 2014, «Other guarantees» include the value of  $6.350 \text{ k} \in (13,525 \text{ k} \in \text{in 2013})$  to reflect the discount bills (Express bill) which were deducted from Clients and other receivables, and an amount of  $36,000 \text{ k} \in (36,000 \text{ k} \in \text{in 2013})$  for a guarantee on the Novo Banco loan transferred by Sapec SA to ELI. Regarding this guarantee up to  $36,000 \text{ k} \in \text{, and given}$  the uncertainty about the ongoing legal proceedings in the U.S.A. and the very significant amounts to be claimed from the Spanish authorities under the framework of international treaties on the protection of investors, we are not able to provide an estimate of whether or not this guarantee will be exercised in the future, its amount and terms, which is why Sapec has not recognised any provision for this in the 2014 accounts.

#### 2) Operating lease commitments

Operating lease commitments correspond to the future lease payment obligations under leases of real estate, capital goods, and rolling stock lease agreements in which the group is the lessee. These commitments amount to 5,466 k $\in$  on 31 December 2014, of which 1,867 k $\in$  is for 2015, 3,008 k $\in$  for the period 2016-2019, and 591 k $\in$  beyond that period.

# b) Transactions with related companies or persons

Transactions with related companies are essentially commercial transactions and are negotiated at the normal market price.

In 2014, the Group did not enter into significant transactions with related companies or persons, and no director has been, or was, personally interested in a significant transaction in the Group's business.

# c) Related parties

Balances and transactions between Sapec SA and its subsidiaries, who are related parties of Sapec SA, have been eliminated in the consolidated accounts and are not disclosed in this note. The details of the related companies and transactions with the Group are detailed below:

Company	Sector	Integration
ARD'innov S.C.R.L.	Research and development of new products (agriculture)	none
Grupo Navigomes	Port Logistics	none
Operestiva	Port Logistics	40%
Carmona - Gestão Global de Residuos Perigosos	Environment	12.50%
Carmona - SLTC	Environment	none
Euroseparadora	Environment	27.50%
Ecosourcing	Environment	50%
Cobepa	Holding	none

	31.12.14	31.12.13
I. ASSETS	1,029	374
1. Accounts receivable	1,029	374
1.1. Trade receivables	857	230
1.2. Other receivables	172	144
II. LIABILITIES	424	353
2. Accounts payables	424	353
2.1. Trade payables	424	353
2.2. Other payables		0
III. TRANSACTIONS WITH OTHER RELATED PARTIES	-	-
3. Sales of services	855	723
4. Purchases of services (-)	1,464	1,185

# d) Auditor's services fees

	31.12.14	31.12.13
Audit services	358	316
Other services	263	123
Total	621	439

# e) Remuneration of the Board of Directors

Amounts due for 2014 and 2013 were as follows:

	31.12.14	31.12.13
Wages, salaries and other benefits	922	1,008

# f) Acquisitions

In June 2014, Agro Business acquired 100% of shares of OGT, an Irish producer of seaweed extracts. This company, which has about twenty employees, is located on the North-western coast of Ireland, giving it direct and privileged access to seaweed resources of high agricultural quality. The company was bought for 5,196 k€ cash. The OGT stock option agreement includes an additional payment of up to 500 k€ if a "harvesting license" is obtained.

Since its acquisition, OGT has generated a turnover of 1,080 k€ and a net income of 3 k€. The costs related to this acquisition in a total of 155 k€ were recognised in earnings.

On the date of acquisition, provisional goodwill stood at 4,185 k€.

The fair values of assets, liabilities and contingent liabilities of activities on the date of acquisition (30 June 2014) were as follows:

	OGT
Non-current assets	374
Current assets	913
Non-current liabilities	48
Current liabilities	228
Net assets	1,011
Share of net assets (100 %)	1,011
Goodwill	4,185
Purchase price	5,196
of which settled in cash	5,196
Cash and cash equivalents acquired	226
Net Cash Movement	4,970

# g) Fair value

Standard IFRS 13 requires the disclosure in the notes of information on the evaluation of fair value. The evaluation of fair value of assets and liabilities can be classified according to one for the following levels:

Level 1: based on prices quoted on active markets for similar assets and liabilities;

Level 2: based on inputs other than the quoted prices included in Level 1 that are observable for the asset or liability in question, either directly or indirectly;

Level 3: inputs based on unobservable market data.

The tables below show a comparison of the carrying value and the fair value of financial instruments as at 31 December 2014 and 2013, and the fair value hierarchy. The IAS 39 category uses the following abbreviations:

AFS: Available-for-Sale financial assets

LaR: Loans and Receivables financial assets

FVTPL: Financial assets/liabilities at fair value through profit and loss

OFL: Other financial liabilities

HeAc: Hedge accounting

At December 31, 2014	Category in accordance with IAS 39	Carrying amount	Fair value	Hierarchy of fair values
Financial assets				
I. NON-CURRENT ASSETS				
Other non-current financial assets				
Other	LaR	427	427	-
II. CURRENT ASSETS				
Derivatives financial instruments (courants)	FVTPL	1.468	1.468	Level 2
Trade and other receivables	LaR	85.809	85.809	-
Cash and cash equivalents	LaR	18.236	18.236	-
Financial liabilities				
I. NON-CURRENT LIABILITIES				
Long-term financial Interest-bearing financial debts	OFL	111,694	111,694	Level 2
Long-term financial non- Interest-bearing financial debts	OFL	773	773	Level 2
Derivative financial instruments	HeAc	630	630	Level 2
Other non-current liabilities	OFL	2,355	2,355	Level 2
II. CURRENT LIABILITIES				
Short-term financial Interest-bearing financial debts	OFL	66,105	66,105	Level 2
Short-term financial non- Interest-bearing financial debts	OFL	156	156	Level 2
Short - term derivative financial instruments	FVTPL	159	159	Level 2
Trade and other payables	OFL	61,100	61,100	-
Other current liabilities	OFL	5,439	5,439	_
	accordance with IAS 39	amount		fair values
Financial assets		amount		fair values
I. NON-CURRENT ASSETS		amount		fair values
I. NON-CURRENT ASSETS Other non-current financial assets	with IAS 39			fair values
I. NON-CURRENT ASSETS Other non-current financial assets Other		amount 438	438	fair values
I. NON-CURRENT ASSETS Other non-current financial assets Other II. CURRENT ASSETS	with IAS 39  LaR	438		-
I. NON-CURRENT ASSETS Other non-current financial assets Other II. CURRENT ASSETS Derivatives financial instruments	LaR FVTPL	438	80	fair values  - Level 2
I. NON-CURRENT ASSETS Other non-current financial assets Other II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables	LaR FVTPL LaR	438 80 87,378	80 87,378	-
I. NON-CURRENT ASSETS Other non-current financial assets Other II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents	LaR FVTPL	438	80	-
I. NON-CURRENT ASSETS Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities	LaR FVTPL LaR	438 80 87,378	80 87,378	-
I. NON-CURRENT ASSETS Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES	LaR FVTPL LaR LaR	438 80 87,378 21,104	80 87,378 21,104	Level 2
I. NON-CURRENT ASSETS Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts	LaR  FVTPL LaR LaR OFL	438 80 87,378 21,104 103,247	80 87,378 21,104 103,247	Level 2
I. NON-CURRENT ASSETS Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long-term financial non- Interest-bearing financial debts	LaR  FVTPL LaR LaR  OFL OFL	438 80 87,378 21,104 103,247 447	80 87,378 21,104 103,247 447	Level 2 Level 2 Level 2 Level 2
I. NON-CURRENT ASSETS Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long-term derivative financial instruments	LaR FVTPL LaR LaR OFL OFL HeAc	438 80 87,378 21,104 103,247 447 1,037	80 87,378 21,104 103,247 447 1,037	Level 2 Level 2 Level 2 Level 2 Level 2
I. NON-CURRENT ASSETS Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long-term derivative financial instruments Other non-current liabilities	LaR  FVTPL LaR LaR  OFL OFL	438 80 87,378 21,104 103,247 447	80 87,378 21,104 103,247 447	Level 2 Level 2 Level 2 Level 2
I. NON-CURRENT ASSETS Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long-term financial non- Interest-bearing financial debts Long - term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES	LaR  FVTPL LaR LaR  OFL OFL HeAc OFL	438 80 87,378 21,104 103,247 447 1,037 2,388	80 87,378 21,104 103,247 447 1,037 2,388	Level 2
I. NON-CURRENT ASSETS Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long-term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES Short-term financial Interest-bearing financial debts	LaR  FVTPL LaR LaR  OFL OFL HeAc OFL OFL	438 80 87,378 21,104 103,247 447 1,037 2,388 71,505	80 87,378 21,104 103,247 447 1,037 2,388 71,505	Level 2
I. NON-CURRENT ASSETS Other II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long - term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES Short-term financial Interest-bearing financial debts Long - term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES Short-term financial Interest-bearing financial debts Short-term financial Interest-bearing financial debts	LaR  FVTPL LaR LaR  OFL OFL HeAc OFL OFL OFL	438 80 87,378 21,104 103,247 447 1,037 2,388 71,505 104	80 87,378 21,104 103,247 447 1,037 2,388 71,505 104	Level 2
Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents  Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long-term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES Short-term financial Interest-bearing financial debts Long - term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES Short-term financial Interest-bearing financial debts Short-term financial non- Interest-bearing financial debts Derivative financial instruments	LaR  FVTPL LaR LaR  OFL OFL HeAc OFL OFL FVTPL	438 80 87,378 21,104 103,247 447 1,037 2,388 71,505 104 242	80 87,378 21,104 103,247 447 1,037 2,388 71,505 104	Level 2
Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long-term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES Short-term financial Interest-bearing financial debts Derivative financial Interest-bearing financial debts COURRENT LIABILITIES Short-term financial Interest-bearing financial debts Derivative financial instruments Trade and other payables	LaR  FVTPL LaR LaR  OFL OFL HeAc OFL OFL FVTPL OFL	438 80 87,378 21,104 103,247 447 1,037 2,388 71,505 104 242 60,275	80 87,378 21,104 103,247 447 1,037 2,388 71,505 104 242 60,275	Level 2
Other non-current financial assets Other  II. CURRENT ASSETS Derivatives financial instruments Trade and other receivables Cash and cash equivalents  Financial liabilities I. NON-CURRENT LIABILITIES Long-term financial Interest-bearing financial debts Long-term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES Short-term financial Interest-bearing financial debts Long - term derivative financial instruments Other non-current liabilities II. CURRENT LIABILITIES Short-term financial Interest-bearing financial debts Short-term financial non- Interest-bearing financial debts Derivative financial instruments	LaR  FVTPL LaR LaR  OFL OFL HeAc OFL OFL FVTPL	438 80 87,378 21,104 103,247 447 1,037 2,388 71,505 104 242	80 87,378 21,104 103,247 447 1,037 2,388 71,505 104	Level 2

The Group's financial instruments come largely under classification levels 1 and 2.

# h) Subsidiaries in which any non-controlling interests are relevant

The tables below show the summarized financial information in respect of each subsidiary in which any non-controlling interests are relevant, regardless of intercompany eliminations.

	CITRI S.A	Navipor Lda	Individually immaterial subsidiaries	2014
Percentage owned by any non controlling investments	12.51%	45,01%		
Percentage of voting interests held by non-controlling investments	12.51%	45,01%		
Non-current assets	7,004	246		
Current assets	4,595	1,311		
Non- current liabilities	1,469	0		
Current liabilities	4,976	594		
Equity (Group share)	5,154	963		
Non-controlling interests	645	433	1	1,079
Turnover	2,659	2,793		
Net profit (loss) for the period attributable to shareholders of Sapec (group share)	-623	104		
Net income (loss) for the period attributable to non-controlling interests	-88	84	0	-4
Net income for the period	-711	188		
Other comprehensive income attributable to shareholders of Sapec (group share)	0	0		
Other comprehensive income attributable to non-controlling interests	0	0	0	0
Total other comprehensive income	0	0		
Total comprehensive income for the period attributable to shareholders of Sapec (group share)	-623	104		
Total comprehensive income for the period attributable to non-controlling interests	-88	84	0	-4
Total comprehensive income for the period	-711	188		
Dividends paid to non-controlling investments	0	0		

	CITRI S.A	Navipor Lda	Individually immaterial subsidiaries	2013
Percentage owned by any non controlling investments	12.51%	45,01%		
Percentage of voting interests held by non-controlling investments	12.51%	45,01%		
Non-current assets	8,283	222		
Current assets	3,831	1,246		
Non- current liabilities	1,331	0		
Current liabilities	4,872	694		
Equity (Group share)	5,911	774		
Non-controlling interests	739	348	2	1,089
Turnover	2,940	2,496		
Net profit (loss) for the period attributable to shareholders of Sapec (group share)	-2	87		
Net income (loss) for the period attributable to non-controlling interests	-10	72	8	70
Net income for the period	-12	159		
Other comprehensive income attributable to shareholders of Sapec (group share)	0	0		
Other comprehensive income attributable to non-controlling interests	0	0	0	0
Total other comprehensive income	0	0		
Total comprehensive income for the period attributable to shareholders of Sapec (group share)	-2	87		
Total comprehensive income for the period attributable to non-controlling interests	-10	72	8	70
Total comprehensive income for the period	-12	159		
Dividends paid to non-controlling investments	0	0		

# i) Calculation details of earnings per share

# Continuing and discontinued operations

The basic earnings per share from continuing operations and discontinued operations are calculated by dividing the net profit for the year attributable to owners of the parent by the weighted average number of common shares outstanding during the period:

	31.12.14	31.12.13
Net income (attributable to owners of the parent)	-228	-23,300
Weighted average number of common shares outstanding the course of the year	1,348,753	1,348,753
Basic earnings para share (Euro / share)	-0.17	-17.28

The weighted average number of shares is calculated by deducting from the total number of shares (1,355,000) the number of treasury shares (6,247, unchanged on 2014 and 2013).

Basic earnings per share are identical to diluted earnings per share in the absence of dilutive instruments.

# **Continuing operations**

The basic and diluted earnings per share from continuing operations are calculated by dividing net income from continuing operations for the year attributable to owners of the parent by the weighted average number of common shares outstanding during the year:

	31.12.14	31.12.13
Net income (attributable to owners of the parent)	-228	-23,300
Income from discontinued operations	-2,931	-28,856
Net income from continuing operations (attributable to owners of the parent)	2,703	5,556
Weighted average number of common shares outstanding the course of the year	1,348,753	1,348,753
Basic earnings para share (Euro / share)	2.00	4.12

# <u>Discontinued operations</u>

The basic and diluted earnings per share for discontinued operations amounted to  $-2.17 ext{ } ext{€ per share at December 31,} 2014 (-21.40 ext{ } ext{€ to 31 December 2013), calculated on the basis of net income from discontinued operations - 2,931 k€ in 2014 (28,856 k€ in 2013) and the denominators detailed above.$ 

# Statement of management responsibility

We hereby certify that, to our knowledge:

- a) The consolidated financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, the financial situation and results of Sapec and companies included in the consolidation;
- b) The management report gives a true and fair view of the business growth, the earnings and situation of Sapec and the companies included in this consolidation, and also a description of the principal risks and uncertainties facing them.

Antoine Velge Chief Executive Office António Marques Chief Financial Officer of the Group

# STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY SAPEC SA AS FOR THE YEAR ENDED 31 DECEMBER 2014

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

# Report on the consolidated financial statements - Unqualified opinion

We have audited the consolidated financial statements of the company SAPEC SA for the year ended 31 December 2014 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, which show a consolidated statement of financial position total of KEUR 365.407 and a consolidated income statement showing a consolidated loss for the year (Group's part) of KEUR 228.

# Responsibility of the Board of Director's for the preparation of the consolidated financial statements

The company's board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### Responsibility of the statutory auditor

Notre responsabilité est d'exprimer une opinion sur ces comptes consolidés sur la base de notre audit. Nous avons 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, 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 the internal controls relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of the 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 company'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.

# Unqualified opinion

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

#### Emphasis of Matter Paragraph

Without qualifying our opinion, we draw attention to the notes 13 and 24 of the consolidated financial statements which describe the uncertainty related to guarantee given by SAPEC SA for the loan on Energia Limpia Invest in favour of the Banco Espirito Santo that could have an impact for SAPEC SA within a range from 0 to 36 million euros.

# Report on other legal and regulatory requirements

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

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

 The Director's report on the consolidated financial statements includes the information required by 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.

Brussels, 30 April 2015

Mazars Réviseurs d'Entreprises SCRL Statutory Auditor Represented by

PH. DE HARLEZ DE DEULIN

SAPEC ANNUAL REPORT 2014

# **GLOSSARY**

REACH – Reach is the European regulation on chemical products and their safe use (EC 1907/2006). It deals with the registration, evaluation, authorisation and restriction of chemicals. The law came into force in 2007

Gross margin - Industrial value added

EBITDA – Earnings before interest, taxes, depreciation and amortisation

REBITDA - Recurring earnings before interest, taxes, depreciation and amortisation

Non-recurring items – Non-recurring items mainly include:

- Gains and losses on disposal of subsidiaries
- Gains and losses on the sale of fixed assets
- Significant restructuring costs
- Impact of significant litigation
- Other expenses/revenues resulting from unusual events likely to distort the analysis and comparison of the Group's performance

EBIT – Earnings before interest and taxes

REBIT – Recurring earnings before interest and taxes

Net debt - Net debt is defined as debt in the short and long term less cash and cash equivalents

Working capital - Clients plus stocks less suppliers and advances received from customers

OCI – Other comprehensive income

# **Statutory accounts**

- Balance sheet after distribution
- Income statement
- Notes
- Annexes

The statutory annual accounts of Sapec S.A. are presented here in abridged form.

In accordance with articles 98 and 100 of the Belgium Companies Code the management report, annual accounts of SAPEC S.A. and the Auditor's report will be filed with the National bank of Belgium.

These reports are available on request from:

SAPEC S.A. 500, Avenue Louise 1050 Bruxelles

The Auditor has issued an unqualified report on the statutory accounts of SAPEC S.A.

STATUTORY ACCOUNTS

#### SAPEC S.A.

# Management report of the Board of Directors to the General Meeting

Ladies and gentlemen,

In accordance with the law and the company's articles of association, it is our privilege to submit for your approval the annual accounts as at 31 December 2014.

The company's net income in 2014 was positive in the amount of 3,652 k€.

In 2014, the company recorded a gain of 4,334 k€ relating to the capital increase by contribution in kind to Sapec Portugal SGPS of shares held in the Interpec Ibérica capital. This contribution was evaluated based on the equity value of those shares.

In 2013, we reviewed our stake in Sapec Portugal SGPS, amounting to 41,880 k€, based on the value of underlying assets and supported by an expert report.

2014 was still affected by the costs of our subsidiary Energia Limpia Invest, totalling 2,500 k€. In 2013, as a result of the tariff reforms in Spain applicable to renewable energies and in view of the uncertainties about the ongoing legal proceedings in the United States on the Rim Rock project, we had conservatively decided to register an impairment loss of 100% of our stake and the value of the debt in a total of 28,493 k€.

With regard to risks and uncertainties, we would like to mention that the company has ongoing commitments to a bank creditor of its subsidiary Energia Limpia Invest, up to a maximum of 36,000 k€.

At the end of this year, the company acquired the brand SAPEC from Sapec Química for the sum of 9,781 k€. The brand was evaluated by a rating company and will be receiving royalties in the future.

There were no significant post-closing events to be reported in the annual accounts.

The company has a branch in Portugal.

The issues referred to in Article 96, paragraph I, sub-paragraphs 3, 4, 6 and 8 of the Companies Code are not applicable to the company, and the issue referred to in paragraph 9 is described in the consolidated management report (pages 9 to 35).

The corporate government statement referred to in Article 96, paragraph 2 of the Companies Code – including the reference to the corporate government code, the "comply or explain", the description of the characteristics of the risk management systems and the items referred to in sub-paragraphs 4 to 6 of that same paragraph – are described in the consolidated management report on pages 9 to 35.

The remuneration report referred to in article 96, paragraph 3 of the Companies Code is also reflected in the consolidated management report on pages 9 to 35.

On behalf of the Board of Directors,

Eduardo de Almeida Catroga Chairman Antoine Velge Chief Executive Director

# **Balance Sheet after distribution**

Ass	<b>ets</b> (in k€)	2014	2013
Noi	n-current assets	105,796	91,836
II.	Intangible assets (annex II)	9,781	
	A. Brand	9,781	
III.	Property, plant and equipment (annex III)	252	263
	A. Land and buildings	187	190
	B. Plant, machinery and equipment	5	1
	C. Vehicles, furniture and other equipment	59	71
	E. Other tangible assets	1	1
IV.	Financial assets (annex IV and V)	95,763	91,573
	A. Related companies	95,760	91,570
	1. Participating interests	95,760	91,570
	C. Other financial assets	3	3
	2. Accounts receivable and cash garantees	3	3
Cur	rent assets	20,877	20,529
V.	Long-term accounts receivable	3,100	3,100
	B. Other receivables	3,100	3,100
VII.	Trade and other receivables	16,705	7,207
	A. Trade receivables	2,757	1,505
	B. Other receivables	13,948	5,702
VIII	Short-term investments (annex V and VI)	194	3,800
	A. Own shares	194	300
	B. Other investments	0	3,500
IX.	Cash at bank and on hand	845	6,385
Χ.	Prepaid income and deferred expenses (annex VII)	33	37

TOTAL ASSETS 126,673 112,365

Equity capital	93,243	90,442
I. Equity capital (annex VIII)	36,600	36,600
A. Issued capital	36,600	36,600
II. Share premium	7,127	7,127
III. Revaluation reserve	41,880	41,880
V. Reserves	4,835	4,835
A. Legal reserve	3,660	3,660
B. Unvailable reserves	194	300
1. For treasury shares	194	300
C. Untaxed reserves	875	875
D. Free reserves	106	
V. Retained earnings	2,801	
Provisions and deferred taxes	207	207
VII. A. Provisions for liabilities and charges	207	207
2. Fiscal charges	198	198
4. Other liabilities and charges (annex IX)	9	9
Liabilities	33,223	21,716
VIII. Non-current liabilities (annex X)	16,999	17,124
A. Long-term interest bearing borrowings	16,999	17,124
3. Credit institutions	625	
5. Other loans	16,374	17,124
IX. Current liablilities (annex X)	16,140	4,509
A. Instalment of medium/long term loans dues on the year	2,000	
B. Short-term interest bearing borrowings	0	90
2. Other loans		90
C. Trade and other payables	1,578	1,378
1. Trade payables	1,578	1,378
E. Payroll liabilities, taxes and social security	77	62
1. Taxes	-	-
2. Remunerations and social security charges	77	62
F. Other payables	12,485	2,979
X. Deferred income and accrued expenses (annex XI)	84	83

# Income statement (in k€)

		2014	2013
I.	Revenue and other operating income	2,078	2,088
	A. Revenue (annex XII, A)	1,217	1,462
	D. Other operating income (annex XII, B)	861	626
II.	Costs of sales and services	(4,880)	(2,423)
	A. Raw materials and goods purchases for resale	(1,100)	(1,311)
	1. Sundry goods and services	(1,100)	(1,311)
	B. Services and other goods	(2,938)	(450)
	C. Employee benefits expenses(annex XII, C2)	(799)	(619)
	D. Depreciation, amortisation and reductions of value on costs of establishment on intangible and tangible assets	(17)	(19)
	G. Other operating expenses (annex XII, F)	(26)	(24)
III.	Operating income	-	-
	Operating loss	(2,802)	(335)
IV.	Investment income	2,615	2,736
	A. Income from long-term investiments	1,000	1,000
	B. Income from current assets	101	620
	C. Other investment income (annex XIII, A)	1,514	1,116
V.	Financial expenses	(506)	(877)
	A. Charges of debts (annex XIII, B)	(374)	(837)
	B. Impairment on current assets	(106)	
	C. Other financial expenses (annex XIII, D)	(26)	(40)
VI.	Income before taxes	(693)	1,523
VII.	Exceptional income	4,345	3
	D. Gains on disposal of tangible and intangible assets	4,334	
	E. Other exceptional income	12	3
VIII	. Exceptional expenses	(0)	(28,521)
	B. Impairment losses		-28,493
	D. Loss on disposal of assets		(28)
IX.	Earnings before taxes	3,652	-26,995
XI.	Profit (loss) for the year	3,652	-26,995
XIII	. Profit of the year to be allocated	3,652	-26,995

# Allocations and withholding (in k€)

	2014	2013
A. Profit to be allocated	3,652	77
1. Profit of the year to be allocated	3,652	-26,995
2. Profit carried forward from the preceding year	0	27,072
C. Profit to be allocated	(0)	(0)
3. To the other reserves		
D. Profit/loss to be carried forward	(0)	(0)
1. Profit to be carried forward		
F. Profit to be distributed	851	77
1. Dividends	742	
2. Profit to be distributed	109	77

A. SHARE CAPITAL (in k€)	Amounts	Nr. of shares
1. Subscribed capital		
1.1. At the end of last year	36,600	-
1.2. At the end of the year	36,600	-
2. Representation of capital		
2.1. Share categories:		
Ordinary shares	-	1,355,000
2.2. Nominal or bearer shares	-	1,355,000
Nominal	-	969,905
Bearer	-	385,095

# B. SHAREHOLDER STRUCTURE (Art. 4 §2 of the Law of 2 March 1989)

TDMN	ISPARF		NIFNIT

The entity:	Shares 1,355,000	% held by the entity
Declaration of 7/11/2014	1,555,000	
1. Sub-group 1 together with Sub-group 2 acting in concert with Sub-groups 3		
FINANCIERE FREDERIC JACOBS S.A., Brussels	113,661	8.39%
Total sub-group 1	113,661	8.39%
2. Sub-group 2 together with Sub-group 1 acting in concert with Sub-groups 3		
SOCLINPAR S.A., Luxembourg	629,942	46.64%
Total sub-group 2	628,942	46.64%
3. Sub-group 3 acting in concert with Sub-groups 1 and 2		
COBEPA S.A., Brussels	204,950	15.12%
Total sub-group 3	204,950	15.12%
Total sub-group 1, 2, and 3	947,553	69.93%
Declaration of 12/11/2008		
Alcatel Bell pension funds	51,412	3.79%

# Rules of valuation

- 1. The start-up costs and the intangible assets are recorded at their acquisition value and are amortised over 3 to 5 years. They are withdrawn from the inventory as soon as they are fully amortised.
- 2. The tangible assets are entered at their acquisition value and depreciated according to the rates and methods authorised by the tax regulations following a linear method whose duration depends on the nature of the fixed assets (for example: office equipment: 5 years, ...).
- 3. The assets and liabilities of the Branch are converted according to the monetary/non-monetary method laid down by the CNC (Accounting Standards Commission).
- 4. The financial assets are valued at their acquisition value. Impairment losses are applied in the event of sustainable losses or write-downs. The provisions for the write-down of securities are valued security by security on the basis of the carrying amount and approved by the Board of Directors.
- 5. The accounts receivable in EUR are entered at their nominal value. Impairment losses are exercised on the accounts receivable that are considered to be written off. A provision for bad debts hedges potential losses.
- 6. The debts in EUR are entered at their nominal value.
- 7. Short-term investments are valued at their acquisition value and the depreciations are calculated on the basis of the rate in force at the close of the period.
- 8. The provisions for liabilities and charges are set up at the close of each period to hedge any liabilities and losses for the year or prior years, subject to the agreement of the Board of Directors. These provisions are recovered in the results if they have not been used.
- 9. Assets, accounts receivable, debts and commitments in currencies: currency transactions are converted into EUR at the rate in force at the time of the transaction or, in the event of specific hedging, at the rate of the hedging transaction.
- 10. The monetary assets and liabilities are revaluated at the closing rate and the conversion differences that result from them are recognised in the income statement.

# Notes to the annual financial statement (in k€)

# **ASSETS**

# Note 1 - Intangible assets

In December 2014, the Board decided on the acquisition of the brand "SAPEC" from Sapec Química for the amount of 9,781 k€. The brand was valued by a rating company and aims to collect royalties for the company on products sold under this brand.

# Note 2 - Financial Assets

The financial investments in associated companies (95,760 k€ in 2014) recorded an increase of 4,190 k€ compared to 2013 following the entry of securities held in Interpec Ibérica (307,318 shares with a book value of 1,410 k€) in Sapec Portugal SGPS for an estimated value of 5,600 k€, supported by the expert's report.

These financial investments are as follows:

	2014	2013
- Sapec Portugal	95,600	90,000
- Interpec Ibérica	-	1,410
- Sapec Finance	160	160
Total	95,760	91,570

# Note 3 - Amounts receivable after one year - other receivables

This item includes receivables from Group companies:

Total	3,100	3,100
- Tradecorp	2,700	2,700
- Sapec Agro Espagne	400	400
	2014	2013

# Note 4 - Amounts receivable within one year

In 2014 and 2013, «Other receivables» includes:

	2014	2013
- Sapec Agro	692	614
- Sapec Agro Espagne	2,000	2,000
- Tradecorp	2,928	2,877
- Sapec Portugal SGPS	8,220	-
- Others	93	75
	13,933	5,566
- Tax & withholding tax to be recovered	15	136
Total	13,948	5,702

# Note 5 - Cash investments

On 31 December 2014, the company held a portfolio of 6,247 own shares.

The realizable value at the reporting date (31€/share) fell below acquisition cost, an impairment loss was recorded for 106 k€.

#### STATUTORY ACCOUNTS

#### **LIABILITIES**

# Note 6 - Amounts payable after one year

This balance is composed of by a medium term loan of 625 k€ payable in 2016 and an advance of 16,374 k€ from our subsidiary Sapec Finance.

#### Note 7 - Liabilities

# Amounts payable within one year

This balance amounts to 16,140 k€ in 2014 compared to 4,509 k€ in 2013.

Exclusing the "Others debts", they consist of the following:

	2014	2013
- Loans maturing in the year	2,000	-
- Other loans	-	90
- Trade debts	1,578	1,378
- Social security and other payables	77	62
Total	3,655	1,530
The breakdown of the item "Other debts" is as follows:		
	2014	2013
- Sapec Portugal SGPS	1,769	2,783
- Invoice to be received concerning the acquisition of the brand	9,781	-
- Dividends and fees payable	851	-
- Other payables	84	196
Total	12,485	2,979

# **INCOME STATEMENT**

# Note 8 - Income from financial assets

In 2014 and 2013, dividends were received from Sapec Portugal SGPS in the amount of 1,000 k€.

# Note 9 - Financial expenses

Financial expenses consist of financial debt costs and are split as follows:

	2014	2013
- Charges on subsidiary loans	374	817
- Charges on other loans	-	20
- Impairments on current assets	106	-
- Fee: opening of credit facility	23	40
- Miscellaneous financial expenses	3	

# Note 10 - Gains on the disposal of fixed assets

In 2014, this amount related to: i) capital gains following the transfer of Interpec Ibérica shares to Sapec Portugal (4,190 k€), and ii) the record of the final balance of the sale of the property in Caveira (145 k€).

# Note 11 - Impairments on financial assets

In 2013, and given the uncertainties regarding the value of investments held directly or indirectly by ELI, in particular the publication by the Spanish government in January 2013 of a draft regulation on renewable energies which negatively impacted on the value of Naturener's participation in the photovoltaic projects in Spain, and the refusal of SDGE in meeting its contractual obligations, which can lead to the inability in repaying Morgan Stanley's "Construction loan" and to the exercise of guarantees on the assets of the Grupo Naturener in North America, the company has decided to book in 2013 an impairment loss of 100% of its stake and the ELI debt, totalling de 28,493 k€.

As regards the guarantee provided by the company to Novo Banco for the loan transferred by Sapec SA to ELI (up to 36,000 k€), based on the information available to date, the company is not able to provide an estimate of whether or not this guarantee will be exercised in the future, nor of its amount and terms, which is why it has not recognised any provision for this amount in the 2014 and 2013 accounts.

# How to contact us?

# Sapec S.A.

500 Avenue Louise, b. 6

1050 Brussels

Tel.: + 32 (0)2 513 92 58 Fax: + 32 (0)2 512 20 90 E-mail: info@sapec.be

Site: www.sapec.be

RPM Bruxelles - BE 0403 085 280

# Investor relations and financial disclosure

investorsrelations@sapec.pt Antoine Velge Eric van Innis

# **Published by**

Antoine Velge

Tel.: + 32 (0)2 513 92 58 Fax: + 32 (0)2 512 20 90

# **Annual report**

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