
HAMON
Annual Report 2011
www.hamon.com
l'Entreprise de l'Année® 2011

Part 1 - General presentation of the Group

Part 2 - Overview by Business Unit

Part 3 - Financial statements

Annexures

Cover picture: Cooling towers built by Hamon for the RWE power plant in Westfalen, Germany

Annual Report 2011 | www.hamon.com

Part 1

Air finned coolers for the gas compression station of Portovaya, Russia (Nord Stream gas pipeline)

General presentation of the Group

KEY FIGURES

in EUR million	2011	2010	2009	2008	2007
RATIOS					
EBITDA / revenue	5,4%	8,1%	11,3%	12,5%	11,0%
ROCE (1)	14,9%	25,3%	59,5%	65,8%	63,6%
Net financial debt / equity (2)	45%	15%	(12%)	22%	78%
Enterprise value / EBITDA (3)	7,5	7,6	4,4	3,3	7,8
DATA PER SHARE (in EUR/share)					
Group's share in net result for the year	0,39	1,62	2,42	2,57	2,54
Net result from continued operations	0,57	1,83	2,54	2,87	2,72
Equity (excl. Non-controlling interests)	11,07	11,07	9,00	6,77	4,74
Gross dividend	0,25	0,60	0,60	0,57	0
P/E (share price on 31.12) (4)	25,7	14,7	10,8	6,8	17,2
Total weighted number of shares	7 191 472	7 191 472	7 191 472	7 191 472	7 191 472
Total number of shares on 31.12	7 191 472	7 191 472	7 191 472	7 191 472	7 191 472
Market capitalization on 31.12 (EUR million)	105,4	193,2	197,0	140,2	336,1
Share closing price on 31.12	14,65	26,87	27,40	19,50	46,74
Year average share closing price	24,14	28,00	23,76	29,79	38,66

in EUR million	2011	2010	2009	2008	2007
NEW ORDER BOOKINGS	**500,0**	**449,7**	**301,5**	**469,5**	**435,0**
BACKLOG (as of 31 December)	**629,3**	**490,3**	**339,2**	**391,0**	**279,7**
INCOME STATEMENT					
Revenue	378,9	345,5	379,8	366,7	432,6
EBITDA (5)	20,4	28,1	42,8	45,7	47,8
EBIT (operating profit after non-recurring items)	11,9	26,1	38,8	43,7	43,4
Net result from continued operations	4,1	13,2	18,3	20,7	19,6
Net result of discontinued operations	(0,1)	(0,0)	(0,2)	(1,8)	(1,2)
Group's share in net result for the year	2,8	11,6	17,4	18,5	18,3
Cash flow (6)	2,8	(2,7)	47,2	34,0	28,5
BALANCE SHEET					
Non-current assets	136,4	110,5	88,4	66,8	57,0
Current available-for-sale financial assets	0,0	0,0	0,0	0,2	0,0
Cash and cash equivalents	83,2	68,1	83,3	59,1	35,7
Other current assets	181,0	158,3	135,2	159,5	142,2
Total assets	**400,7**	**336,9**	**306,9**	**285,6**	**234,8**
Equity (7)	87,5	86,1	65,8	49,4	34,4
of which non-controlling interests	7,9	6,5	1,1	0,7	0,3
Financial liabilities (current & non-current)	122,5	81,0	75,1	69,9	62,6
Non-current provisions	4,4	4,5	5,0	3,9	3,6
Other non-current liabilities	6,0	7,6	9,3	5,4	10,2
Current liabilities (excl. Financial liabilities)	180,3	157,7	151,7	157,1	124,0
Total equity and liabilities	**400,7**	**336,9**	**306,9**	**285,6**	**234,8**
Net working capital (8)	0,7	0,6	(16,4)	2,4	18,2
Net financial debts (9)	39,3	12,9	(8,2)	10,8	26,9
Capital employed (10)	137,2	111,1	72,0	69,4	75,1
Average staff number (yearly average)	1 435	1 221	1 140	1. 015	912

(1) EBITDA / capital employed
(2) Net financial debts / equity (incl. Non-controlling interests)
(3) Enterprise value = 31.12 market capitalization + non-controlling interests + net financial debts - investment in associates
(4) Share price on 31.12 / net result from continued operations (per share)
(5) EBITDA = operating profit before depreciation, amortization and non-recurring items
(6) Cash flow = net cash from operations after restructuring
(7) Including non-controlling interest
(8) Current assets (excluding Cash & cash equivalents) - non-financial current liabilities (continued operations only)
(9) Financial liabilities - Cash & cash equivalents
(10) Non-current assets + net working capital + current net available-for-sale financial assets

" Our growth objectives guide our approach to establish the Hamon Group's medium and long term development ... Our priorities are to continue to grow our volume while increasing profitability and to increase our presence in emerging countries. To achieve this, we rely on the skills, motivation and training of our staff. "

DISCUSSION WITH FRANCIS LAMBILLIOTTE, CEO

Was 2011 a year of international growth for the Hamon Group, as you announced in 2010?

Yes, indeed! We first of all consolidated our position in India by booking several major new orders in this market at the end of 2010. This has also been accompanied by the reinforcement of our teams in that country. Meanwhile, the Hamon Group confirmed its presence in Turkey with the opening of a subsidiary that will focus, initially, on cooling systems. China, which still contributes significantly to our growth, has invested in natural draft cooling towers for new generation nuclear power plants, sustaining more than ever the Group's sales and leadership in this area. In November, we won some major orders in the sector of air-cooled condensers in the Middle East, including a very important one for a power plant in Saudi Arabia. In Eastern Europe, we have developed, from Germany, our activity of air pollution control in Kosovo, Bulgaria and Romania ... As you can see, we can absolutely confirm that we have continued our expansion, particularly in emerging markets.

And did you also achieve your profitability forecast?

2011 was a pivotal year. It was difficult and disappointing for the Air Pollution Control Europe Business Unit. We had to reorganize and reorient this unit so that it better corresponds to the markets it covers (Europe, Asia, Brazil, South Africa), and this by having better distributed teams.

At Group level, we have invested heavily in our R&D to develop new innovative products while focusing on development in the medium term. There have been significant costs to develop our international activities (particularly in Dry Cooling) and research, which had an impact on our results in 2011. But with contained fixed costs and our volume of business on the rise, we should see nice profitability levels again in 2012-13!

There have been many changes in the world during 2011 (Fukushima accident, Arab spring, collapse of stock prices,


Vainqueur

sovereign debt crisis …), what has been the impact on your results?

In just under a year, the world has witnessed a series of tragic events without comparison. We still can't quite measure the effects of these upheavals … It is clear though that the safety measures for nuclear power stations like Fukushima are insufficient. Some countries like Germany will stop their nuclear power programs, others such as China, France, the U.S. and India have confirmed their commitment but with much strengthened safety and prevention measures. These different and contrasting positions will have no impact on our activities, except perhaps to delay slightly some decisions. Hamon develops products for three sources of energy: coal, gas, nuclear power. If one source stops, the other takes over …

As for the Arab Spring, of course, some projects in Morocco, Tunisia and Egypt were canceled, but these markets account for just a small amount at Hamon.

The sovereign debt crisis will have limited impact on our business volume and our results, including in Eastern Europe, where funding projects in the field of air pollution control is often unpredictable.

Were the increase of backlog in 2011 and commercial developments satisfactory in all markets and business units?

Overall, in 2011, we recorded orders for around 500 million euros, 11 % more than in 2010. This strong growth has allowed us to identify new opportunities even as our turnover evolves more slowly. It can be explained by two phenomena in 2011 : the slowing down in the delivery of contracts in Germany, following certain decisions made by the customer, and then the slower execution of projects in India and other emerging countries. These delays are not so negative, in the sense that their longer implementation will boost our sales in 2012-13 !

Regarding the evolution of our business units, the Cooling Systems, both wet and dry, have enjoyed strong business growth and the outcome is a historical success for this business unit. The Process Heat Exchangers unit had increased sales, with a very diverse order book in Russia, the Middle East and South America.

The market for Air Pollution Control has suffered most from the recession. Despite the environmental challenges in the field, the innovative systems that we install for our customers don't have a direct return on investment. This is even more true in the less developed countries, where the environment is not yet part of the culture. The Air Pollution Control unit in Europe has therefore lacked volume. The American Business Unit, meanwhile, has performed well, with a redeployment of its services and with orders on the increase. The publication by the Environment Protection Agency (EPA) of the new regulations for environmental protection ("MACT") relating to power plants in the U.S. will certainly benefit Hamon, because it will impose medium-term investment so that power stations comply with the new standards. The fateful day has however been postponed from 2013 to 2014 !

The Chimneys unit continues to expand with the start of construction in December of the two natural draft cooling towers in the Vogtle nuclear power plant in the United States.

Development of your activities activities in India, Brazil, a new factory in China ... will the growth of Hamon in the future come from the emerging countries?

More than ever! We will continue our development in these countries both in terms of production and manufacturing tools as from a more commercial perspective. By being more integrated and productive, Hamon will be able to increase its margins even more. Expertise, competitiveness and added value are central to our development in these strategic emerging regions ....

The Dry Cooling activity seems to be on a roll, how do you explain that?

The market for Dry Cooling is developing for two reasons: we build more and more power plants in countries where there is little water and then in other countries, rules and regulations have meant that permits are granted faster when the environmental impact is less.

It is a market we left in 2004 but since 2011 we have again become one of the leaders in this sector thanks to the construction of new Hamon manufacturing plants in both the USA and China in 2011. Good orders in the Middle East have also accelerated the movement. The current order book bodes well for the future and we hope to take the top spot again (which used to be ours). All in all, things are looking good for this Business Unit. Redevelopment costs were nevertheless significant and have affected results in 2011.

Do the United States and Europe remain buoyant markets for Hamon?

Of course! Western Europe is our home market and Hamon has been present in the United States for many years now. These are both markets that are very stable and we monitor them closely. In the United States, new environmental regulations ("MACT") were finally published by the EPA in late 2011. We purchased the American company Deltak, a world leader in heat recovery steam generators. This purchase has strengthened our presence in the gas power plants market which is increasing especially as nuclear is being phased-out in several countries. In Europe, we have leading positions in France, Belgium, Germany and England. We have developed new technologies in cooling systems and we now offer ever more efficient air pollution control systems.
The objective: combine return on investment with environmental compliance so as to develop a sustainable approach and meet the demands of our customers.

Human resources management and finding highly skilled staff are no doubt two crucial areas at the heart of your strategy?

Certainly. Given the growth of our backlog and the rapid growth of the Group in new countries, the demand for skillful and expert staff is an essential part of our recruitment policy. It is increasingly difficult, a reason whereby we favor two types of hiring in particular: the young academic talent that we train in our craft and the skills of highly qualified persons from large industrial groups that are feeling the recession in some places. The human scale of Hamon and the good internal atmosphere are often an essential asset when people are looking for new professional challenges.

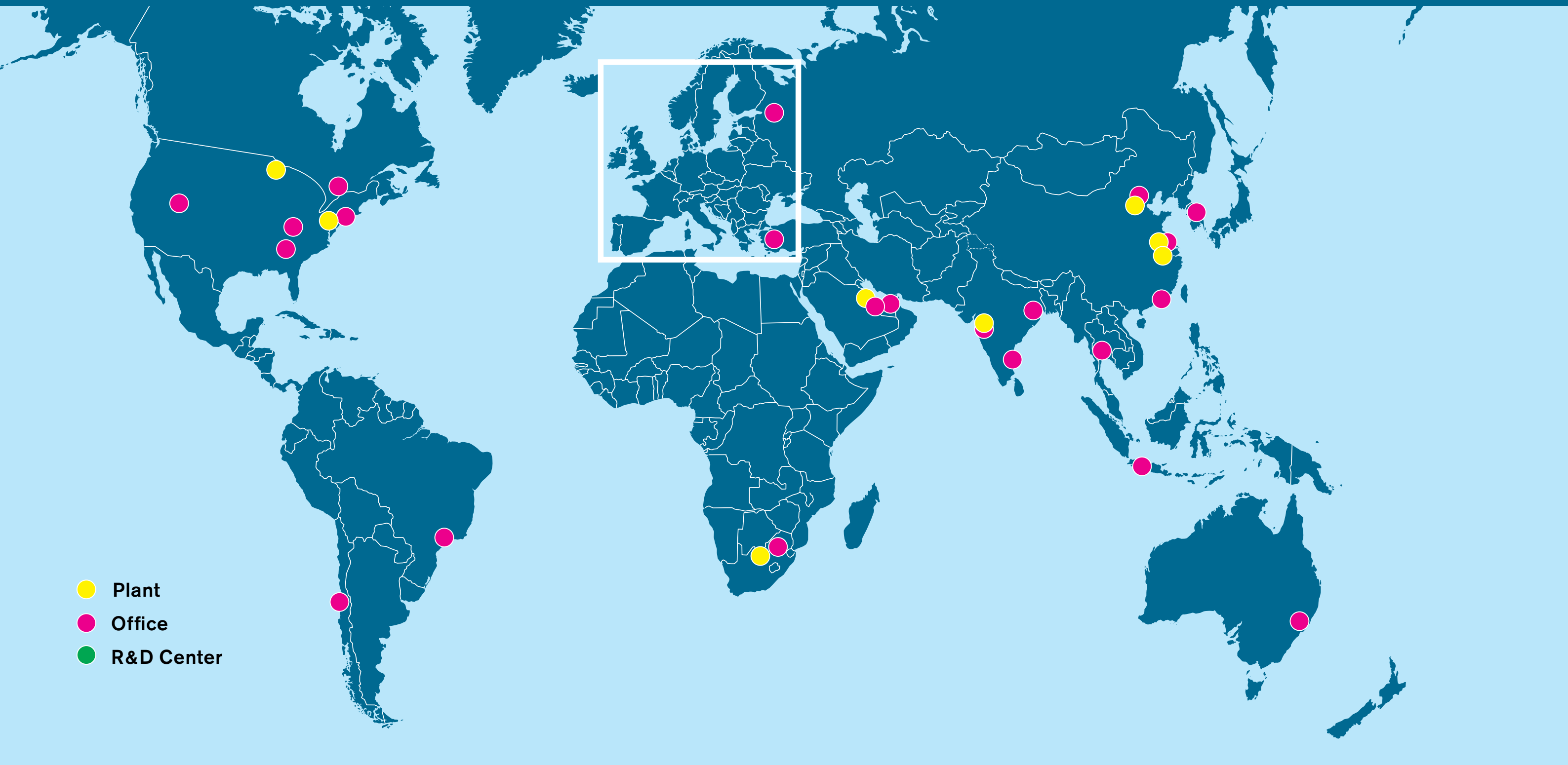
Your vision for the future of the Group is colored with optimism or do you remain rather cautious in 2012?

We are extremely positive about the development of the Group. Hamon offers new solutions in oil and electric infrastructure, new and innovative products and replacement equipment. 2011 was a disruptive year to business across the world, and 2012 will surely not be an easy year. Our vision for the future is tinged with realistic optimism. Business and markets are more complex than before which means we must work harder. That means too that we have to increase our quality and reliability, control our costs and be attentive to our investments.

What are the next challenges?

Our goal for healthy growth guides our approach ... we want to continue to grow volume, while increasing profitability, we want to increase our presence in emerging markets and so to establish the Hamon Group in the medium and long term. To achieve this, we rely on the skills, motivation and training of our talent as well as the recruitment of competent local people. It is essential to ensure our performance at international levels and crucial to our competitiveness.

Hamon in the world



GROUP PROFILE

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

Positioning

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

- Cooling systems
- Air Pollution Control systems
- Heat Recovery Steam Generators
- Process Heat Exchangers
- Industrial chimneys

The services offered to customers include design, manufacture of certain key components, project management, on-site installation (including civil works in some cases), start-up and aftermarket sales and service.

The main customers are principally:

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

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

Hamon in Europe

Values

1. Professionalism

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

2. Respect for others

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

3. Respect for the environment

Protection for the environment is at the heart of Hamon's activities and services.

4. Respect for cultural diversity

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

Our presence in the world

In 2011, Hamon employed 1 435 people in 22 countries and on five continents across the world. Among these countries, none appears on the list of fragile states / territories published by the World Bank. Moreover, several hundred other people are hired on limited duration contracts (most notably on job sites). In 2011, the Group revenue amounted to EUR 379 million. See the other key figures presented in the first pages of this annual report.

Hamon shares are listed on the Euronext stock exchange of Brussels, since 1997.

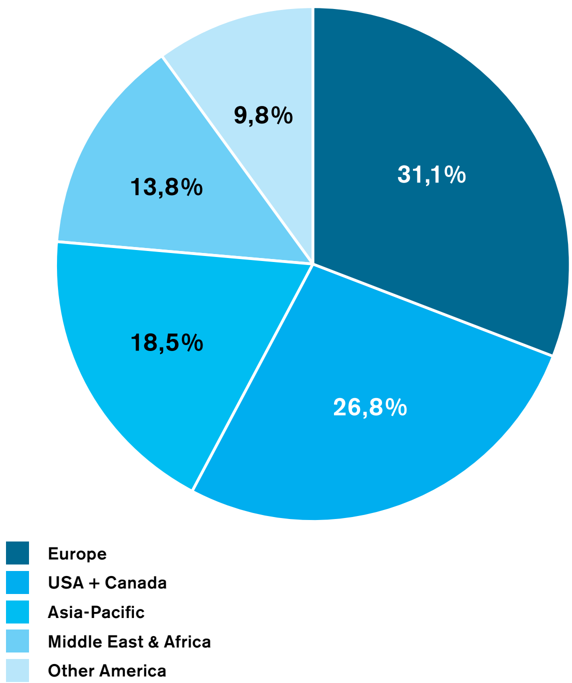
Vision

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

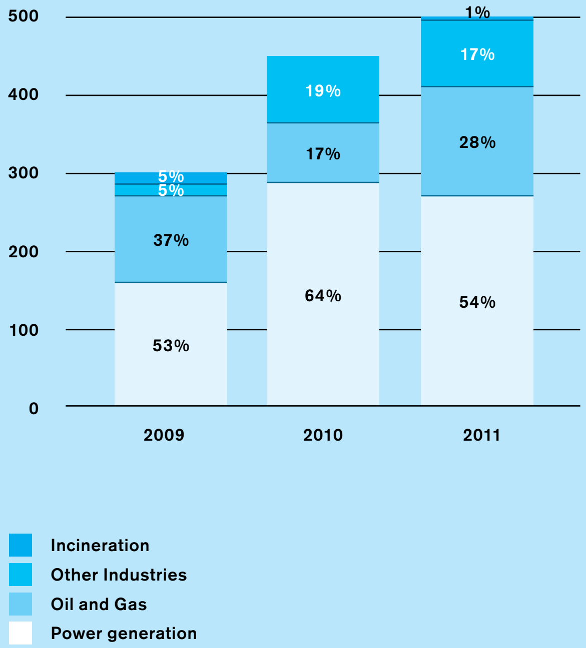
Mission

- Develop new technology, design, install and provide after-sales services for key components of cooling systems, heat exchangers, air pollution control systems, heat recovery steam generators and chimneys.
- Improve our customers' performance in the energy, oil and gas sectors and other heavy industries, such as steel, glass, cement, etc.
- Execute all of our projects on time, within the given budget and in line with the customer's specifications.
- Provide a quality service for all of our activities, while ensuring the satisfaction and development of staff, respect for the environment and offering shareholders a return at least equal to the market rate.

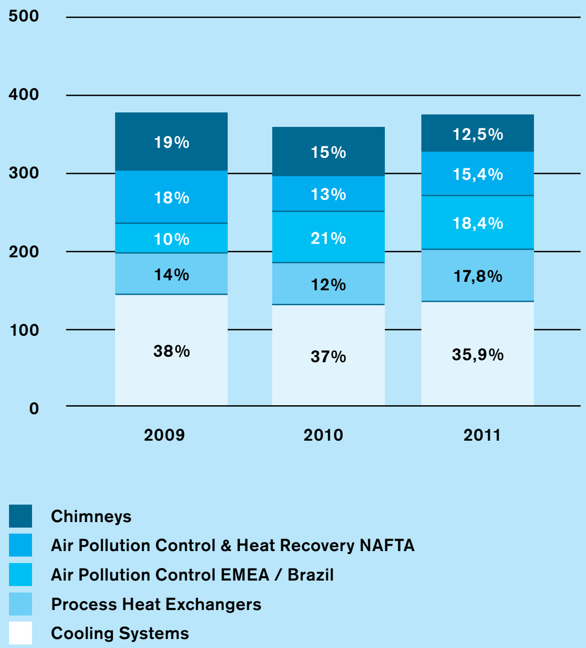
Sales breakdown by region (2011)



New order bookings by industry, in EUR million.



Breakdown of sales by business unit, in EUR million.



EVOLUTION OF OUR MARKETS

After a tentative recovery in early 2011, the markets in which Hamon operates were again marked by a slowdown and there were delays in contract awards in the second half of 2011, especially in developed economies (Europe and USA).

Major markets of Hamon

The main customers (end users) of the Hamon Group are producers of electricity, followed by the oil and gas industries, as shown in the graph above. These are followed by other heavy industries, such as steel, non-ferrous metals, household waste incineration, cement, chemicals, etc.
For a breakdown by geographical area, see the previous section on the Group profile. Notably an increasing number of orders come from Asia and other emerging countries (around half of new order bookings).
It is worth noting that orders are split between new installations and after-sales service.
Hamon's main activities are cooling systems and air pollution control, as shown in the graph above.

Markets fluctuated significantly in 2011, due to major changes in many parts of the world.

The year 2011 was remarkable because of a number of major events, and this across the world:

- The Arab Spring, with its major effects on crude oil prices and economic activity in the North African region.
- The earthquake and tsunami in Japan, and the Fukushima nuclear disaster that resulted. This has impacted the policy vis-à-vis nuclear energy in many countries.
- The sovereign debt crisis in Europe, with its impacts in terms of budget, the financial system around the world, etc. Budget cuts have negatively impacted the progress and financing of new power plant construction projects in Western countries.
- The political stalemate in the U.S., and the problem of the budget deficit as well as the lack of clarity regarding the new environmental regulations.

This explains why global economic growth was lower in 2011 (about 2.5 % - 3 % growth) than in 2010.
The slowdown was particularly marked in Japan (negative

growth), the United States and Europe, particularly from the third quarter of 2011. On the other hand, growth remained high in the emerging economies: about 9% in China, 7.5% in India, etc.

The uncertainties caused by the events mentioned above, meant that many customers delayed their decision to invest, especially in developed countries. This was also due, in some cases, to difficulties in financing projects, especially in Eastern and Southern Europe. This impacted our markets, especially in air pollution control. Overall, after a sharp increase in the 4th quarter of 2010, the main engineering groups (EPC) saw their new order bookings stay at about roughly the same level in the first half of 2011 before falling back in the 3rd quarter of 2011. Compared with 2010, the volume of new order bookings remained at a similar level in 2011.

If we analyze the evolution by sector, there have been major changes in the area of **electrical power plants**. The Fukushima accident in Japan has completely changed the nuclear situation in developed countries, and several projects have been stopped altogether. Germany immediately shut down seven nuclear reactors and decided to completely phase out its remaining 17 reactors by 2022. The decrease should be more than offset by the construction of new power plants and the modernization of existing power plants. This is positive for Hamon, strong in both coal and gas-fired plants. Other countries such as China and Russia have decided to maintain their construction program of new nuclear plants. The United States maintained the approved Vogtle Plant project.

The budget deficit problems in Europe are a serious blow to renewable energy development (wind, solar ...). In most countries, subsidies or feed-in tariffs have been revised downwards. But other countries such as China and India are increasingly looking to sustainable development and to the reduction of their emissions of greenhouse gases. We believe that gas-fired power stations (particularly with a combined cycle) should do well. Coal remains an important energy source for electricity production, mainly in the emerging countries (and even in some developed countries like Germany and the U.S.). These plants, inherently more polluting, provide plenty of work both in mining and air pollution control.

In terms of the **oil & gas industries**, we see that the price of crude oil increased in 2011 (the price per WTI barrel went from ~ 90 USD to ~ 100 USD in one year). This has had a positive effect for the continuation of both current and planned investments by oil companies. Demand for oil is also still strong in emerging markets. **Other heavy industries** have seen their investment levels vary, depending on product types and regions. Investments were often stagnant in developed countries in sectors such as steel or cement (stagnation of consumption).

Geographically, we find that in most sectors, growth and construction of new production units are being done in the emerging countries. In the developed countries, most of the business revolves around the renovation of existing units.

Along with the strong demand in emerging markets to fill the gaps in infrastructure, we see the emergence of large players in these countries. For example leading engineering groups in South Korea and China, very active in various fields related to energy and environment, are becoming more active globally. Competition remains strong among the various players, and the pressure on margins is still very much present.

During 2011, the price changes in primary materials (steel, plastic, etc.) were mixed: prices rose during the first half of 2011, but have fallen since the summer of 2011, due to negative changes in the economy. The current decline has had the effect of lowering the average price per unit (cooling tower, air pollution control system, heat exchanger ...).

Finally, note that the USD has depreciated by more than 5% against the Euro in 2011 (average rate). This change, coupled with the high volatility of the USD during the year, has had a negative impact on the volume of orders in USD when converted into Euro.

In early 2012, our markets are very unpredictable as to the locations and timing of awarded contracts. For Hamon, the general level of requests for tender remains strong thanks to its presence across all five continents.

Hamon booth at the Russia Power exhibition

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

Since 2010, Hamon has formalized and further focused its activities on a sustainable development-based ethos. Hamon's approach aims to analyze, measure and accept its share of Corporate Social Responsibility. To this end it has decided to take inspiration from new international standard, **ISO 26000** guidance for Corporate Social Responsibility, adopted by nearly 100 countries in November 2010. The objective is to align Hamon's strategy on compliance with the principles and fields of action contained in this guidance. The main subjects covered by ISO 26000 are:

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

As recommended by ISO 26000, Hamon has also decided to base its approach on the methodology developed by the **Global Reporting Initiative** (GRI) in order to measure and account for its performance on Corporate Social Responsibility. The aim of the GRI, an international body based in Amsterdam, is to provide all organizations of any size, geographic location or sector with a reliable, credible and standardized framework for reporting on sustainable development, following the example of the IAS/IFRS standards in the financial sector.
The GRI methodology consists of three main elements of information:

- Strategy and profile
- Management approach and commitments
- Performance indicators

The standardized GRI correspondence grid, reproduced at the end of this report, enables readers to find the information they are looking for using a standard list.
The performance indicators set out by the GRI cover six main areas:

- Economic performance (much detailed in other parts of this annual report)
- Environmental performance
- Social performance in relation to labor practices
- Social performance in relation to human rights
- Society performance and relationship with the community
- Performance in relation to the transparency of information on products

The GRI offers a progressive approach with different levels of application. For this second year of reporting on this basis, **Hamon has met the objectives of Level C of the GRI** ("self-declared"). For more information on GRI, see www.globalreporting.org

Throughout this annual report, we seek to inform our stakeholders, in the most transparent way possible, of our performance and the measures we are implementing to improve. The perimeter used for each of the performance indicators is detailed in the section "Report parameters" at the end of this document.

In order to match our actions with our words, Hamon is introducing action plans so that our performance improves, as well as internal control mechanisms to ensure that the subsidiary companies report on the indicators in an accurate and comprehensive manner. We also want to systematize our subsidiaries' external certification processes, be it in relation to quality (ISO 9001), health and safety (OHSAS 18001), or environment (ISO 14001).

As our economic performance has been discussed in detail in other parts of this annual report, here is a summary of Hamon's position in terms of its responsibilities and performance in social and environmental areas.

SOCIAL RESPONSIBILITIES

The men and women who contribute on a daily basis to the success of Hamon are our main resource. They deserve all our attention. This is why we will dedicate this section mainly to our internal social responsibilities.

Headcount

In 2011, the average headcount in the Group was 1435 people, an increase of 214 people over 2010 (+ 17,5%). To this should be added a number of people working on sites that only have limited term contracts; in 2011 that represents roughly 500 people on average (this number fluctuates over the year).

Average headcount per BU	2011	2010	2009
Cooling Systems	663	547	482
Process Heat Exchangers	218	232	249
Air Pollution Control EMEA/Brazil	268	220	172
Air Pollution Control & Heat Recovery NAFTA	182	124	147
Chimneys	55	53	56
Corporate & others	49	45	34
Total	1 435	1 221	1 140

Notes:

1. These figures include the staff from (1) fully consolidated subsidiaries and (2) subsidiaries consolidated by proportionate integration on a pro rata basis of the capital held by Hamon. For Deltak (integrated since 1 September 2011), the figures have been counted on the basis of 1/3 of a year.
2. These figures are based on full-time equivalents and only include staff on open-ended contracts.
3. In addition to these figures, Hamon also employs a few hundred temporary workers (local labor), mainly at its building sites. Located around the world, these projects generally last a few months. In 2011, approximately 500 people were employed to work at these sites.
4. The numbers for the Process Heat Exchangers Business Unit include the subsidiary ACS.

In terms of business units, the main variations come from:

- Cooling Systems: large increase in personnel numbers in India (because of the very large projects in progress) and in the Chinese subsidiary active since 2010 in dry cooling (with a manufacturing plant inaugurated in 2011).
- Air Pollution Control EMEA/Brazil : addition of people from the company bought in South Africa in October 2010 (12 months in 2011 versus only 3 months in 2010); expansion of our activities in Brazil; opening of a new subsidiary in India (Kolkata).
- Air Pollution Control and Heat Recovery NAFTA: acquisition of the company Deltak in the USA (consolidated from 1 September 2011 onwards, so only counting at one third); growth of activities in the subsidiary TTC.

These different variations by Business Unit explain the net increase in the headcount of the Group.

Average headcount per region	2011	2010	2009
Europe	612	674	647
North America	249	192	209
Australia & Asia	452	275	214
Africa	60	31	24
Others Americas	62	49	46
Total	1 435	1 221	1 140

In terms of regions, the number of staff has mainly increased:

- In Australia & Asia, thanks to the large increase in personnel in the Cooling Systems BU in India and China.
- In North America, following the acquisition of Deltak.
- In Africa, from the consolidation over 12 months of the company bought in South Africa in October 2010.
- The reduction in Europe comes mainly from the reduced personnel in Great Britain. There they had finished the on-site construction of a very large project.

These figures illustrate the increasingly important role of the emerging economies in the Group and the stagnation across Europe.

Average headcount per category	2011	2010	2009
Management	56	48	46
Employees	809	709	652
Workers	570	464	442
Total	1 435	1 221	1 140

Finally, if we look at the categories of staff, we see that the increase has mainly been in workers (+ 106) and to a lesser extent, employees (+ 100). As of 31 December 2011, the total number of staff was 1550 people, with 1261 men (or 81.4 % of the total) and 289 women. Excluding workers, there were 23% women.

Recruitment

Hamon prides itself on recruiting high-caliber employees. In each country where we operate, our policy is aimed at recruiting local personnel (or assimilated). We also have a very small number of expatriate executives in relatively new subsidiaries or those that have grown significantly over recent years. The aim is to support their development and to promote Hamon's experience and best practices. The number of expatriates is minimal – it represents roughly 5.5 % of the total Group personnel and roughly 7.3 % of the management.

Training

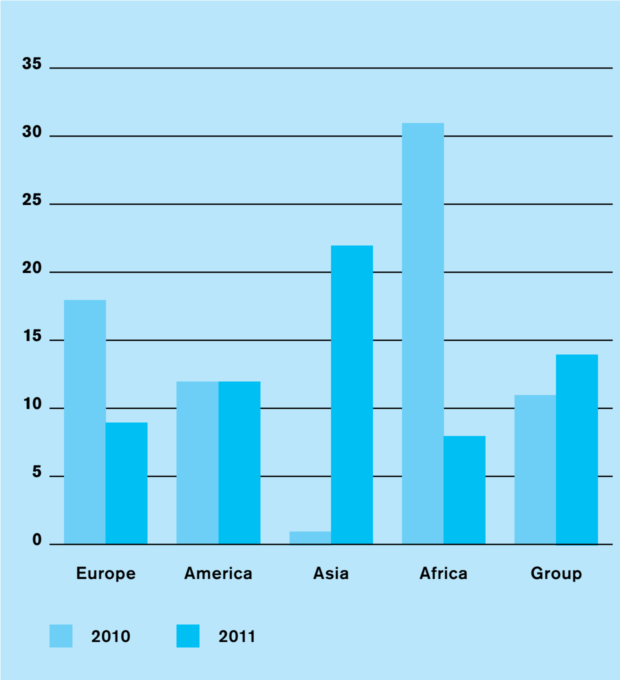
An important factor in contributing to the development of our staff and to their satisfaction is to give each employee the training that he or she needs. Through different programs we have provided more than 14 600 hours of training in 2011, which is 10 hours / year per person for the considered perimeter (see Report parameters). In addition to this formal training (covering health and safety, the use of our new ERP tool which is gradually being implemented, technical training sessions, etc.), our employees are also given more informal training, which is a kind of mentoring or tuition specific to their role and based on different projects they are involved in.

Health and Safety

The health and safety of our staff in the work place continues to be a priority, be it in factories, offices or at jobsites. On-site work presents specific risks that are difficult to fully overcome. Hamon is adopting measures to improve the situation. This edition of our annual report includes for the second time charts illustrating the accident frequency and severity rates. The comparison of 2011 figures with those for 2010 is not always relevant however as the scope was extended in 2011: the 24 main subsidiaries, each employing at least 15 people in 2011, were included (against 19 subsidiaries in 2010). These 24 subsidiaries account for 94 % of the Group's total headcount (against 82 % for the 19 subsidiaries in 2010).

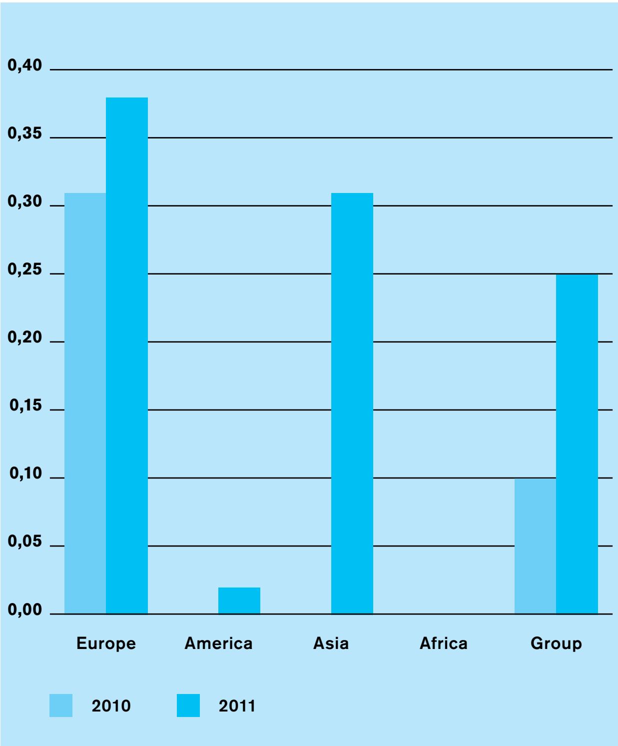
The staff numbers included for each company in the study area (see parameters of the report at the end of this Annual Report) are the same as those taken into account in the headcount calculation of the Group (see Headcount section).

Frequency rate of occupational accidents by region (number of accidents by million working hours)



In total, there were 33 accidents in the monitored subsidiaries in 2011, with no fatalities. Nearly half of these accidents (15) came from the new factory in China, which began its activity during the summer of 2011. Steps have been taken to improve its safety. Comparing like for like (amongst others not including the new Chinese plant), the figures are much improved in 2011 compared to 2010 (13 accidents against 22 in 2010). The high frequency for Asia in 2011 is because the subsidiaries studied include many industrial activities (3 factories and workshops), and the risk of accidents is higher there.

Rate of severity of occupational accidents by region (number of days lost / thousand working hours)

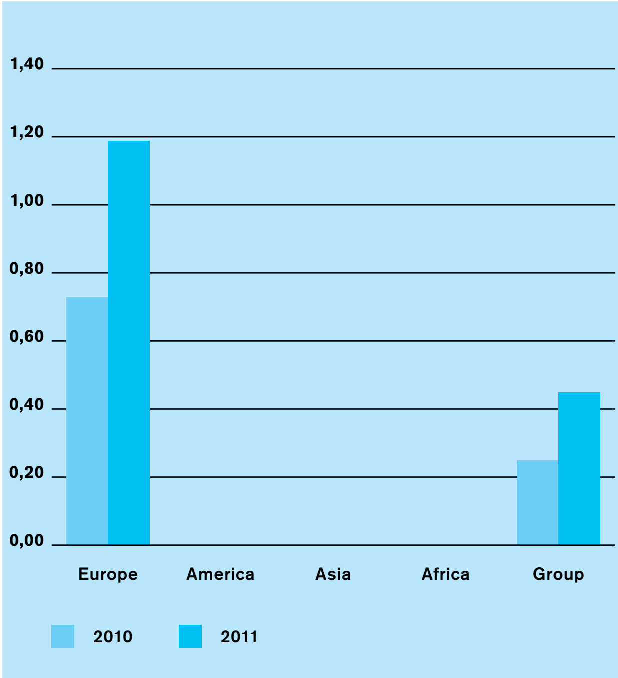


In total, 605 working days were lost due to occupational accidents in 2011, including 347 in Europe and 246 in Asia. The high figure for Europe comes mainly from the factory in Seneffe, Belgium (not included in 2010), and which (amongst others) recorded in 2011 days lost because of accidents which occurred in 2010.

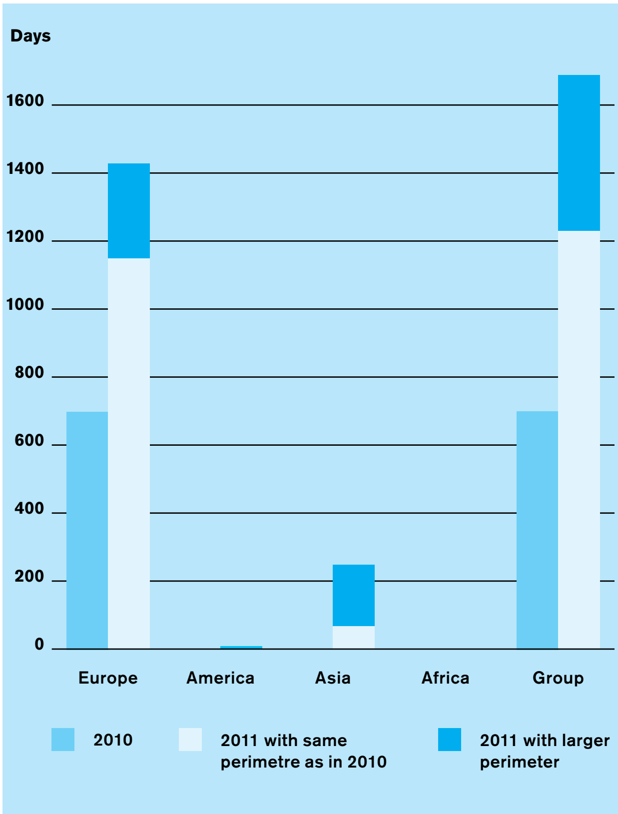
In Asia, the high figure is mainly due to the new Chinese plant. Note that when comparing like for like, the number of working days lost due to occupational accidents fell sharply in 2011 compared to 2010 (80 days against 209).

Rate of occupational disease by region (number of days lost / thousand working hours)

In total, 1 086 working days were lost due to occupational diseases, and this only in our two French factories. This figure is significantly higher than in 2010 (493 days). This is mainly due to the fact that some diseases such as muscular pains are considered as occupational diseases; this is not necessarily the case in other countries.

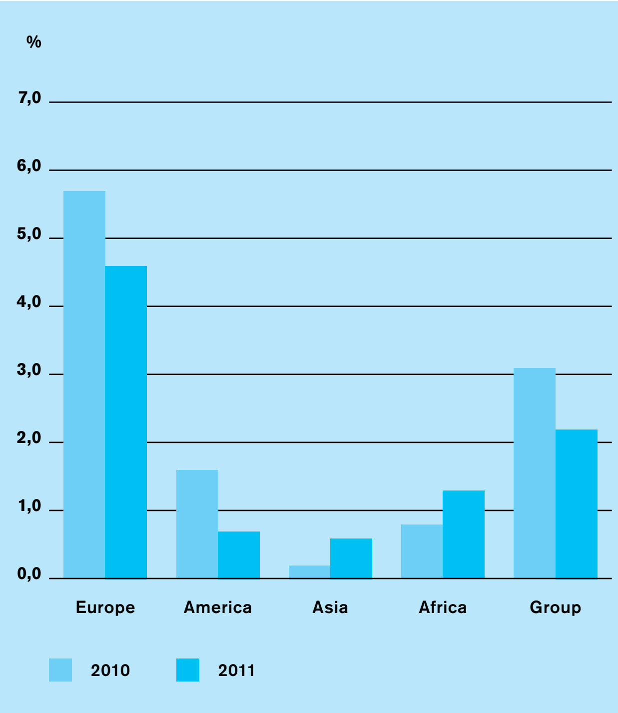


Number of days of work lost due to occupational accidents and diseases



In total, 1 691 working days were lost due to occupational accidents and occupational diseases in 2011, including 1 433 in our three European plants. In 2010, the total was 702 days; comparing like for like, this would have represented 1 234 days in 2011. The significant increase is mainly due to the noted increase in the number of working days lost due to occupational diseases in our two French factories.

Rate of absenteeism



Note: the rate of absenteeism also includes occupational accidents and occupational diseases (see exact definition of the Health & Safety KPIs in the section Report parameters).

In addition to the days lost due to occupational accidents and occupational diseases, 5 292 days of work were lost in 2011 due to various other sicknesses. Most of these days (3 164) were lost in the three French subsidiaries, mainly because there are several people who have long-term illnesses. These numbers are zero in our new subsidiary in China, because there is a quota of sick days in their holiday allocation. As this quota was not exceeded, no sick days appear in the statistics, meaning that it is not always possible to compare one region to another. In 2010, the number of working days lost due to various diseases was 6 156 days (and was 4 555 days in 2011 on a comparable basis).
While these numbers are still relatively high in Europe, we see some improvement compared to 2010.

We continue to strive for full certification in the field of Health & safety. Currently, eight subsidiaries are certified (including the six already certified and included in the 2010 numbers). Five are certified OHSAS 18001, one is certified SCC ("SHE Checklist Contractor") and one is certified NOSA in South Africa.

Ethics

Founded on respect for values and with family traditions having contributed to its history and development, Hamon continues to promote ethics at the heart of its working relations. In this regard, 2011 was marked by several specific initiatives:

- Commitment to respect the Universal Declaration of Human Rights. In January 2012, the 24 subsidiaries included in the perimeter (see section "Report parameters") comply with this Declaration (in so far as the legislation in place in the respective countries allows them to).
- Commitment not to employ children (the definition of the term "child" depends on the country and sometimes the type of activity). The locations identified as presenting the biggest risks concerning child labor are our factories in India (Umbergaon) and in China (Jiaxing, Shanghai and Wuqing from 2011). None of the 24 subsidiaries included employed anyone under the age of 18 in 2011.
- Distribution of the Hamon Code of Ethics to all of our managers and employees progressively. A summary of this Code is available on our website: www.hamon.com.

Over time these commitments are gradually incorporated into the Group's procedures and shared with all Hamon's subsidiaries. We also want to establish adequate internal control measures.
It should be noted that within the framework of a sustainable procurement policy, we are working to ensure that our commitments are progressively passed on to our suppliers. Therefore, through our general purchasing conditions, we ask that they respect the social regulations in force and do not employ children.

Other initiatives carried out in 2011

The following actions were undertaken by the HR departments of the Group:

In Europe:

- Continued job classification in Belgium and France; this will be extended to other countries later on.
- Improving the system of annual performance assessment.
- Establishment of a skill test for the recruitment of managers and technical staff.
- Restructuring of certain European subsidiaries of BU Air Pollution Control EMEA / Brazil, with implementation of a support plan for employees made redundant.

In the United States:

- Improvement of our system for annual performance reviews.
- Continued classification of functions (in progress).
- Establishment of a training program for new hires "Technical Leadership Program."

Relationships with local communities

In 2011, Hamon & Cie (the Group's parent company) won the prestigious prize "Entreprise de l'année ® 2011" (Enterprise of the year 2011) awarded by Ernst & Young to a Francophone company in Belgium. This prize rewarded the strong growth of the Group in recent years, partly thanks to its development in emerging countries.
The U.S. subsidiary Hamon Custodis won the prize "Energy Coalition for Contractor Safety" in 2011.

Some of our subsidiaries made donations and/or sponsored sports or cultural associations in 2011, as they aim to be more involved in local community life. The sponsorships and donations made by the 24 subsidiaries amounted to approximately EUR 101 thousand and included:

- donation to the Henry Ford Museum, United States;
- donation to the "Forward Atlanta Initiative", United States;
- sponsoring of the Mont-St-Guibert volleyball club, Belgium;
- sponsoring of two equestrian events in Belgium and France.

ENVIRONMENTAL RESPONSIBILITIES

Our priorities for protecting the environment are as follows:

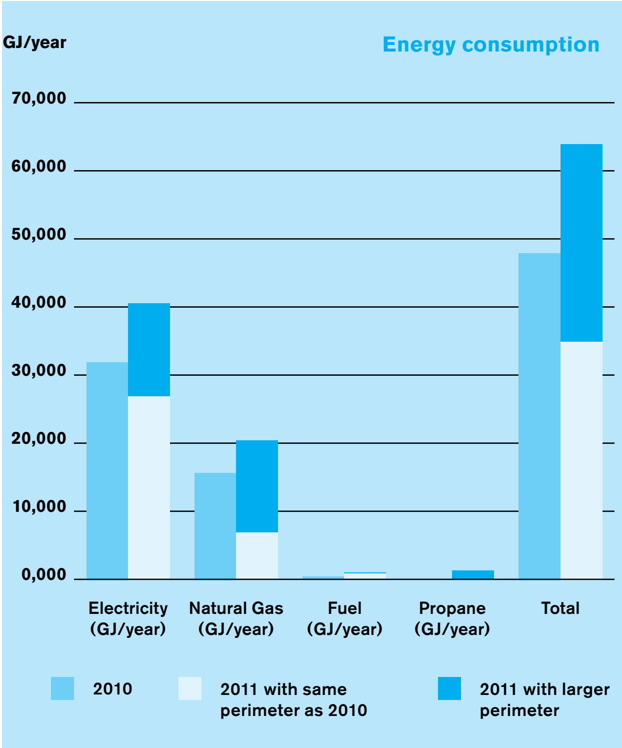
1. To reduce the environmental impact of our activities, particularly that of our factories;
2. To continue to develop new, even more efficient products to enable our customers to reduce the impact of their operations on the environment (this particularly concerns our Air Pollution Control activities);
3. To reduce the impact of our installations on the environment (e.g. noise and visual pollution, plume from our natural draft cooling towers, etc.).

Regarding the first point, our activities affect the environment in a number of ways:

- Energy consumption (and consequently, direct and indirect greenhouse gas emissions).
- Consumption of other natural resources such as steel, aluminum, concrete, plastic, etc.
- Water consumption.
- Solid and liquid waste.

In 2010, we began to measure some of the parameters that seem most relevant for the plants of the Group. In 2010, these were recorded on seven of the eight plants in the Group; the eighth factory (ACS), the new Chinese plant and the Deltak factory (USA) were added in 2011. The ten factories were thus all integrated in our analysis in 2011.

Direct energy consumption by source and electricity consumption



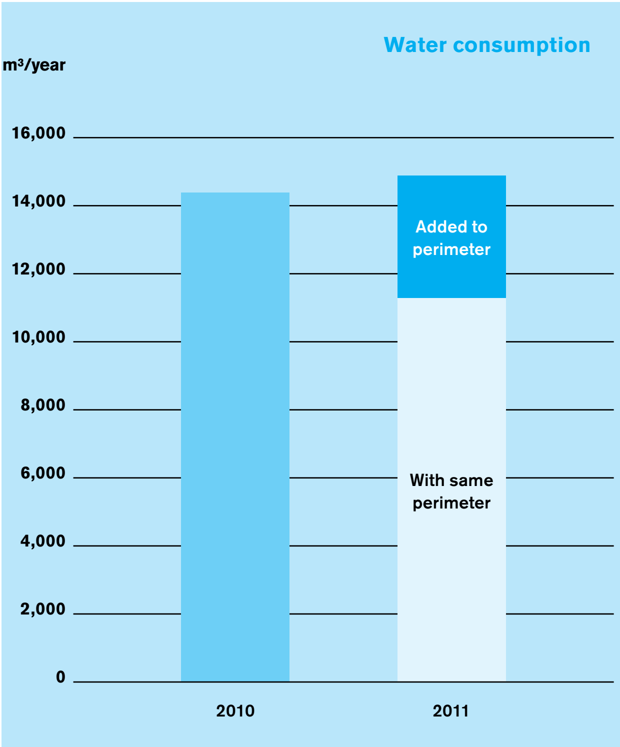
We note when comparing like for like that the consumption of energy decreased in 2011 in the seven plants studied in 2010, despite a comparable level of activity. Total consumption increased if we add the three additional plants studied in 2011.

Deltak worker installing a heat recovery steam generator

This energy is used mainly for our manufacturing processes:

- Thermoforming of exchange surfaces and extrusion of certain compounds for cooling systems.
- Manufacturing of heat exchangers, heat recovery steam generators, bundles of finned tubes for air-cooled condensers, ...

Total volume of water withdrawn by source (m^3/year)



All the water consumed by factories and workshops was tap water.

Water is used mainly by the staff for sanitation, though in some cases, water is also used to cool certain production machines.

Comparing like for like, water consumption decreased in 2011 compared to 2010, despite a comparable level of activity.

In the future, we plan to:

- Carry out further analysis of consumption and so establish ratios by level of activity.
- Conduct internal benchmarking to align site performance of the least performing sites to those of the best.

Some initiatives have been taken or continue to be taken to mitigate the impact of our facilities and our plants on the environment, such as:

- For Cooling Systems:
  - Reduced noise level and electric consumption for systems sold to our customers.
  - Use of recycled materials (e.g. polymer films for the exchange surfaces).
  - Installation of retention ponds for rainwater.
  - Use of an ultrasonic welding machine, thus eliminating solvents used for gluing.
  - Monitoring and reduction of emissions of volatile organic compounds.

- For Process Heat Exchangers:
  - Separation of waste; improved storage of hazardous products under the guidance of the fire department.
  - Installation of an enclosure over the grinding system with dust extraction and recycling.
  - Further follow-up in energy consumption, wastewater discharges and waste management.

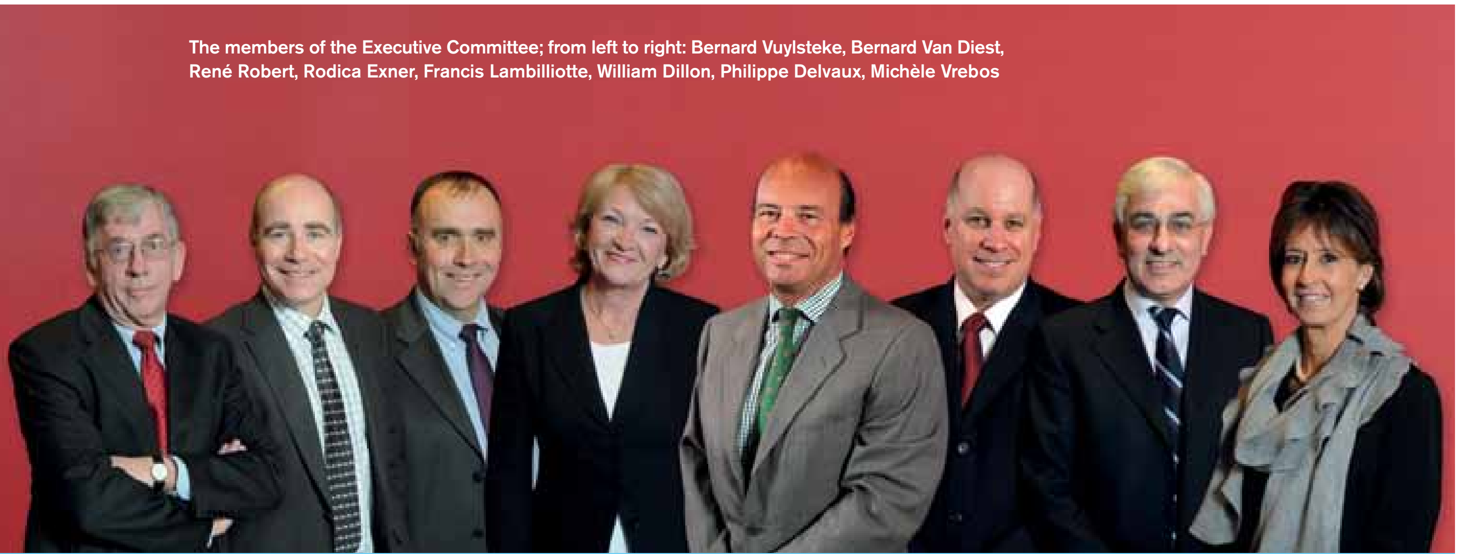
- For Air Pollution Control Systems:
  - Recycling of scrap and waste coming from the manufacture of fabric filters.
  - Noise reduction of the facilities sold to our customers.
  - Reduced use of dangerous chemicals.
  - Installation of ponds for rainwater retention and water pollution prevention.
  - Increased control of fumes and dust in the factory producing fabric filters.

- For Chimneys:
  - Installation of OHSAS approved alarms with lower noise levels on the trucks delivering concrete, so reducing the noise pollution for local residents.

Finally, note that we have undertaken an environmental certification program of our main entities. In early 2012, one subsidiary was certified ISO 14001 out of the 24 included in our scope of analysis.

We also encourage our suppliers to incorporate our environmental objectives. This is why we ask them, via our general purchasing conditions, to commit to respecting all the environmental regulations in force.

A part of the Hamon team during the Entreprise de l'Année ® 2011 award ceremony


The members of the Executive Committee; from left to right: Bernard Vuylsteke, Bernard Van Diest, René Robert, Rodica Exner, Francis Lambilliotte, William Dillon, Philippe Delvaux, Michèle Vrebos

STATEMENT OF CORPORATE GOVERNANCE

I. CORPORATE GOVERNANCE

1. General Considerations

1.1 Reference code

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

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

The present **Statement of corporate governance** gives information on the corporate governance events which took place in 2011.

1.2 Adherence to the 2009 Belgian Code of Corporate Governance

Hamon meets all the criteria of the Code, with the exception of:

- the Audit Committee met twice in 2011 to review the annual and half yearly accounts of the Group and not four times as recommended by the Code. Hamon only publishes financial information twice a year, so the number of meetings of the Audit Committee is entirely appropriate in this case.
- There is no formal assessment procedure for the Board of Directors and the specialized Committees. The Board, whose composition was modified during the year 2011, will take this opportunity to formalize the process in the future.

2. Governance structure

Hamon is governed by a Board of Directors which, in accordance with Article 14 et al., of the articles of association, has extensive power. The Board of Directors is a collegial body whose actions must be presented in the annual report to the Annual General shareholders Meeting. The Managing Director communicates all the information relating to the business and finance of the Company that is required to ensure the smooth running of the Board of Directors.
The non-executive directors discuss in an analytical and constructive manner the strategy and the key policies put forward by the executive management and help to develop them. They then carry out a thorough evaluation of the performance of the executive management in meeting the agreed-upon objectives.

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

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

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

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

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

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

3. Board of Directors

3.1 Composition

3.1.1 Appointments

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

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

The directors whose term is at an end will stay in place until such time as the Annual General Meeting has approved a replacement. The Annual General Meeting has the power to dismiss a director at any time. Outgoing directors are re-electable under the restriction of article 526 ter of the Company Code which stipulates that independent directors cannot be appointed for more than three consecutive terms and that the total duration of appointment cannot exceed twelve years. There is no age limit to be a director.

3.1.2 Composition

As of 31 December 2011, the Board of Directors is composed of eight members, seven of whom are non-executive directors and three are independent directors according to the definition of article 526 ter of the Company Code. Four of them have been proposed by Sopal International S.A. In accordance with the Company Code, the terms of the directors to be appointed or renewed at the next Annual General Shareholders Meeting will be limited to four years.

The terms of the majority of Directors were renewed at the Annual General Meeting of 26 April 2011 ; no term expires on the date of the next Annual General Meeting of 24 April 2012.
Nevertheless, this meeting will be asked to confirm the appointment of Baron Philippe Vlerick to replace Mr Pierre Meyers, who has resigned. Indeed, the Board has officially recorded the resignation of Mr Pierre Meyers of his directorship on 8 August 2011 and has replaced him by appointing at its meeting of 6 December 2011 Baron Philippe Vlerick, who will complete the term of his predecessor.
Sogepa SA, now represented by Mr Olivier Gutt, replacing Mrs. Sabine Colson since 12 September 2011, represents the interests of Walloon Region on the Board of Directors. Barons Philippe Bodson and Philippe Vlerick and Mr Martin Gonzalez del Valle are independent directors according to the abovementioned article 526 ter of the Company Code.

- **Baron Philippe Bodson,** Chairman of the Board of Directors of Hamon & Cie, is an independent director since May 2008. He has an engineering degree (University of Liège) and holds an MBA (INSEAD - Fontainebleau - France). After having held executive positions in a number of companies (e.g. Glaverbel, Tractebel) and chairmanship of the FEB, Baron Bodson is currently chairman of the Board of Directors of Exmar, Floridienne and the investment management firm Be Capital. He also sits on the boards of Aei (USA) and Cobepa.

- **Jacques Lambilliotte,** Director and Honorary Chairman of the Board, was general manager, chairman of the board of directors and managing director of Laminoirs de Longtain from 1953 to 1983. He has a civil engineering degree.

- **Francis Lambilliotte,** Managing Director since 1987, joined the Company after having worked at Cobepa for several years. He is a commercial engineer (Solvay Business School).

- **Jean Hamon,** Director, was the director of the finance department of Hamon Paris from 1965 to 2000. He holds degrees in engineering and in mathematics.

- **Bernard Lambilliotte,** Director, is a commercial engineer (Solvay Business School) and holds an MBA (INSEAD-Fontainebleau- France). He is currently Chief Investment Officer at Ecofin, an investment management firm (based in London), which he founded. He is also director of Kapitol S.A. Previously, he held several finance positions at Pictet & Cie, Swiss Bank Corporation and Drexel Burnham Lambert.

- **Martin Gonzalez del Valle** is an independent Director since June 2005. He is a co-founder and partner of Realza Capital, one of the largest private equity firms in Spain. For 12 years he worked in the private equity sector as partner and CFO of Investindustrial Partners Spain and as senior director and member of the executive committee of Mercapital. He was deputy general manager of Crédit Agricole Indosuez in Madrid, and held several senior positions in household and sanitary goods companies. He is currently chairman of the board of directors of Esindus (non-executive office), and director of the Spanish companies Socelec and Iberpapel SA. He has a law degree from the University of Madrid and holds an MBA (Insead-Fontainebleau-France).

- **Olivier Gutt,** representing Sogepa, is Director since September 2011. He represents the interests of the Walloon Region within the Board. Mr Gutt is a lawyer, with a law degree from the ULB. He then studied further at Solvay Business School (for a post graduate degree in business), then returned to the bar where he practiced for six years. In 1980, he then decided to join the banking sector at the SNCI, where he remained for twelve years - including a stint in the cabinet of the Walloon Economy. In 1992, he returned to the bar with the firm Lallemand, before becoming a magistrate at the Commercial Court of Namur and Chairman of the Competition Council. Mr Gutt is with Sogepa since 2002.

- **Baron Philippe Vlerick** is an independent Director since 6 December 2011. He holds a Bachelor's degree in Philosophy, a Law degree, a Masters at the Vlerick School of Management and an MBA from Indiana University, Bloomington, United States.
Baron Vlerick, who heads the Group Vlerick (Uco, BIC Carpets, Vlerick Vastgoed, etc.), is chairman of Pentahold, vice-chairman of the boards of directors of KBC Groep, Spector Photo Group and Corelio and is director of several companies including Besix Group, Etex Group, Exmar.

Name	Function	Start	End
Baron Philippe Bodson	Chairman, Independent Director	26.04.11	28.04.15
Mr Jacques Lambilliotte	Honorary Chairman, Director	26.04.11	22.04.14
Mr Francis Lambilliotte (1)	Managing Director	28.04.09	28.04.15
Mr Jean Hamon	Director	26.04.11	22.04.14
Mr Bernard Lambilliotte	Director	28.04.09	22.04.14
Mr Martin Gonzalez del Valle	Independent Director	27.05.08	22.04.14
Sogepa SA represented by Mr Olivier Gutt	Director	26.04.11	22.04.14
Baron Philippe Vlerick	Independent Director	06.12.11	28.04.15

(1) Executive director (the others are non-executive)

3.2 Activities

The Board of Directors met five times in 2011. The main subjects discussed were:

- the approval of the results of the Group, the review of forecasts, annual budgets and the strategic business plan;
- the monitoring of the business and the financial situation of the Group and some of its subsidiaries;
- the review of some development and investment projects in the frame of the development strategy of the Group;
- the refinancing of the Group's debt;
- the resignation of a Board member.

All the directors attended every Board meeting, except Mr Bernard Lambilliotte who could not attend the 26 April 2011 Board meeting, Mr Pierre Meyers, unavailable on 28 June 2011, Ms. Sabine Colson, unavailable on 30 August 2011, and Mr Jacques Lambilliotte, unavailable on 6 December 2011.

4. Committees

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

Since the 1 January 2011, Sogepa is no longer part of these specialized Committees.

4.1 Audit Committee

4.1.1 Composition

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

Members of the Audit Committee	Function
Pierre Meyers (*), Chairman of the Committee until 8 August 2011 / Baron Philippe Vlerick (*), Chairman of the Committee since 6 December 2011	Chairman
Mr. Martin Gonzalez del Valle (*)	Member
Mr. Bernard Lambilliotte	Member

(*) Independent Directors

On 6 December 2011, Baron Philippe Vlerick replaced Mr. Pierre Meyers, who resigned, as Chairman of the Audit Committee.

4.1.2 Activities

The Audit Committee met twice during the fiscal year 2011, together with the auditor.

The main subjects discussed at the Audit Committee were:
- the closing of the financial statements as of 31 December 2010;
- the closing of the financial statements as of 30 June 2011;
- the analysis of the new Corporate Governance regulation.

Pierre Meyers attended the meeting in February, but resigned at the meeting of August. Martin Gonzalez del Valle attended both meetings; Bernard Lambilliotte did not attend any meeting.

4.2 Remuneration Committee

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

Members of the Remuneration Committee	Function
Baron Philippe Bodson (*)	Chairman
Mr Jacques Lambilliotte	Member
Pierre Meyers (*), member until 8 August 2011 / Baron Philippe Vlerick (*), member since 6 December 2011	Member

(*) Independent Directors

Since December 6, 2011, Baron Philippe Vlerick has replaced Mr Pierre Meyers, who resigned, as member of the Remuneration Committee.

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

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

The Remuneration Committee met twice in 2011: all the members attended these meetings.

The main subjects discussed were:
- The remuneration package for the Executive Commitee and the senior management;
- The establishment of variable remuneration for the senior managers;
- Contents of the Remuneration Report.

4.3 Nomination Committee

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

Members of the Nomination Committee	Function
Baron Philippe Bodson (*)	Chairman
Mr Jacques Lambilliotte	Member
Mr Martin Gonzalez del Valle (*)	Member

(*) Independent Directors

The Nomination Committee met twice in 2011, once to renew the terms of the Directors coming to an end at the Annual General shareholders Meeting of 26 April 2011 and the other time on the occasion of the resignation of Mr Pierre Meyers and the designation of his successor, Baron Philippe Vlerick.

5. Executive Committee

5.1 Composition

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

As of 31 December 2011, the members of the Committee were:

- **Francis Lambilliotte**
  Managing Director, Chairman of the Executive Committee
- **Rodica Exner**
  General Manager of the Cooling Systems BU;
  Vice Chairman of the Executive Committee
- **William Dillon**
  General Manager Americas
- **Philippe Delvaux**
  General Manager of the Air Pollution Control EMEA/Brazil BU
- **René Robert**
  General Manager of the Process Heat Exchangers BU
- **Bernard Van Diest**
  Group Financial Director
- **Michèle Vrebos**
  Group Legal Director and Secretary General
- **Bernard Vuylsteke**
  Group Human Resources Director

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

6. Remuneration Report

In accordance with the Company Code, article 526 quater, the Remuneration Committee prepared a Remuneration Report as foreseen by article 96 of the Company Code.

Procedure

The Remuneration Committee, in consultation with the CEO, called upon the services of an external consultant specialized in HR matters so as to (i) establish a policy relating to the remuneration of the Directors and members of the Hamon & Cie Executive Committee and (ii) to set the individual compensation of the abovementioned people.
The consultant prepared a report to the Executive Committee on the market best practices in the different fields of the Group for companies of similar sizes both in Belgium and abroad, given the international character of the composition of the Executive Committee of the Group. Market practices are reviewed annually and each time discussed in the Committee, whose decisions could lead to the revision of certain elements.
There has been no significant change in the remuneration policy compared to last year. The compensation policy for the next two financial years should not be significantly different from the current policy.

Compensation and Benefits of the Directors and the Management

Compensation of Directors

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

In 2011, the remuneration of these mandates came to EUR 179,334.
The non-executive directors do not receive stock options or bonuses tied to the Company performances.

Gross remuneration and other perks to the non-executive directors

In EUR	As members of the Board of Directors	As members of the specialized Committees	Total
Baron Philippe Bodson	49 000	6 000	55 000
Jacques Lambilliotte	10 000	0	10 000
Bernard Lambilliotte	24 000	0	24 000
Jean Hamon	10 000	0	10 000
Martin Gonzalez del Valle	25 000	6 000	31 000
Pierre Meyers	13 667	6 667	20 334
Sogepa	24 000	0	24 000
Philippe Vlerick	4 333	667	5 000

Remuneration of the Managing Director

The remuneration of Mr Francis Lambilliotte, Managing Director, is made up as follows (figures in EUR):

Gross fixed remuneration	876 000
Variable remuneration	1 014 000
Pension (defined contribution)	169 000
Other remuneration components (perks, health/life insurances, company car)	154 000

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

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

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

Remuneration of Executive Committee members

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

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

The remuneration and other benefits for the seven Executive Committee members (excluding Francis Lambilliotte) in 2011 are as follows (figures in EUR):

Gross fixed remuneration	2 076 332
Variable remuneration	1 422 455
Pension (defined contribution)	181 831
Other remuneration components (perks, health / life insurances, company car)	180 022

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

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

Furthermore, no agreement providing severance has been presented and therefore this need not be approved by the Annual General shareholders Meeting on 24 April 2012.

Stock options

As part of the long-term incentives, the Executive Committee members and the Managing Director as well as other Belgian and foreign executives of the Group received stock options granted during the fiscal year 2008. The details of the 22,550 options to be exercised are shown in Note 33 of Part 3 - Financial Statements of this annual report. There was no stock options awarded in 2009, 2010 or 2011. The option plan was submitted for approval to the Annual General shareholders Meeting on 27 May 2008.

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

In 2011, the total remunerations and perks of the directors and members of the Executive Committee of the Company for their function within the Company, its subsidiaries or related companies, amounted to EUR 6 253 thousand. For more details, see note 44 of the consolidated financial statements.

7. Auditors

The Company accounts and consolidated accounts of the fiscal year ending on 31 December 2011 were audited by Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL, Berkenlaan 8B, 1831 Diegem, represented by Mr. Pierre-Hugues Bonnefoy.

The term for the auditors was renewed at the AGM of 26 April 2011 for 3 years.

8. Appropriation of profits

On 8 September 2011, the Company paid an advance dividend for the results of 2011 of EUR 0,12 per share. The Board of Directors proposes to the 24 April 2012 AGM to declare an additional dividend of EUR 0,13 per share for the result of 2011, payable on 10 May 2012. The total dividend for the fiscal year 2011 will amount to EUR 0,25 per share.

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

9. Code of good behavior

The Group has developed a Code of Ethics for all its employees covering various aspects including (i) compliance with insider trading laws, (ii) prevention of conflicts of interest with the Group, (iii) respect of confidentiality as part of the exercise of their function, (iv) correct and proper conduct in the management of the business. This Code aims to educate employees to the need to respect a code of good behavior when exercising their professional duties and ensure that all staff members carry out their activities with respect to the ethical and legal laws of each country. This Code reflects the determination of the Group to maintain a relationship of trust and professionalism with all its stakeholders.

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

10. Conflicts of Interest

The procedure of Article 523 of the Companies Code concerning conflicts of interest has not been implemented in the course of 2011.

11. Compliance with the rules on market abuses

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

12. Important aspects in case of a public offer of purchase

Article 5 bis of the articles of association of Hamon & Cie states that the Board of Directors is authorized to increase the capital one (or more times) up to EUR 2 157 441,60. This authorization is limited to 5 years; it can however be renewed once or several times for a further 5 years, by the Annual General Meeting. The increase in capital as authorized, whether made in kind or in cash, can be made by using available or unavailable reserves or share premium, with or without the creation of new shares, preferential or not, with or without voting rights, and with or without subscription rights. The authorization was granted by the Extraordinary General shareholders Meeting of 27 May 2008 for a five-year duration.

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

The Extraordinary General Shareholders Meeting of Hamon & Cie has also given clear authority to the Board of Directors, in case there is a public offer on the shares of the Company, to increase the capital either in nature or in kind, by limiting or canceling, as the case may be, the preference rights of shareholders including those favoring one or more particular persons. The Extraordinary General shareholders Meeting of 26 April 2011 renewed this authorization for a three-year duration.

The articles of association of Hamon & Cie also provide that the Company is authorized to buy its own shares on the stock market without necessarily making an offer to shareholders. The Board of Directors is authorized to dispose of shares of the Company through the stock market or in any other way that is allowed by the law, without prior authorization of the Annual General Meeting. The Board is authorized within the law to acquire or dispose of shares in the Company to ward off any serious or imminent danger to the Company. The Extraordinary General shareholders Meeting of 26 April 2011 renewed this authorization for a three-year duration.

Note that a shareholder agreement, signed in June 2005 by both Sopal International and the Walloon Region, represented by Sogepa, and amended on 28 August 2007, provides that the two groups mutually inform each other if there is intent to reduce or increase their participation in Hamon & Cie. The agreement also authorizes the existence of a pre-emptive right in favor of either of the two groups, and a right to buy in favor of Sogepa if Sopal International should decide to sell its shares. The agreement also provides for a put option for the Walloon Region and a call option in favor of Sopal International.

II. INTERNAL CONTROL AND COMPANY RISK MANAGEMENT SYSTEMS

1. Introduction

The law of 6 April 2010 on the strengthening of corporate governance provides, within the framework of the implementation of a European directive, that the declaration on corporate governance must contain **a description of the main characteristics of the internal control and risk management systems associated with the process of preparing financial information. In compliance with the recommendations of the Code, the elements related to other risks than those associated with the process of preparing financial information are also subject to a description.**

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

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

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

2. The environment subject to control

1. The company's role and values

i. A Sustainable Development Charter – included in our 2009 annual Report – covers the basis on which Hamon plans to develop its business, based on respect for the environment, human rights, local communities in which it operates and its staff.
It fosters values such as professionalism, corporate culture, cultural diversity, team spirit and a "do it right the first time" approach. See also the sections Vision, Mission and Values in the Group profile section of this report.
ii. A Corporate Governance Charter – available on the website – was drawn up and approved by the Board of Directors. This Charter clearly defines the different management bodies, their working methods and their composition. Hamon has a Board of Directors and specialized Committees: an Audit Committee, a Remuneration Committee and an Appointment Committee, whereas the daily management is handled by the CEO, assisted by an Executive Committee.
iii. A Code of Ethics, written for all the employees, is detailed in point 9 Code of good behavior on page 30.

2. Risk culture

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

3. Clear missions

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

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

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

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

4. Competent teams

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

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

3. Risk analysis

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

1. Strategic risks

i. Risks associated with the economic, contractual, commercial and market environment.

ii. Uncertainties related to new environmental regulations and their time of entry into force (significant impact on Air Pollution Control activities).

iii. Risks related to acquisitions, partnerships, and activities in emerging countries, including political risks.

2. Risks associated with the Group's activities

i. Supplier risks; this may include unsatisfactory products, which do not meet the specifications of the contract, or delays in delivery.

ii. Technical risks, related to the design or smooth implementation of certain projects.

iii. Risks related to guarantees on projects undertaken.

iv. Risks related to the environment, for example on Hamon's worksites or in its factories.

v. Industrial risks (accidents), human risks, or those linked to occupational diseases.

vi. Monetary risks, such as fluctuation in the exchange rate of the U.S. dollar.

3. Support risks

i. Human resource risks, namely the Company's capacity to provide the necessary capabilities and resources to ensure the completion of projects.

ii. IT risks, related to the availability and safeguarding of IT facilities and data that are essential to the delivery of the Group's objectives.

iii. Risks related to disputes the Group is involved in, to the liquidation of Hamon Research Cottrell Italia, or to guarantees issued in the framework of asset disposals.

iv. Possible realization of deferred tax assets.

v. Reductions of value (impairment test) on the book value of certain assets.

4. Control measures put in place

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

i. Implementation of an adequate internal control process at the Group level.

ii. Analysis of technical, financial and execution risks, based on a check list that is tailored to the different Business Units; this analysis is a prerequisite for the provision of quotations to our customers and is based on a system of delegation of authority.

iii. Monthly monitoring, through business meetings, of progress of different projects within the Group.

iv. Monthly and quarterly reporting on management, disputes and treasury.

v. Setting up of a robust management control system for the Group to monitor the progress of projects and activities in the Group and to issue a warning or an alert if there is a problem.

vi. Quarterly review by the Executive Committee of the state of the business, claims and risks.

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

i. Interest rate risks: they are managed through the

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

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

5. Financial information and communication

The gathering of financial information is carried out as follows:

1. A planning highlights the tasks which have to be performed in the framework of the Company's monthly, quarterly, half-year and annual closings and those of its subsidiaries, as well as their deadlines. The Group has a check list of actions to be monitored by the financial department. In addition, each subsidiary draws up its own check list, enabling it to meet its specific needs.
2. Under the supervision of the financial managers at the subsidiaries, the local teams produce the books of accounts. The accounts are kept either using the ERP of the Group – JD Edwards – or, depending on the roll out program or the size of the subsidiary, using software packages purchased locally and subject to suitable support contracts, or for the smallest entities, through external providers. It should be noted that Hamon has a "disaster recovery" and a "business continuity" plan which have been validated by auditors in IT safety.
3. The Controlling Team of the subsidiary checks the accuracy of the figures and makes the reporting. The figures are checked using the following procedures:
   i. Consistency tests via comparisons with past figures or those contained in the budget;
   ii. Spot-checks of transactions and other checks depending on their materiality.
4. At central level, the consolidation is performed with the help of a software package – SAFRAN – through which the input is submitted locally by the subsidiaries. The consolidation and reporting team prepares the accounts and uses random checks and consistency tests to verify the basic financial information. This central Controlling Team takes an active part, at least twice a year, in the business reviews of each of the subsidiaries of the Business Units for which it is responsible.
5. Communication with members of staff and different Hamon employees is adapted to the size of the Company. It is mainly based on different press releases and the sending of internal messages via email, business meetings or even verbal communications between management and staff.
6. To ensure rapid communication and the equal treatment of shareholders, Hamon publishes the agenda and the minutes of general shareholders meetings, half-year and annual financial results, press releases, articles of association, the Corporate Governance Charter and the annual report on its website.

6. Parties involved in the monitoring and evaluation of internal control

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

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

The Group's Management – with the agreement of the Audit Committee – does not believe it is necessary to create a specific internal audit function, given, on the one hand, Hamon's project-based work, and on the other hand, the management control procedures put in place to specifically cover these risks. If the nature and the size of the Group's activities should change, the management and the Audit Committee will re-examine the need to create an internal audit function.

III. RELATIONS WITH OUR SHAREHOLDERS AND OTHER STAKEHOLDERS

1. Shareholder relations

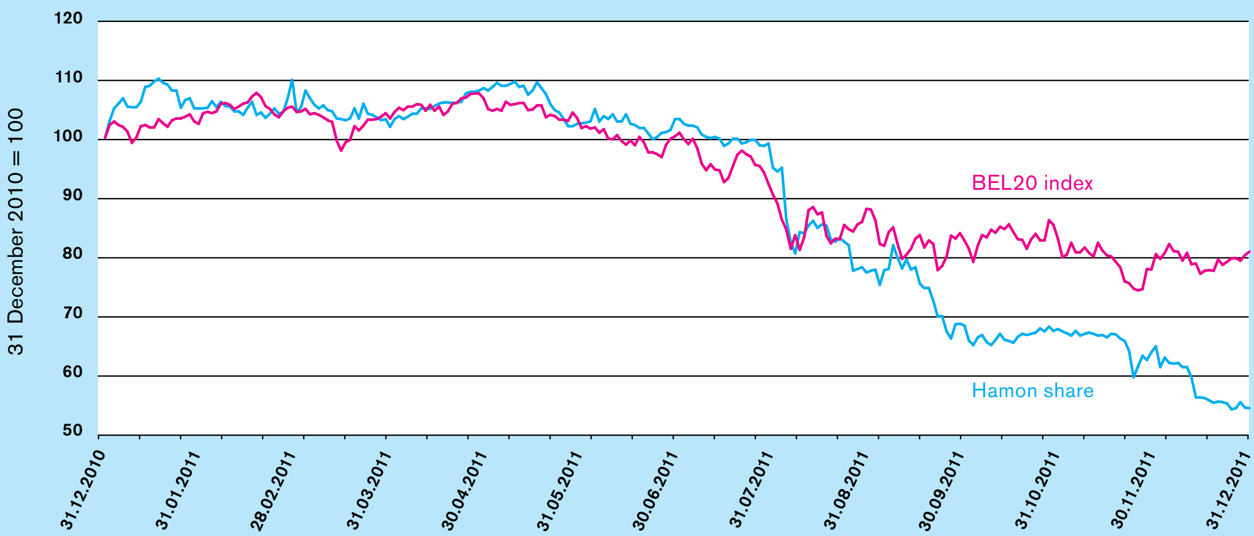
Hamon shares

Hamon shares are listed on the regulated market Euronext Brussels, on a continuous market, in trading group C (ISIN code: BE 0003700144). The main data relating to Hamon shares are set out below:

in EUR/share	2011	2010	2009
Average closing price	24,14	28,00	23,76
Maximum closing price	29,54	32,07	29,50
Minimum closing price	14,60	24,56	17,41
Closing price on 31 December	14,65	26,87	27,40
Average daily trading volume (number shares/day)	2 456	3 087	4 777
Total number of shares on 31 December	7 191 472	7 191 472	7 191 472
Mean total number of shares	7 191 472	7 191 472	7 191 472
Market capitalization on 31 December (EUR million)	105,4	193,2	197,0
Average market capitalization during the year (EUR million)	173,6	201,3	170,9

Hamon's share price fell by 45% in 2011, in a quite gloomy economic, financial and stock market context. During the same period, the BEL 20 index lost almost 20%. As we see on the chart hereunder, the decline of the Hamon share price took place mainly during the last five months of the year 2011.
It should be noted that as of 31 January 2012, the share price had bounced back to EUR 18,50.

Evolution of the Hamon share price relative to the BEL20 index



In accordance with the law of 14 December 2005 on the abolition of bearer securities and the requirements contained under Article 96 of the law of 25 April 2007, the electronic form of Hamon shares was adopted by the Board of Directors at its meeting of 17 December 2007 and the Company's articles of association were subsequently amended. This process of de-materialization of shares runs from 1 January 2008 until 31 December 2013.

Since 1 January 2008, Hamon shares have been recorded either by an inscription in the Company's shareholder register or via a share account at a financial institution. This means that shareholders with physical shares who wish to participate in the Annual General Meeting of 24 April 2012 should convert their physical shares into electronic shares. Similarly, those who have physical shares should deposit their shares in a share account in order to get the dividend paid directly to their bank account.

The granting of share options

There were no share options granted to the employees in 2011.

Shareholding structure of Hamon & Cie

Under the terms of Article 9 of Hamon & Cie's (International) articles of association, as modified on 27 May 2008, shareholders whose shareholding is in excess of 2%, 3%, 4%, 5%, 7,5%, 10% and then every multiple of 5% thereafter, are required to inform the Company and the FSMA (Financial Services & Market Authority), in accordance with the legal requirements in this area.

Under the terms of the Royal Decree of 14 February 2008 relating to the communication on significant participation, Hamon has received the following notices of participation, which show the shareholding structure as at 31 December 2011:

Shareholder	31/12/2011 Shares	31/12/2011 in %	31/12/2010 Shares	31/12/2010 in %
Sopal International SA (1)	4 598 155	63,94%	4 598 155	63,94%
Esindus S.A.	303 506	4,22%	303 506	4,22%
Walloon Region, represented by the Société Wallonne de Gestion et de Participation SA (Sogepa)	100 000	1,39%	100 000	1,39%
Fortis Investment Management SA	175 106	2,43%	175 106	2,43%
Baillie Gifford (2)	see Public	see Public	148 469	2,06%
Kempen Capital Management NV (3)	see Public	see Public	144 415	2,01%
Other public	2 014 705	28,02%	1 721 821	23,94%
Total	**7 191 472**	**100%**	**7 191 472**	**100%**

(1) acting in concert with the Walloon Region
(2) Baillie Gifford Overseas Ltd owned 131 021 shares on 12 April 2011 (below the 2% threshold)
(3) Kempen Capital Management NV crossed downward the 2% threshold as of 29 December 2011

36 000 warrants were also proposed in 2008, as part of the stock option plan. Of this amount, 22 550 stock options were subscribed by managers.
Fortis Investment Management, Baillie Gifford and Kempen Capital Management are institutional investors who have purchased shares in Hamon for their investment funds.

Financial calendar

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

Annual General shareholders Meeting of 2012	**24.04.2012**
Publication of the quarterly Trading Update T1 2012	**24.04.2012**
Publication of the results of the 1st half year 2012	**30.08.2012**
Annual General shareholders Meeting of 2013	**23.04.2013**

Investor relations and financial information

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Fax: +32 10 39.04.16
Email: bernard.vandiest@hamon.com
All financial information, including annual reports and press releases, are also available on our website: www.hamon.com

2. Relations with our other stakeholders

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

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

Our **suppliers** enhance our added value chain. Over time, we are building preferred relationships with some of these suppliers. We want to ensure a global sourcing for the whole Group. This strategy enables us to develop stable relationships with our suppliers around the world, by providing guaranteed quality at a competitive price. On an annual basis, we audit several suppliers. As well as an audit in the strictest sense of the word, it is the opportunity to exchange points of view and to have in-depth and constructive dialogues with these suppliers.

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

Hamon is aware that the contribution of each stakeholder adds to its success and performance. Establishing a permanent dialogue in order to improve our understanding of their expectations is the first step towards corporate social responsibility. For this reason, we welcome comments, aspirations and other views from all our stakeholders.
- Our staff can raise their comments with the personnel department, with the enterprise committees (for the largest subsidiaries), with senior managers or with the Compliance Officer, for example.
- Other stakeholders can offer their comments via their contacts at Hamon, via our website www.hamon.com or via the contacts mentioned in the General Information section at the end of this report.

We would like to thank all our stakeholders for their active contribution to Hamon's success.

Inauguration of the Research-Cottrell Cooling (Tianjin) factory in China (Dry Cooling)

REVIEW OF THE YEAR 2011

Summary

Rebound in new order bookings and backlog representing close to 20 months of revenues:

- New orders at EUR 500,0 million.
- Backlog at EUR 629,3 million on 31 December 2011.

Full year consolidated net result of EUR 4,0 million (EUR 2,8 million Group share):

- Sales growth (+10%) dampened by local market constraints in India and Germany and by duration of turnkey projects taken during recent years.
- EBITDA margin at 5,4% of revenues, suffering from lower gross margins in new markets not fully compensated by sufficient volume growth.
- Increase in net finance costs due to increase in average working capital needs, capital expenditure and acquisition of Deltak.
- Reduction of average tax rate.

Continuous build up for the future:

- Strong progress in Dry Cooling activities with R&D and commercial developments, resulting in a series of major bookings.
- Extension of Heat Exchangers – Air Finned Coolers – to the Korean EPC market and Middle East.
- Acquisition of Deltak to develop our offering in the gas-fired power market through HRSG.
- Redeployment and reinforcement of our APC network to improve profitability and market efficiency.
- Use of construction expertise in Chimneys to execute Natural Draft Cooling Towers.
- Strong presence in emerging markets is pushing our bookings upwards.

Strong balance sheet structure:

- Equity position at EUR 87,5 million.
- Diversification of sources of financing and reduction in cost.
- Net working capital at EUR 0,7 million, under continuous monitoring.

Total dividend of EUR 0,25 per share:

- Advance payment on dividend of EUR 0,12 per share paid on 9 September 2011.

- Additional dividend of EUR 0,13 per share to be paid on 10 May 2012.

Main events of the year 2011

March

Creation of the Spanish joint venture Hamon Esindus Latinoamerica held by Hamon and our Spanish partner Esindus (50% each). This JV (and its subsidiaries in Chile and Mexico) was created to jointly develop our activities in Cooling Systems and in Air Pollution Control in some Latin American countries.

May

Inauguration of the Hamon Research-Cottrell Cooling (Tianjin) Co. Ltd new factory in China. This new factory produces finned tube bundles for air-cooled condensers for the Chinese market and for the rest of the world. This factory will play a key role for the Dry Cooling activity, both via its localization (China is by far the most important market) and via its very good competitiveness in terms of production costs.

June

Creation of the Hamon Research-Cottrell India subsidiary, based in Kolkata and active in Air Pollution Control. This new subsidiary should allow Hamon to benefit from the huge Air Pollution Control market in India; it will also be used to perform engineering work for the BU Air Pollution Control EMEA / Brazil.

July

Refinancing of the Group bank debt. This refinancing, which concerns both the credit lines and the bank guarantees, allows Hamon to finance itself at more interesting conditions and to increase the available lines. This refinancing took place at a right moment, before the tumbling of the financial markets during the summer 2011.

August

Acquisition of the operating assets of Deltak in the United States. Deltak is a leader in the design and manufacturing of heat recovery systems and heat recovery steam generators (HRSG) for power plants and other processing plants. The company employs around 140 people and has a factory in the United States.

September & December

Changes to the Hamon & Cie Board of Directors:

- Mr. Olivier Gutt succeeds to Mrs. Sabine Colson, representing Sogepa which represents the Walloon Region.
- Following the resignation of Mr. Pierre Meyers, Baron Philippe Vlerick joins the Board of Directors, as an independent director.

October

Hamon wins the prize “Entreprise de l’Année ® 2011” (Company of the Year 2011) organized by Ernst & Young for the French-speaking part of Belgium. This prize rewards the spectacular growth and international expansion achieved by the Group these last few years.
Hamon opens a subsidiary in Turkey (Izmir). As a first step, this subsidiary will focus on selling wet and dry Cooling Systems, as well as Air Pollution Control systems.

November

Restructuring of the European subsidiaries of the BU Air Pollution Control EMEA / Brazil, with increased focus of each subsidiary, removal of some redundancies and headcount reduction.

During the year 2011

The Dry Cooling activity (air-cooled condensers) really takes off in 2011, with the booking of several new orders, including a very large one for a power plant in Saudi Arabia at the end of the year. The center of excellence, located in Mont-St-Guibert, has been beefed up to include all the required competencies for the smooth execution of such large orders.

Overview of the main changes of the year 2011

1. Commercial activities

Bookings topped EUR 500,0 million for 2011, an 11% increase compared to previous year.

Group in EUR million	2011	2010
New order bookings	500,0	449,7
Backlog at closing date	629,3	490,3

This is a sign of the successes of the Group in re-entering the Dry Cooling business and the emerging markets and also of increased activity during the second part of the year in the NAFTA markets, including Deltak.
The backlog, at EUR 629,3 million, is at a new height and represents close to 20 months of 2011 revenues.
New orders and backlog shown above exclude inter-segment activities.

2. Summarized consolidated income statement

Sales increased by 10% compared to 2010 thanks to the refocusing of the Group on the emerging markets and to the change in product mix, with a higher proportion of turnkey jobs versus engineering and material. While the new product mix has already impacted the gross margin (reduction to 18,6% versus 23,4% in 2010), the expected positive volume effect has not yet been fully reflected because of the longer execution timeframe of our backlog.

Further to the Deltak acquisition and to the various investments made in manufacturing and site equipment, depreciation and amortization became much more significant for Hamon. As a result, EBITDA will be the main metric in the future.
At 5,4% of sales, the EBITDA margin suffered from the reduced gross margin not fully compensated by the sales growth. Strong controls over operating expenses maintained them at a similar level to last year.

Non-recurring items were negative by EUR 2,1 million versus a positive impact of EUR 2,6 million in 2010. Main elements of the non-recurring result in 2011 include restructuring costs (EUR 0,9 million), impairment losses on available-for-sale investments (EUR 1,4 million), profit on disposal of available-for-sale assets (EUR 0,8 million) and Deltak acquisition costs (EUR 0,8 million).

Detailed explanations of the activities by business unit are available in part 2 of this annual report – Review by Business Unit.

Net interest increased compared to 2010 as a result of increased net debt because of the increased average net working capital during the year, capital expenditure and the acquisition of Deltak.

The effective tax rate decreased from 37% to 24%. Hamon benefited from previously un-recognized tax assets and from tax credits obtained as a result of our R&D activities in the USA and in France.

in EUR million	2011	2010
Revenue	**378,9**	**345,5**
EBITDA	**20,4**	**28,1**
EBITDA/Revenue	**5,4%**	**8,1%**
Recurring EBIT	14,0	23,5
Non-recurring gains and losses	-2,1	2,6
Operating profit (EBIT)	11,9	26,1
Net finance costs	-6,5	-5,2
Result before tax (continued operations)	5,4	20,9
Income tax expenses	-1,3	-7,7
Net result from continued operations	4,1	13,2
Net result of discontinued operations	-0,1	0,0
Net result for the period	4,0	13,2
Share of the Group in the net result	2,8	11,7
Results in EUR per share		
Average number of shares	7 191 472	7 191 472
EBITDA per share	2,84	3,91
Earnings per Share (EPS)	0,39	1,62
EBITDA in % of revenue	5,4%	8,1%
EBIT in % of revenue	3,1%	7,6%
Result before tax (continued operation) in % revenue	1,4%	6,0%
Net result for the year in % revenue	1,1%	3,8%

3. Summarized consolidated balance sheet

The Hamon Group balance sheet structure continued to improve with equity in excess of EUR 87 million. The net debt position at EUR 39,3 million reflects the cash outflows for the acquisition of Deltak (EUR 20 million) and capital expenditure made to support the growth of the manufacturing and site capabilities of the Group thanks to civil work and erection equipment. Hamon refinanced its existing syndicated facilities on 4 July 2011, benefitting from more favorable conditions and greatly increased lines. In addition, Hamon diversified its sources of funding by launching a very successful commercial paper program and a non-recourse receivable disposal program.
Non-current assets increased primarily because of the acquisition of Deltak (+EUR 23 million), operating investments and the exchange rate effect on the assets located outside of the Euro zone.

Consolidated balance sheet in EUR million	31/12/2011	31/12/2010
Non-current assets	136,4	110,5
Current assets excl. cash	181,0	158,3
Cash & equivalent	83,2	68,1
Total assets	**400,7**	**336,9**
Equity	**87,5**	**86,1**
Group share	79,6	79,6
Non-controlling interests	7,9	6,5
Non-current liabilities, excl. borrowings	10,3	12,1
Non-current borrowings	71,9	61,7
Current liabilities, excl. borrowings	180,3	157,7
Current borrowings	50,6	19,2
Total equity and liabilities	**400,7**	**336,9**
Net debt / (cash) position	39,3	12,9
Net working capital (cont. operations)	0,7	0,6

Events after the balance sheet date

None.

Prospects

In view of the general economic environment, Hamon does not release any guidance on its future results. However the Group looks confidently at 2012 given its excellent backlog and its strong financial structure.

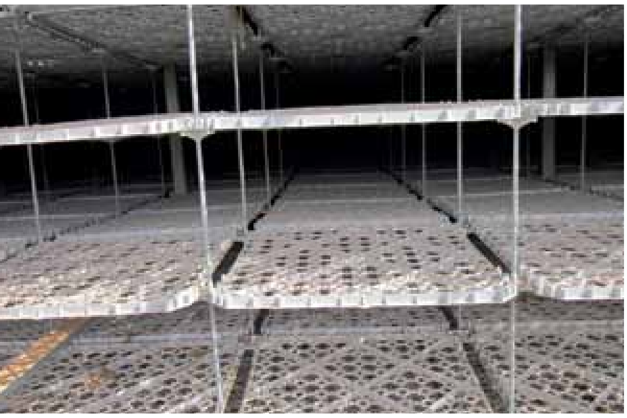
Bell ceremony at Euronext Brussels Stock Exchange on 14 October 2011

Francis Lambilliotte receives the prize «Entreprise de l'Année ® 2011» from the Belgian Prime Minister, Mr Yves Leterme

Part 2

Construction by Hamon, in consortium with Alpine, of a fan-assisted natural draft cooling tower for the 1640 MW Vattenfall power plant in Moorburg, Germany

Overview by Business Unit



From left to right
- Detail of the exchange surface of a cooling tower built in India
- Construction of mechanical draft cooling towers in India
- Natural draft cooling tower built by Hamon for the EnBW power plant in Karlsruhe, Germany

COOLING SYSTEMS

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

Products and services

Hamon delivers technical solutions adapted to the needs and requirements of its customers: electric power plants, engineering companies and industries. The evaporative cooling systems are diferentiated by:

- their method of air flow generation: natural draft in the case of a chimney or induced draft when fans are used;
- the kind of fluid to cool down: fresh water, sea water or acid solution;
- whether they include or not a system reducing or eliminating the visibility of the plume: so-called ‘hybrid’ or ‘wet-dry’ or ‘humid-dry’ system.

Dry cooling systems (air-cooled condensers or indirect systems) allow the cooling of the steam in closed circuits, without water consumption and without release of plume. They are therefore the solution to cooling problems in areas where water is scarce, for example in parts of continental China, South Africa or the Middle East.

Contribution to our society

For users which are producers of electricity, the social contribution of the cooling systems is to facilitate the production of more electricity for a given consumption of primary energy. So for example if the cooling water can actually be colder, then the output of the steam turbine is higher. If the cooling water is cooler by a degree Celsius then the output of electricity increases by about 1 percent. This means that for the same production of electricity, less primary energy (coal, gas, etc.) is consumed and therefore less CO_2 is released into the atmosphere. In other cases, the use of a cooling system (closed circuit) prevents the heating of sea or river water (used in open circuit) and the loss of marine life.

Organization

The center of excellence of this unit is located in Mont-St-Guibert (Belgium), its R & D center is located at Drogenbos (Belgium). This unit has offices in different countries: Australia, Bahrain, Brazil, China, England, France, Germany, India, Indonesia, Russia, South Africa, South Korea, Thailand, Turkey, UAE, U.S.A. and a network of agents.
Critical components are manufactured by factories of the Group based in China, France, India and United States.

Research and Development

In 2011, R&D programs of the business unit focused on:

- The development of equipment to increase energy efficiency of cooling systems (wet cooling).
- The development of three-dimensional models of the fluid dynamics for the study of the dilution of hot air released by the cooling towers.
- The development of new software and a new type of finned tube systems for dry cooling.

Key figures

In EUR million	2011	2010
New order bookings	235,8	263,0
Revenue	136,6	128,5
Backlog on 31/12	363,3	268,0
EBITDA	5,9	8,8
EBITDA / revenue	4,3%	6,9%
Average headcount (1)	663	547

(1) Excluding temporary workers for on-site erection

2011 results

The new orders booked by the BU in 2011 amounted to EUR 235,8 million, including amongst the larger orders:

- Construction of dry cooling systems for 10 units at PP10 in Saudi Arabia;
- Renovation and performance improvement of natural draft cooling towers ("NDCT") for EDF, France;
- Renovation and performance improvement of a NDCT for a nuclear power plant in Leibstadt, Switzerland;
- Contracts for NDCT "turn-key" delivery in India, Turkey, etc. where Hamon has further consolidated its leadership.

The BU has also signed many contracts for renovation or construction of cooling towers in many parts of the world.

With its strong bookings, the backlog of this BU has reached an historic high.

Revenue, at EUR 136,6 million, is lower than expected due to execution of certain contracts taking longer than anticipated, particularly in India where the market has difficulty in keeping up with demand, and Germany, where our customers were delayed for various reasons outside of Hamon's control.

The EBITDA was adversely affected by lower margins in the new markets where the BU is most active as well as the change in the "product mix" (more "turnkey" contracts including the civil engineering), not compensated by the increase in the volume of activity. In addition, the development of dry cooling activities weighed on EBITDA to the amount of EUR 3,4 million.

The BU continued to invest in R & D to maintain and strengthen its technological leadership in its markets.

Prospects for 2012

The activities of the BU should stay at the same high level in 2012 thanks to the strong backlog. Market constraints in Germany and India are expected to reverse while the developments in dry cooling should start to positively impact the revenue and EBITDA.

From left to right
- New robot put in place at the Valenciennes factory (France) for the manufacturing of headers
- FRP duct for flue gas exhaust, manufactured by ACS, in a Czech power plant

PROCESS HEAT EXCHANGERS

The Process Heat Exchangers business unit offers various systems intended to cool or heat, often at high pressure, more or less corrosive liquids or gases resulting mainly from petrochemical processes. It operates either directly with its industrial clients like Aramco, Gazprom, BASF, ExxonMobil, Sabic, Shell, Total, GDF, …. or indirectly via engineering companies of international renown like Fluor, Foster Wheeler, Jacobs, Mitsubishi, Saipem, Tecnicas Réunidas, Technip, Linde, CBI, Samsung, Daelim, …

Products and services

This unit delivers design, manufacturing and assistance with the assembly of thermal equipment – mainly air coolers, as well as FRP components (Fiberglass Reinforced Polyester) like ducts for flue gas exhaust or acid-proof storage tanks. It also offers integrated aftermarket sales services including maintenance, rehabilitation and the sale of spare parts.

Contribution to our society

Process heat exchangers contribute to society by enabling oil and gas industries to run more effectively, by obtaining the right temperature for the fluids that they process. For example, in the compression streams of natural gas used for its liquefaction, the gas is heated during the adiabatic compression. The heat exchangers, located between the different compression stages, facilitate the gradual extraction of heat from the compression process. Without this, the liquefaction of the gas and its shipment in a liquefied form would be impossible. Our exchangers are therefore an essential link in the liquefaction process of the gas and therefore also in the diversification of the energy supply.

Organization

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

- Hamon D'Hondt, located near Valenciennes (France) represents the major part of the activities of this

business unit. It is in charge of the design, marketing & promotion, manufacturing and after-sales service of air coolers as well as the manufacturing of welded steel finned tubes.
- Hamon D'Hondt Middle East, a joint venture with 40% owned by Hamon D'Hondt, is based in Jubail in Saudi Arabia. Hamon D'Hondt Middle East specializes in the manufacturing of air coolers for the Persian Gulf market.
- ACS Anti Corrosion Structure, located in Seneffe (Belgium). This subsidiary manufactures FRP components (Fiberglass Reinforced Polyester) like ducts for flue gas exhaust or acid-proof storage tanks, both in its plant and on-site. This subsidiary was integrated to this business unit end of 2010.
- Hamon D'Hondt BHI is the joint venture created mid-2010 with the Korean company BHI. It focuses on air coolers for South Korean engineering companies active in South Korea and on the export market.

Research & Development

In 2011, major R & D programs on which this BU worked were:
- The induction heat treatment.
- The automatic welding of pipes.
- Traceability of finned tubes.
- Optimization tools for the machining of fins on the extruded tubes.

Key figures

In EUR million	2011	2010
New order bookings	83,0	43,9
Revenue	69,7	49,4
Backlog on 31/12	56,5	50,7
EBITDA	3,9	2,1
EBITDA / revenue	5,5%	4,2%
Average headcount	218	232

Notes:

1. The 2010 figures include the BFT subsidiary until June 30 only, date at which it was sold.
2. The figures include ACS in 2010 and 2011.

2011 Results

The new order bookings and sales illustrate the excellent results associated with the commercial push, most notably following the conclusion of the joint venture with BHI in South Korea in 2010. New orders include major contracts with Aramco (Saudi Arabia, via Korean EPC contractors) as well as in South America and Eastern Europe. The figures for the BU (including the subsidiary ACS) demonstrate an improved performance along with good project management and increasing business volume. ACS is beginning to reap the commercial fruits of its reorganization in 2011.

Prospects for 2012

The activities of this business unit are expected to continue at a high level in 2012, especially following the extensive number of orders in the backlog at the end of 2011, and the continued strong commercial activity in early 2012. All indications are that the South Korean JV should continue to grow.

Air finned coolers being loaded for the Nord Stream gas compression station, Russia

From left to right
- Flue gas treatment system built by Hamon for a waste incinerator near Mulhouse, France
- Wet flue gas desulphurisation system built by Hamon in a Czech power plants

AIR POLLUTION CONTROL EMEA / BRAZIL

The objective of the Air Pollution Control EMEA/ Brazil business unit is to provide industries with the means to control the impact of their businesses on the environment. Other than providing an integrated service, this unit also designs, makes and installs air pollution control systems for different kinds of pollutants, thus ensuring strict conformity to the air protection regulations in force.

Products and services

The business unit offers, on its own or in partnership, turnkey solutions for the environmental problems faced by its customers.
The market is segmented between:
- power stations and energy production in general;
- heavy industry such as iron and steel, cement, glassmaking and petrochemicals;
- biomass energy producers utilizing household, industrial and hospital wastes, water purification sludge as well as biomass.

The internationally renowned technologies that make up its product portfolio can be divided into two groups: one is a physical kind, de-dusting, while the other is physicochemical: neutralization of acid gases, deSOx, deNOx, elimination of heavy metals. The acquisition of new technologies has allowed Hamon to adapt and progressively complete its product range so that it can now deliver to every specific need in the market.

The BU activity is divided into two parts. On the one hand is the design and installation of new equipment for new plants or to retrofit existing ones; and on the other is after-sales services including among other things maintenance and the supply of spare parts.

Air Pollution Control is a complex business. Mitigating the technological risks requires know-how and solid experience, as well as an excellent knowledge of the customers' processes. This is the case of Hamon Research-Cottrell, also known as Hamon Environmental, Hamon Enviroserv or Hamon DGE. The BU enjoys an excellent reputation in its target markets; energy, glassmaking, cement, waste-to-energy facilities, steel and the petrochemical industry.

Hamon is one of the leaders in Western Europe in upgrading waste incinerators to present air quality standards.

Contribution to our society

The contribution to society of the air pollution control facilities is particularly real for the inhabitants of neighboring regions. They dramatically reduce the quantity of dust, acid gases and other pollutants released into the atmosphere by heavy industries.

Organization

Following important recent developments these last few years and the movement of its centre of gravity outside of its Western Europe markets, the business unit launched a reorganization plan in autumn 2011 :

- The Belgian and German subsidiaries host centers of excellence for the BU in the field of electrostatic precipitator and deSOx (with a specialization depending on the type of client: power plants and other industries).
- The Chinese subsidiary hosts the center of excellence for the fabric filters.
- Other branches and subsidiaries are more focused on sales activities and the delivery of the projects (Brazil, France, India, Italy, South Africa).

This new organization will allow the BU to better focus on the niches it targets more specifically.

Note that in India, the activities of Air Pollution Control, previously housed in the Hamon Shriram Cottrell subsidiary in Mumbai, have now been relocated to a new subsidiary located in Kolkata and named Hamon Research Cottrell India.

Research and Development

The main R&D programs in the business unit focused on the following topics in 2011:

- Optimization of a dry FGD system with lime injection at high temperature.
- Improved injection of urea solution for deNOx catalytic systems (SCR).
- Development of a new concept of absorbtion for wet FGD systems.

Key figures

In EUR million	2011	2010
New order bookings	66,8	65,2
Revenue	69,5	71,9
Backlog on 31/12	82,0	90,0
EBITDA	-7,9	1,2
EBITDA / revenue	-11,4%	1,7%
Average headcount	268	220

2011 results

New order bookings and sales stagnated compared to 2010. With teams and management split across four continents, some projects suffered in their execution.
A reorganization plan was launched in the third quarter and has led to a strengthening of BU management, a reallocation of resources between different geographical areas and reductions of staff in the offices that are less busy.
The strength of the BU lies principally in its technology advantage and its presence in areas with high rates of growth in key markets such as Germany, Eastern Europe, China, Africa and South America. The Group's management is optimistic about the future of these markets and their future profitability for Hamon, once all the internal organizational changes have been made.
In 2011, the BU had new orders from all regions and across the full range of products offered by the BU: de-dusting (ESPs and fabric filters) in Eastern Europe (Nikola Tesla power plants, KEK, ...), in France for ArcelorMittal Dunkerque, in Southern Africa and China, as well as flue gas treatment systems in Eastern Europe and Brazil.
The increase in staff comes from taking 12 months on account of companies acquired in 2010.

Prospects for 2012

Following the temporary economic slowdown in its traditional markets in Europe, the BU will continue to strengthen its presence and activities in Asia and emerging markets. The development of its Indian office, the starting of activity in Korea and the new office in Vietnam in early 2012 should allow it to establish growth in the Asian region and particularly in Southeast Asia. Brazil also remains a very active market.
The movement of its European operations to Eastern Europe, the Balkans, the CIS and Turkey should also increase its order book in 2012.

From left to right
- Last module of a fabric filter being installed by Hamon in a coal-fired power plant in the USA
- Night view of a heat recovery steam generator (HRSG) built by Deltak

AIR POLLUTION CONTROL AND HEAT RECOVERY NAFTA

The business unit's objectives are to provide industry with the means to control and limit the environmental impact of its processes, while helping to reduce its energy consumption. Tailor-made solutions are proposed to each customer, using leading- edge technologies. The business unit designs and supplies (and in some cases installs) Air Pollution Control systems and Heat Recovery systems. These include, since the recent purchase of Deltak, Heat Recovery Steam Generators (HRSG).

Products and services

Products and services include:
- Systems for air pollution control: de-dusting, acid gas processing, removal of heavy metals (North America only).
- Heat Recovery systems, including Heat Recovery Steam Generators (HRSG).

The business unit currently markets six types of product:
1. De-dusting by means of electrostatic precipitators and fabric filters, including the industry-leading low-pressure pulsejet design.
2. Wet gas scrubbing (an "ExxonMobil" process), used by catalytic cracking plants; it is a deSOx and particulate removal system. It has been complemented by a deNOx process, with the combined offering called WGS+.
3. Dry and semi-dry flue-gas desulphurization, used for desulfurizing the gases emitted by coal-fired and biomass-fired power stations.
4. U2A ™ process to transform urea into ammonia, a difficult to handle reagent used in SCR deNOx systems.
5. ReACT ™ (J-Power EnTech process) used for the simultaneous capture of SOx, NOx, particulates and mercury without any use of water.
6. Heat recovery systems including: recuperators, economizers, and gas-to-gas heat exchangers. Following the acquisition of Deltak, the offer also includes Heat Recovery Steam Generators (HRSG) which allow combined cycle power plants to achieve very high efficiencies.

Contribution to our society

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

- For APC units, the contribution is very perceptible for the inhabitants of the surrounding areas: these units drastically reduce the amounts of dust, acid gases and other pollutants released into the atmosphere by heavy industries.
- For heat recovery units, they allow customers to reduce their energy consumption by recuperating the heat carried by some fluids; lower amounts of fuel burnt means less greenhouse effect gases released into the atmosphere.

Organization

The business unit consists of three subsidiaries:

- Hamon Research-Cottrell U.S. (HRCUS), specializing in the design and supply of new air pollution control units and Heat Transfer Fluid systems (HTF) for solar steam generation systems (SSGS) on solar thermal power plants.
- Thermal Transfer Corporation (TTC), specializing in the manufacturing of heat recovery systems, electrodes for electrostatic precipitators and finned tube bundles for Air Cooled Steam Condensers. TTC also serves as a logistics base and to supply spare parts for HRCUS.
- Hamon Deltak, specializing in the design and manufacturing of Heat Recovery Steam Generators. Manufacturing of these units is carried out both in the American Deltak factory and by quality subcontractors abroad.

The name of this BU was changed at the end of 2011 to reflect the integration of Deltak into its ranks.

Research and Development

The main R & D programs on which this business unit worked in 2011 were:

- Development and customization of multi-pollutant ReACT ™ air pollution control systems for the North American market.
- Solar Steam-Generating Systems (SSG) for units of 50, 80, 125 and 175 MW.

Key figures

In EUR million	2011	2010
New order bookings	88,0	41,2
Revenue	58,4	46,4
Backlog on 31/12	88,8	27,5
EBITDA	9,5	8,6
EBITDA / revenue	16,3%	18,6%
Average headcount	182	124

Note: Deltak is included since September 2011.

2011 results

New order bookings were strong, despite a weak market. Deltak aside, the orders were up by about 75 % when compared to 2010, which meant a doubling of the backlog at year end.
The orders cover a wide range of our products: electrostatic precipitators for a refinery, fabric filters for power plants, ammonia supply systems ("U2A"), Heat Recovery Steam Generators ... The addition of HRSG to the BU portfolio has already been successful and several contracts for electric power plants, biomass power plants and refineries have been concluded since the acquisition of Deltak.
The growth in sales, excellent management of projects and strict control of operating costs has helped maintain the EBITDA at a high level.
The introduction of Deltak has more than offset the negative impact of the dollar exchange rate and allowed the BU to deliver a significantly higher EBITDA than in 2010.

Prospects for 2012

The political and economic situation will remain complicated in North America in 2012. However, despite conditions similar to those of early 2011, 2012 has started with a significant number of orders and higher profitability.
With the recent publication of new regulations "MACT" for power plants by the Environment Protection Agency (EPA) and the progress of the Cross-State Air Pollution Rule (CSAPR), demand for the BU's products is expected to grow from electricity suppliers.
Prospects are good for 2012, during which the BU should take full advantage of the Deltak acquisition (consolidated for only four months in 2011). The resurgence of natural gas in the production of electricity should also contribute to a recovery of the Heat Recovery Steam Generators market in 2012.

Beginning of the erection of a concrete chimney for a power plant in the USA

CHIMNEYS

This business unit offers systems designed to vent to the atmosphere flue gas generated by power plant boilers and other various industries like incinerators, steel mills, pulp & paper facilities, cement factories, glass factories.
These systems include the chimney and its auxiliaries (linings, electrical systems, silencers and access provisions); they are custom designed and adapted to the customer's various needs and constraints.

Products and services

Hamon Custodis designs and constructs tall chimneys; they can be more than 200 meters tall. The shell is typically made of concrete; they include a flue liner which, depending on the nature of the waste gases, is fabricated of steel, brick, fiberglass-reinforced plastic and special alloys or linings to handle corrosive gases.

The design and construction of high chimneys require specialized expertise, equipment, labor, and other resources that only a few companies possess, creating a competitive advantage for Hamon. These barriers to market entry explain the limited number of competitors in this market. In the US, Hamon Custodis also has a complete aftermarket team which provides to its regional customers some services to repair and maintain their chimneys.

Contribution to our society

The contribution of these tall chimneys to society is to provide better dispersion of flue gases (produced by heavy industries) into the atmosphere, to preclude exposing the adjacent community to poor air quality when atmospheric conditions are unfavorable. Chimneys have become an integral part of pollution control systems, in particular flue gas desulphurization (FGD) systems.


Night view of a chimney under construction by Hamon in the USA

Key figures

In EUR million	2011	2010
New order bookings	30,6	68,3
Revenue	47,7	51,6
Backlog on 31/12	68,9	83,9
EBITDA	7,5	8,8
EBITDA / revenue	15,6%	17,1%
Average headcount	55	53

2011 results

The Chimneys BU continued to show good results in a fairly depressed and highly competitive U.S. market. Hamon has won a contract to build a new chimney at Plant Daniel (Southern Company) and important repair contracts for Arizona Electric Power Cooperative, Pacificorp and Westar.

Revenue is down slightly over the previous year, due to the timing of new orders and the long-term nature of the backlog. Strict control of operating costs and proper implementation of projects have maintained the EBITDA margin at an extremely high level for a construction entity.

Prospects for 2012

Thanks to a full backlog and the better economic outlook, Hamon Custodis should have another good year in 2012. The company should also benefit from the publication of the “MACT” regulations by the Environment Protection Agency in late 2011.

The construction of two natural draft cooling towers for the Voglte Nuclear Power Plant (Georgia) should maintain the activity level of the BU in 2012 and 2013.

Organization

In North America, Hamon is active in the chimney market through its subsidiary companies Hamon Custodis, based in the United States, and Hamon Custodis Cottrell Canada, located in Ontario, Canada. Moreover, Hamon Custodis operates three regional offices strategically located in the contiguous United States, which offer mainly aftermarket sales services (maintenance and repair).

The market segments in which the business unit is involved consist mainly of end-users, in large part fossil fuel power generating stations.

Research & Development

Hamon Custodis continues to be an innovator in design and construction methods for tall concrete chimneys and has recently developed a new methodology and applied for a patent that will streamline the placement of concrete during the erection of tall structures like chimneys.

Part 3

Sea-water flue gas desulphurisation system built by Hamon in a power plant in Indonesia

Financial statements

FINANCIAL STATEMENTS - TABLE OF CONTENT

1. Consolidated income statement

in EUR '000'	Note	2011	2010	2009
Revenue	8	378 949	345 533	379 777
Cost of sales		(308 378)	(264 706)	(289 976)
Gross profit		**70 571**	**80 827**	**89 801**
Sales & marketing costs	9	(13 584)	(10 499)	(10 776)
General & administrative costs	9	(41 783)	(43 870)	(39 922)
Research & development costs	9	(1 306)	(1 705)	(817)
Other operating income / (expenses)	10	62	(1 210)	905
Operating profit before non-recurring items (REBIT)		**13 960**	**23 543**	**39 191**
Restructuring costs	11	(885)	(308)	(390)
Impact of Changes in consolidation scope	11	(798)	4 055	
Impairment / reversal of impairment on non-current assets	11	(1 377)	(1 173)	
Other non-recurring items	11	969	-	(16)
Operating profit (EBIT)		**11 870**	**26 117**	**38 785**
Interest income	12	579	332	323
Interest charges	12	(7 035)	(5 561)	(7 521)
Result before tax		**5 414**	**20 888**	**31 587**
Income taxes	13	(1 309)	(7 709)	(13 332)
Net result from continued operations		**4 105**	**13 179**	**18 255**
Net result of discontinued operations	14	(88)	(22)	(243)
Net result		**4 017**	**13 157**	**18 012**
Equity holders of the Company		2 829	11 631	17 369
Non controlling interests		1 188	1 526	643
Earnings per share	16			
Continued and discontinued operations				
Basic earnings per share (EUR)		0,39	1,62	2,42
Diluted earnings per share (EUR)		0,39	1,62	2,42
Based on their strike price, the stock options granted to Group employees have no dilutive impact at period(s) end.				
Continued operations				
Basic earnings per share (EUR)		0,41	1,62	2,45
Diluted earnings per share (EUR)		0,41	1,62	2,45

2. Consolidated statement of comprehensive income

in EUR '000'	2011	2010	2009
Net result	**4 017**	**13 157**	**18 012**
Change in fair value of available-for-sale assets	-	2 029	294
Reclassification of previously recognized changes in fair value of available-for-sale assets to net result	(1 158)		
Change in fair value of hedging instruments	-	0	711
Changes in currency translation reserve	878	7 118	572
Comprehensive income	**3 737**	**22 304**	**19 589**
Equity holders of the Company	3 318	19 901	18 980
Non-controlling interests	419	2 403	609

3. Consolidated balance sheet

in EUR '000'	Note	31/12/2011	31/12/2010	31/12/2009
ASSETS				
Non-current assets				
Intangible assets	21	22 034	9 321	5 176
Goodwill	22	54 707	49 118	41 647
Property, plant & equipment	23	40 092	34 303	30 231
Deferred tax assets	25	13 279	8 410	6 170
Available-for-sale financial assets	24	3 900	6 625	2 416
Trade and other receivables	28	2 431	2 735	2 756
Derivative financial assets	36	-	-	-
		136 443	**110 512**	**88 396**
Current assets				
Inventories	26	15 006	14 181	9 695
Amount due from customers for contract work	27	64 566	33 247	32 526
Trade and other receivables	28	93 302	103 544	88 176
Derivative financial assets	36	27	94	444
Cash and cash equivalents	29	83 227	68 077	83 253
Current tax assets		8 101	7 194	4 407
Available-for-sale financial assets	24	6	7	5
		264 235	**226 344**	**218 506**
Total assets		**400 678**	**336 856**	**306 902**
EQUITY	30			
Share capital		1 892	1 892	1 892
Reserves		19 723	19 189	10 874
Retained earnings		57 980	58 519	51 922
Equity attributable to the equity holders of the Company		79 595	79 600	64 688
Non controlling interests		7 927	6 538	1 115
Total equity		**87 522**	**86 138**	**65 803**
LIABILITIES				
Non-current liabilities				
Financial liabilities	34	71 923	61 737	57 447
Provisions for pensions	32	3 801	3 521	2 938
Provisions for other liabilities and charges	31	571	931	2 093
Deferred tax liabilities	25	1 964	3 183	2 523
Other non-current liabilities		4 001	4 456	6 786
		82 260	**73 828**	**71 787**
Current liabilities				
Financial liabilities	34	50 596	19 216	17 618
Amount due to customers for contract work	27	71 618	58 182	64 230
Trade and other payables	35	94 139	89 728	75 459
Current tax liabilities		6 369	4 192	6 352
Derivative financial liabilities	36	671	34	59
Provisions for other liabilities and charges	31	7 503	5 538	5 594
		230 896	**176 890**	**169 312**
Total liabilities		**313 156**	**250 718**	**241 099**
Total equity and liabilities		**400 678**	**336 856**	**306 902**

4. Consolidated cash flow statement

in EUR '000'	Note	2011	2010	2009
Cash flows from operating activities	17			
Cash received from customers		351 471	332 273	392 784
Cash paid to suppliers and employees		(340 477)	(321 231)	(333 510)
Cash generated from operations before taxes		**10 994**	**11 042**	**59 274**
Other financial expenses and income (paid)/received		(951)	(394)	(591)
Income taxes paid		(6 457)	(12 678)	(11 249)
Other cash received / (paid)		-	-	(71)
Net cash from operating activities		**3 586**	**(2 030)**	**47 363**
Restructuring costs		(743)	(678)	(176)
Net cash from operations after restructuring		**2 843**	**(2 708)**	**47 187**
Cash flows from investing activities	18			
Dividends received		358	194	79
Proceeds on disposal of subsidiaries (net of cash disposed)		-	1 825	-
Proceeds on disposal of PP&E		60	416	123
Proceeds/(Purchase) of available for sale financial assets		1 197	(975)	(437)
Acquisition of subsidiaries (net of cash acquired)	15	(19 507)	(4 961)	(3 154)
Acquisition of PP&E		(4 982)	(5 816)	(9 104)
Disposal/(purchase) of other intangible assets		(988)	(844)	(970)
Capitalized development costs		(2 394)	(2 937)	(1 298)
Net cash from investing activities		**(26 256)**	**(13 098)**	**(14 761)**
Cash flows from financing activities	19			
Dividends paid to shareholders		(3 123)	(5 171)	(2 117)
Dividends paid to non controlling interests		(130)	(223)	(12)
Proceeds from issuance of shares to non controlling interests		1 028	516	55
Interest received		477	305	322
Interest paid		(4 196)	(3 969)	(5 304)
Proceeds from new bank borrowings		47 107	11 158	67 574
Repayment of borrowings		(2 666)	(7 644)	(67 800)
Net cash from financing activities		**38 497**	**(5 028)**	**(7 282)**
Other cash flow movements				
Other variations from discontinued operations	14,20	(88)	(22)	(242)
Other net cash flows		**(88)**	**(22)**	**(242)**
Net variation of cash and cash equivalents		**14 996**	**(20 856)**	**24 902**
Cash and cash equivalents at beginning of period		68 077	83 253	59 089
Impact of translation differences		154	5 680	(738)
Cash and cash equivalents at end of period		83 227	68 077	83 253
Net variation of cash and cash equivalents		14 996	(20 856)	24 902

5. Consolidated statement of changes in equity

in EUR '000'	Share capital	Legal reserve	Share premium	Retained earnings	AFS reserve	Share-based payments	Hedging reserve	Currency translation reserve	Equity - attributable to equity holders of the parent	Non controlling Interests	Total equity
Balance at 1 January 2009	**1 892**	**671**	**14 550**	**37 566**	**(26)**	**(17)**	**(692)**	**(5 286)**	**48 658**	**711**	**49 369**
Capital increases									-		-
Comprehensive income				17 369	291	-	693	627	18 980	609	19 589
Dividends paid to shareholders				(3 021)					(3 021)	(12)	(3 033)
Change in share based payments reserve						63			63	-	63
Other movements			-	8		17	(17)		8	(193)	(185)
Balance at 31 December 2009	**1 892**	**671**	**14 550**	**51 922**	**265**	**63**	**(16)**	**(4 659)**	**64 688**	**1 115**	**65 803**
Balance at 1 January 2010	**1 892**	**671**	**14 550**	**51 922**	**265**	**63**	**(16)**	**(4 659)**	**64 688**	**1 115**	**65 803**
Capital increases									-	516	516
Comprehensive income				11 631	2 010			6 260	19 901	2 403	22 304
Dividends paid to shareholders				(5 034)					(5 034)	(223)	(5 257)
Change in share based payments reserve						45			45	-	45
Other movements			-	-					-	2 727	2 727
Balance at 31 December 2010	**1 892**	**671**	**14 550**	**58 519**	**2 275**	**108**	**(16)**	**1 601**	**79 600**	**6 538**	**86 138**
Balance at 1 January 2011	**1 892**	**671**	**14 550**	**58 519**	**2 275**	**108**	**(16)**	**1 601**	**79 600**	**6 538**	**86 138**
Capital increases									-	1 028	1 028
Comprehensive income				2 829	(1 148)			1 637	3 318	419	3 737
Dividends paid to shareholders				(3 380)					(3 380)	(44)	(3 424)
Change in share based payments reserve						45			45	-	45
Other movements				12			16	(16)	12	(14)	(2)
Balance at 31 December 2011	**1 892**	**671**	**14 550**	**57 980**	**1 127**	**153**	**-**	**3 222**	**79 595**	**7 927**	**87 522**

6. Notes to the consolidated financial statements

1. GENERAL INFORMATION

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

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

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

The Company's financial year begins on the 1 January and closes on the 31 December of each year.
The Company was founded on 31 December 1927 for an unlimited period.

The Company registration number is 0402.960.467.

2. DECLARATION OF COMPLIANCE AND RESPONSIBILITY

The consolidated financial statements were approved by the Board of Directors on 27 February 2012.

We declare that to our knowledge:

- The consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) as approved by the European Union.

- The financial statements are a fair view of the assets, the financial situation and results of the Group.

- The Management report is a fair review of the ongoing business, the results and the situation of the Group and it includes a description of the principle risks and uncertainties which the Group is facing.

27 February 2012.
Francis Lambilliotte, Managing Director
Bernard Van Diest, CFO

3. PRINCIPAL ACCOUNTING STANDARDS

3.1 Principal accounting standards

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

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

Standards and Interpretations that became applicable in 2011

This year, the Group has adopted new interpretations and amendments to the following Standards applicable for accounting years beginning on 1 January 2011:

- Improvements to IFRS (2009-2010) (normally applicable for annual periods beginning on 1 January 2011).
- Amendment to IAS 24 *Related Party Disclosures* (applicable for annual periods beginning on 1 January 2011). This Standard supersedes IAS 24 Related Party Disclosures as issued in 2003.
- Amendments to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* (applicable for annual periods beginning on 1 January 2011).
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (applicable for annual periods beginning on 1 January 2011).
- Amendment to IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement* (applicable for annual periods beginning on 1 January 2011).

The adoption of those new standards and interpretations and those amendments did not cause any material impact on the consolidated financial statements.

Early application of standards and interpretations

The Group has decided not to anticipate the application of standards and interpretations.

At the approval date of the financial statements, the following interpretations were published but not yet applicable:
- IFRS 9 *Financial Instruments* (applicable for annual periods beginning on 1 January 2015).
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on 1 January 2013).

- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on 1 January 2013).
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on 1 January 2013).
- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on 1 January 2013).
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on 1 January 2012).
- Amendment to IFRS 7 *Financial Instruments: Disclosures – Derecognition* (applicable for annual periods beginning on 1 January 2012).
- Amendment to IFRS 7 *Financial Instruments: Disclosures – Netting of financial assets and liabilities* (applicable for annual periods beginning on 1 January 2013).
- Amendment to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on 1 January 2013).
- Amendment to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on 1 January 2012).
- Amendments to IAS 19 *Employee Benefits* (applicable for annual periods beginning on 1 January 2013).
- Amendments to IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on 1 January 2013).
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on 1 January 2013).
- Amendments to IAS 32 *Financial Instruments: Presentation – Netting of Financial Assets and Liabilities* (applicable for annual periods beginning on 1 January 2014).

Adoption of these new standards and interpretations in subsequent years will not cause any material impact on the consolidated financial statements.

The financial statements also include the information prescribed by the 4th and the 7th European directives.

3.2 Conversion of Foreign Currencies Operations

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

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

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

3.3 Consolidation Principles

The consolidated financial statements include the financial statements of all subsidiaries, joint ventures consolidated according to the proportionate method and associated companies accounted for using the equity method. The consolidated financial statements are prepared using uniform accounting policies for transactions and events occurring in similar circumstances. All intra-group balances and transactions including income, dividends and expenses are eliminated in the consolidation.

3.3.1 Subsidiaries

Subsidiaries are companies that are directly or indirectly controlled. Control is deemed to exist as soon as the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity but as well as soon as it has the power to govern the entity's financial and operating policies in order to obtain benefits from its activities. Consolidation of the subsidiary companies starts as of the moment when Hamon controls the entity until the date on which that control ceases.

Joint Ventures

Entities for which the Group contractually shares control with one or more co-contractor(s) qualify as joint ventures. Contractual agreements of this kind ensure that strategic financial and operating decisions require the unanimous consent of all the co-contractors. Proportional consolidation of the jointly controlled entities starts as of the moment joint control is established until the date on which it ceases.

Associated Companies

Associated companies are the entities over which Hamon exerts a significant influence by taking part in the entity's decisions, without holding control or joint control. The significant influence is deemed to exist as soon as the parent owns, directly or indirectly through subsidiaries, more than twenty percent of the voting power of an entity. Consolidation of the associated companies is accounted for using the equity method until the date on which the significant influence ceases.

Business combinations and changes in ownership interests

Business combinations carried out prior to 1 January 2010 have been accounted for in accordance with IFRS 3 prior to the revision effective 1 January 2010. In accordance with IFRS 3 revised, these business combinations have not been restated.

The Group applies the purchase method as defined in IFRS 3 revised, which consists in recognizing the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date, as well as any non-controlling interest in the acquiree.

The main changes that have an impact on the Group's consolidated financial statements are as follows:

- costs related to acquisitions of controlling interests are expensed;
- in the event of a business combination achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss;
- for each business combination, any non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Previously, only the latter option was authorized. The Group will determine on a case-by-case basis which option it will apply to recognize non-controlling interests;
- transactions (purchases or sales) of non-controlling interests that do not result in a change of control are recognized as transactions between shareholders. Consequently, any difference between the fair value of consideration paid or received and the carrying amount corresponding to the non-controlling interest is recognized directly in equity.

Changes introduced by this new standard led the Group to create an "Impact of changes in consolidation scope" line in the income statement which is presented as a non-recurring item.

Put options on non controlling interests

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

- when the put option is initially granted, the present value of the strike price is recognized as a non-current liability, with a corresponding increase of goodwill;
- at each balance sheet date, the amount of the non-current liability is revised and any changes in the amount are recorded with a corresponding adjustment to goodwill;
- payments of dividends to non controlling interests result in an increase in goodwill;
- in the consolidated income statement, no controlling interests are allocated their share in income. In the consolidated balance sheet, the share in income allocated to non controlling interests increases the other non-current liability.

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

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

Balance Sheet Elements

Intangible Assets

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

Patents, Trademarks and Similar Rights

Unless exceptions, patents and trademarks are initially measured at cost and are amortized on a straight-line basis over the shorter of their useful lives or their contractual period.

Development Costs

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

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

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

Other internally generated intangible assets

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

Goodwill

Recognition of goodwill

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

a. Business combinations carried out prior to 1 January 2010

Goodwill recognized during a business combination is accounted for as an asset, being the excess of the cost of a business combination over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized.

b. Events/transactions occurring after 1 January 2010 concerning business combinations carried out prior to 1 January 2010

The initial accounting for business combinations is not restated.
Any adjustments to the consideration transferred in these business combinations changes their initial accounting and leads to a matching adjustment to goodwill.

c. Business combinations carried out after 1 January 2010

Goodwill is measured as the excess of the aggregate of:
1. the consideration transferred;
2. the amount of any non-controlling interests in the acquiree; and
3. in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;

over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill recognized on the acquisition date is not subsequently adjusted.

Measurement of goodwill

Goodwill is not depreciated but it is tested for impairment at least once a year. Any impairment loss is charged to the income statement. An impairment loss accounted for on goodwill cannot be reversed at a later date.
At the time of the sale of a subsidiary or a jointly controlled entity, the relevant goodwill is included in the determination of the result of the sale. Goodwill on associated companies is presented under 'Investments In Associated Companies'.

Tangible Assets

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

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

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

The depreciable amount of an asset is allocated systematically over its useful life using the straight-line method.
The depreciation of an asset begins when it is available for use. The estimated useful lives of the most significant elements of tangible assets are as follows:

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

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

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

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

Impairment of Tangible and Intangible Assets

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

If an asset does not generate cash flows independently of those of other assets, the Group makes an estimate of the recoverable value of the cash-generating unit to which the asset belongs. The recoverable value is the highest value between the fair value less costs to sell and the value in use.
If the recoverable value of an asset (cash flow generating unit) is lower than its carrying amount, an impairment loss is immediately recognized as an expense in the income statement.

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

Lease Agreements

Capital Leases

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

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

Operating Leases

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

Financial Assets and Liabilities

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

When a financial asset or financial liability is recognized initially, it is measured at its fair value plus (in case of financial asset) or minus (in case of financial liability) transaction costs except for financial assets at fair value through income statement.

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

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

There are two categories of financial liabilities:
- Financial liabilities at fair value through profit or loss;
- Other financial liabilities measured at amortized cost.

Subsequently,
- the fair value changes in financial assets and liabilities at fair value through profit or loss are recognized through the income statement;
- the fair value changes in available-for-sale assets are recognized directly in the equity until the asset is sold or is identified as impaired. Then the cumulative gain/loss that had been recognized in equity shall be removed and recognized in income statement;
- investments in equity instruments that are not quoted in an active market and whose fair value cannot be

reliably measured by an alternative pricing method are evaluated at cost.

- loans and receivables, held-to-maturity Investments and other financial liabilities are measured at amortized cost using the effective interest rate method, except for fixed term/time deposits, which are valued at cost.

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

Trade and Other Receivables (Payables)

Receivables and payables are recognized using the amortized cost method i.e. the discounted value of the receivable. Appropriate impairment losses are recognized on receivables in case of expected default of payments.

Cash and Cash Equivalents

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

Equity Instruments

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

Loans & Borrowings

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

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

Derivative Financial Instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risks arising from financing activities and foreign exchange rate risks arising from operational activities (cash flow hedges). The Group’s policy is not to enter into speculative transactions nor issue or hold financial instruments for negotiation purposes.
Derivative financial instruments are initially recognized at their fair value and are subsequently revaluated to their fair value at each reporting date.

a. Derivatives qualifying for cash flow hedge
The effective portion of changes in the fair value of derivatives qualifying as cash flow hedges are immediately deferred in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.
When the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, then the gains or losses previously deferred in the equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

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

When the forecast transaction that is hedged does not result in the recognition of an asset or liability, then the gains or losses previously deferred in the equity are recycled in the income statement in the periods when the hedged item is recognized in the income statement.

b. Derivatives which do not qualify for hedging
The changes of fair value of financial instruments that do not qualify for hedge accounting are immediately posted in the income statement.

Stock options

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

Inventory

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

Pensions and other Employee Benefits

In accordance with the local legislation and practices, the Group's subsidiaries subscribe to post-employment defined contribution or defined benefit plans.

Defined Contribution Plans

Contributions that are payable for defined contribution plans in exchange for services rendered by employees during the period are charged to the income statement as incurred

Defined Benefit Plans

For defined benefit plans, the amount recognized in the balance sheet is the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and reduced by the fair value of plan assets at the balance sheet date. If the calculation of the balance sheet amount as set out above results in an asset, the amount recognized should be limited to the net total of unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

In the income statement, the current service cost, the past service cost and the amortization of actuarial gains/losses are posted as cost of sales, sale and marketing costs or general and administrative costs, research and development costs, while the interest costs and the expected return on the plan assets are charged to the 'other financial charges'.

The present value of the defined benefit obligation is determined using the Projected Unit Credit Method. The discount rate is determined annually by reference to market yields at the balance sheet date on high quality corporate bonds with a term similar to the weighted average payment term of the obligation.

Actuarial gains/losses resulting from the effects of the differences between the previous actuarial assumptions and the actuals and from the effects of the changes in actuarial assumptions are calculated separately for each 'defined benefit plan'. When the accumulated actuarial gains/losses exceed 10% of the greater of the defined benefit obligation or the fair value of the plan assets (corridor), the portion in excess is recognized in the income statement through its amortization over the average remaining working lives of the employees.

Past service costs due to changes in benefits under the plan are amortized on a straight-line basis over the average period until the amended benefits become vested.

Early Retirement Plan

Early retirement plans are treated as post-employment defined benefit plans.

Provisions for Liabilities and Charges

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

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

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

Income Statement Elements

Income

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

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

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

- Dividends are recognized when the shareholder's right to receive the payment is established.

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

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

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

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

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

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

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

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

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

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

Repayable government grant are transferred to financial liabilities.

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

The current tax is the amount of income tax payable/recoverable in respect of the taxable profit/loss for a period. Current income taxes for current and prior periods are calculated based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Reforms to French business taxes were enacted on 31 December 2009 and apply as from 1 January 2010. The new tax, the CET ("Contribution Economique Territoriale"), has two components: the CFE ("Cotisation Fonciere des Entreprises") and the CVAE (« Cotisation sur la Valeur Ajoutée des Entreprises »). The second component is determined by applying a rate to the amount of value added generated by the business during the year.

Given that the CVAE component is calculated as the amount by which certain revenues exceed certain expenses, the Group regards the CVAE component as meeting the definition of income taxes specified in IAS 12§2 - Taxes which are based on taxable profits – and has classified all amounts accounted for in the French subsidiaries of the Group as from 2010 under the line 'Income taxes' in the income statement.
This decision is compliant with French practices.

Deferred taxes originate from temporary differences i.e.

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

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

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

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

Discontinued Business
A discontinued operation is a portion of an entity that either is being or has been sold or disposed by the Group. This portion of entity represents a significant separate major line of business or geographical area of operations and can be distinguished on the operational field and for the communication of financial information.

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

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

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

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

4. KEY ASSUMPTIONS AND ESTIMATES

Within the framework of preparation of its consolidated financial statements, the Group must, on certain occasions, formulate assumptions and/or carry out estimates affecting the balance sheet and/or the income statement.

Management bases its estimates on its previous experience and formulates certain assumptions that seem reasonable taking into account the circumstances. The actual results can differ from these estimates.

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

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

When such assumptions and estimates have been made, they are explained in the notes relating to the elements to which they refer.

5. CONSOLIDATED ENTITIES

The following table mentions the list of subsidiaries owned by the Group as of 31 December 2011, 2010 and 2009.

Subsidiary	Country	% Group interest		
		2011	2010	2009
1. SUBSIDIARIES CONSOLIDATED BY FULL INTEGRATION METHOD				
Hamon & Cie (International) SA	**Belgium**	**Parent company**		
Hamon Thermal Europe SA	Belgium	100%	100%	100%
Hamon Research-Cottrell SA	Belgium	99,98%	99,98%	99,98%
ACS Anti Corrosion Structure SA	Belgium	100,00%	100,00%	80,11%
Compagnie Financière Hamon S.A.	France	99,10%	99,10%	99,10%
Hamon Thermal Europe (France) S.A.	France	99,10%	99,10%	99,10%
Hamon D'Hondt S.A.	France	99,10%	99,10%	99,10%
Hamon Environmental S.A.R.L.	France	99,98%	99,98%	99,98%
Hacom Energiesparsysteme GmbH	Germany	100%	100%	100%
Hamon Thermal Germany GmbH	Germany	100%	100%	100%
Hamon Environmental GmbH	Germany	100%	100%	100%
Hamon Enviroserv GmbH	Germany	100%	100%	-
Hamon UK Ltd.	Great Britain	100%	100%	100%
Hamon Dormant Co. Ltd	Great Britain	100%	100%	100%
Heat Transfer Ré Services S.A.	Luxemburg	100%	100%	100%
Hamon (Nederland) B.V.	Netherlands	100%	100%	100%
Hamon Polska Sp.Zo.O	Poland	100%	100%	100%
Hamon Esindus Latinoamerica SL	Spain	50%	-	-
Hamon Research-Cottrell do Brazil	Brazil	100%	100%	100%
Hamon Do Brazil Ltda.	Brazil	100%	100%	100%
Hamon Esindus Latinoamerica Limitada	Chile	50%	-	-
Hamon Esindus Latinoamerica SA de CV	Mexico	50%	-	-
Hamon Custodis Cottrell (Canada) Inc.	Canada	100%	100%	100%
Hamon Corporation	United States	100%	100%	100%
Hamon Custodis Inc.	United States	100%	100%	100%
Hamon Deltak Inc.	United States	100%	-	-
Hamon Research-Cottrell Inc.	United States	100%	100%	100%
Thermal Transfer Corporation	United States	100%	100%	100%
Research-Cottrell Cooling Inc.	United States	100%	100%	100%
Research-Cottrell Dry Cooling Inc.	United States	100%	100%	100%
Hamon Holdings Corporation	United States	100%	100%	-
Hamon (South Africa) (Pty) Ltd.	South Africa	74%	70%	70%
Hamon J&C Engineering (Pty) Ltd	South Africa	44,4%	42,0%	-
Hamon Australia (Pty) Ltd.	Australia	100%	100%	100%
Research-Cottrell Cooling (Tianjin) Co. Ltd	China	100%	100%	-
Hamon DGE (Shanghai) Co., Ltd	China	60%	60%	60%
TS Filtration Environmental Protection Products (Shanghai) Co. Ltd	China	60%	60%	60%
Hamon Thermal & Environmental Technology (Jiaxing) Co. Ltd	China	65,9%	65,9%	65,9%
Hamon Trading (Jiaxing) Co.,Ltd.	China	62,8%	62,8%	62,8%
Hamon Asia-Pacific Ltd	China (Hong Kong)	100%	100%	-
Hamon DGE (HK) Ltd.	China (Hong Kong)	60%	60%	60%
Hamon Shriram Cottrell PVT Ltd	India	50%	50%	-
Hamon India PVT Ltd.	India	100%	100%	100%
Hamon Research-Cottrell India PVT Ltd.	India	100%	-	-

Subsidiary	Country	% Group interest 2011	2010	2009
1. SUBSIDIARIES CONSOLIDATED BY FULL INTEGRATION METHOD				
P.T. Hamon Indonesia	Indonesia	89,73%	89,73%	89,73%
Hamon Korea Co Ltd.	South Korea	89,73%	89,73%	89,73%
Hamon Korea Youngnam Ltd.	South Korea	45,76%	45,76%	45,76%
Hamon D'Hondt BHI Co. Ltd	South Korea	49,6%	49,6%	-
Hamon Malaysia SDN. BHD.	Malaysia	100%	100%	100%
Hamon - B.Grimm Ltd.	Thailand	49,20%	49,20%	49,20%
Hamon Termal ve Çevre Sistemleri Sanayi ve Ticaret A.S.	Turkey	99,6%	-	-
2. SUBSIDIARIES CONSOLIDATED BY PROPORTIONAL INTEGRATION				
Hamon D'Hondt Middle East Company Ltd	Saudi Arabia	39,64%	39,64%	39,64%
Hamon Cooling Towers Company FZCo	United Arab Emirates	50%	50%	50%
Hamon Shiram Cottrell PVT Ltd.	India	-	-	50%

6. EXCHANGE RATES USED BY THE GROUP

Exchange rates for 1 EUR		Period-end rate 2011	2010	2009	Average rate 2011	2010	2009
UAE Dirham	AED	4,7524	4,9075	5,2849	5,1364	4,8692	5,1230
Australian Dollar	AUD	1,2723	1,3136	1,6008	1,3452	1,4514	1,7834
Brazilian Real	BRL	2,4159	2,2177	2,5113	2,3297	2,3336	2,7876
Canadian Dollar	CAD	1,3215	1,3322	1,5128	1,3810	1,3723	1,5897
Chilean Peso (100)	CLP	6,7340			6,7340		
Chinese Yuan	CNY	8,1588	8,8220	9,8350	9,0577	8,9757	9,5229
Pound Sterling	GBP	0,8353	0,8608	0,8881	0,8723	0,8576	0,8927
Hong-Kong Dollar	HKD	10,0510	10,3856	11,1709	10,9099	10,2962	10,8073
Indonesian Rupiah (100)	IDR	117,3147	120,0214	136,2613	122,9806	120,5061	145,1034
Indian Rupee	INR	68,7130	59,7580	67,0400	65,1794	60,5824	67,1449
South Korean Won (100)	KRW	14,9869	14,9906	16,6697	15,4588	15,3614	17,7722
Mexican Peso	MXN	18,0512			17,3591		
Malaysian Ringgit	MYR	4,1055	4,0950	4,9326	4,2750	4,2739	4,9050
Polish Zloty	PLN	4,4580	3,9750	4,1045	4,1179	4,0047	4,3490
Saudi Riyal	SAR	4,8521	5,0108	5,3897	5,2446	4,9716	5,2310
Thai Baht	THB	40,9910	40,1700	47,9860	42,7377	42,1378	47,8563
Turkish Lira	TRY	2,4432			2,3398		
U.S. Dollar	USD	1,2939	1,3362	1,4406	1,4018	1,3254	1,3943
South African Rand	ZAR	10,4830	8,8625	10,6660	10,0760	9,7243	11,6207

7. INFORMATION BY SEGMENT

The Group is organized in five Business Units: Cooling Systems, Process Heat Exchangers, Air Pollution Control EMEA/Brazil, Air Pollution Control and Heat Recovery NAFTA, and Chimneys. Additional Business Unit information is presented in the first part of this annual report. The results of a segment and its assets and liabilities include all the elements that are directly attributable to it as well as the elements of the income, expenses, assets and liabilities that can reasonably be allocated to a segment. Segment profit represents the profit earned by each segment after allocation of central administration costs and directors' salaries, share of profits of associates and investment revenues, to the extent that they can be allocated to a segment, but before finance costs. This is the measure regularly presented to the chief operating decision maker for the purposes of resources allocation and assessment of segment performances. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Pollution Control EMEA/Brazil	APC & HR NAFTA	Chimneys	Non allocated	Elimination	Total
For the period ended 31 December 2009								
Revenue third party	143 434	56 675	39 024	67 873	72 771	-	-	379 777
Inter-segment revenue	391	1 855	104	175	16	-	(2,541)	-
Total revenue	143 825	58 530	39 128	68 048	72 787	-	(2,541)	379 777
Operating profit before non-recurring items (REBIT)	12 514	2 692	(29)	11 731	12 697	(414)		39 191
Non-recurring items	(37)	(392)	-	-	-	23		(406)
Operating profit (EBIT)	12 477	2 300	(29)	11 731	12 697	(391)		38 785
EBITDA	**13 512**	**3 823**	**151**	**12 117**	**13 053**	**149**		**42 805**
Interest income						323		323
Interest charges						(7 521)		(7 521)
Result before tax								**31 587**
Income taxes						(13 332)		(13 332)
Net result from continued operations								**18 255**

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Pollution Control EMEA/Brazil	APC & HR NAFTA	Chimneys	Non allocated	Elimination	Total
For the period ended 31 December 2010								
Revenue third party	128 096	48 778	71 917	45 135	51 576	31	-	345 533
Inter-segment revenue	446	607	-	1 311	6	-	(2 370)	-
Total revenue	128 542	49 385	71 917	46 446	51 582	31	(2 370)	345 533
Operating profit before non-recurring items (REBIT)	7 370	1 003	865	8 021	8 485	(2 201)		23 543
Non-recurring items	1 873	(1 080)	-	-	-	1 781		2 574
Operating profit (EBIT)	9 243	(77)	865	8 021	8 485	(420)		26 117
EBITDA	**8 829**	**2 095**	**1 246**	**8 648**	**8 802**	**(1 505)**		**28 115**
Interest income						332		332
Interest charges						(5 561)		(5 561)
Result before tax								**20 888**
Income taxes						(7 709)		(7 709)
Net result from continued operations								**13 179**

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Pollution Control EMEA/Brazil	APC & HR NAFTA	Chimneys	Non allocated	Elimination	Total
For the period ended 31 December 2011								
Revenue third party	136 024	67 470	69 497	58 285	47 331	342	-	378 949
Inter-segment revenue	568	2 229	10	93	332	-	(3 232)	-
Total revenue	136 592	69 699	69 507	58 378	47 663	342	(3 232)	378 949
Operating profit before non-recurring items (REBIT)	3 421	2 824	(8 610)	8 413	7 118	794		13 960
Non-recurring items	(306)	(59)	(497)	(798)	-	(430)		(2 090)
Operating profit (EBIT)	3 115	2 765	(9 107)	7 615	7 118	364		11 870
EBITDA	**5 934**	**3 856**	**(7 895)**	**9 501**	**7 455**	**1 556**		**20 407**
Interest income						579		579
Interest charges						(7 035)		(7 035)
Result before tax								**5 414**
Income taxes						(1 309)		(1 309)
Net result from continued operations								**4 105**

Other elements of the income statement

in EUR '000'	Cooling System	Process Heat Exchangers	Air Pollution Control EMEA/Brésil	APC & HR NAFTA	Chimneys	Non allocated	Total
For the period ended 31 December 2009							
Depreciation and amortization	(998)	(1 131)	(180)	(386)	(356)	(563)	(3,614)
Impairment of goodwill	-	-	-	-	-	-	-
(Impairment) / reversal of impairment on inventory	(4)	9	2	-	-	-	7
(Impairment) / reversal of impairment on trade receivables	(83)	15	(490)	(15)	-	-	(573)
(Increase) / decrease in provisions	(347)	(790)	(737)	2	(1 445)	2	(3 315)
For the period ended 31 December 2010							
Depreciation and amortization	(1 459)	(1 092)	(381)	(627)	(317)	(696)	(4 572)
Impairment of goodwill	-	(892)	-	-	-	-	(892)
(Impairment) / reversal of impairment on inventory	-	(14)	-	-	-	-	(14)
(Impairment) / reversal of impairment on trade receivables	(323)	(767)	-	-	-	-	(1 090)
(Increase) / decrease in provisions	486	160	325	400	(1 360)	-	11
For the period ended 31 December 2011							
Depreciation and amortization	(2 513)	(1 032)	(715)	(1 088)	(337)	(762)	(6 447)
Impairment of goodwill	-	-	-	-	-	-	-
(Impairment) / reversal of impairment on inventory	9	53	-	-	-	-	62
(Impairment) / reversal of impairment on trade receivables	37	178	-	-	-	(495)	(280)
(Increase) / decrease in provisions	(629)	(44)	(115)	(205)	(1 339)	-	(2 332)

Balance sheet information

in EUR '000'	Cooling System	Process Heat Exchangers	Air Pollution Control EMEA/Brésil	APC & HR NAFTA	Chimneys	Non allocated	Total
As of 31 December 2009							
Total assets	80 091	45 850	52 177	22 908	4 534	101 342	306 902
Total liabilities	52 141	22 160	33 136	20 115	23 061	90 486	241 099
Capital expenditures	5 264	1 941	302	3 654	125	841	12 127
As of 31 December 2010							
Total assets	87 436	44 148	76 542	25 839	10 315	92 576	336 856
Total liabilities	59 130	19 359	40 651	16 077	21 292	94 209	250 718
Capital expenditures	5 228	1 979	896	724	719	850	10 396
As of 31 december 2011							
Total assets	105 312	53 716	69 723	55 191	4 036	112 701	400 679
Total liabilities	87 849	14 053	34 174	23 112	15 903	138 065	313 156
Capital expenditures	5 603	644	1 053	54	45	916	8 315

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

The analysis of Group's revenue per type of activities is detailed in note 8.
The split of revenue and non-current assets by main countries is as follows:

in EUR '000'	2011	2010	2009
Revenues			
Belgium	7 715	7 518	6 056
Germany	27 258	21 428	16 040
South Africa	6 882	9 628	474
Saudi Arabia	21 929	6 148	7 309
Brazil	24 948	19 305	3 422
China	12 416	5 215	10 298
South Korea	6 061	6 837	6 134
United Arab Emirates	1 088	5 735	5 243
Spain	9 787	4 245	2 279
United States	95 800	89 796	138 672
France	39 405	36 473	42 008
India	35 341	16 264	5 638
United Kingdom	7 458	12 567	34 775
Russia	5,078	21 779	7 683
Others	77 783	82 595	93 746
	378 949	**345 533**	**379 777**
Non current assets (*)			
Belgium	19 068	18 448	16 836
Brazil	13 111	14 281	12 558
China	13 904	12 898	10 315
South Korea	5 731	5 862	4 910
United States	36 996	13 869	12 243
France	13 204	13 282	14 288
India	5 682	5 103	1 474
Others	9 137	8 999	4 430
	116 833	**92 742**	**77 054**

(*) Excluding financial and deferred tax assets

The largest customer of the Group in 2011 is a US customer that represents 5% of the Group's total revenue.

8. REVENUE

Group's revenue (excluding discontinued operations) increased by 10% compared to 2010. The main impact (+ EUR 33,3 million) comes from the changes in consolidation scope (essentially the consolidation for the full period of the Indian activities at 100% compared to 3 months in 2010 and the acquisition of Deltak in 2011). The decrease of the US dollar exchange rate negatively impacted revenue by EUR 10,1 million compared to the exchange rate of 2010.
The breakdown by type of activities is as follows:

in EUR '000'	2011	2010	2009
Construction contracts	355 249	324 482	348 528
Manufacturing	17 950	13 110	21 375
Spare parts	3 721	3 815	4 956
Services	1 782	3 615	4 433
Royalties	247	511	485
Total	**378 949**	**345 533**	**379 777**

9. OPERATING EXPENSES

in EUR '000'	2011	2010	2009
Gross remuneration	*66 699*	*65 208*	*55 596*
Employer's contribution for social security	*11 284*	*10 598*	*11 964*
Other personnel costs	*2 620*	*2 002*	*1 960*
Charges/costs of the personnel	80 603	77 808	69 520
Depreciation & amortization	6 447	4 572	3 614
Other operating expenses	31 502	29 920	26 571
Total gross operating expenses	**118 552**	**112 300**	**99 705**
Costs allocation (1)	(61 879)	(56 226)	(48 190)
Total net operating expenses	**56 673**	**56 074**	**51 515**
Sale & marketing costs	13 584	10 499	10 776
General & administrative costs	41 783	43 870	39 922
Research & development costs	1 306	1 705	817
Total net operating expenses	**56 673**	**56 074**	**51 515**
Average Headcount	1 435	1 221	1 140

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

The increase in gross operating expenses of the Group is mainly due to the changes in consolidation scope (+ EUR 8,6 million) and to the significant development (Europe and China) of our activities in the air-cooled condensers; partially offset by the decrease of the US dollar in 2011 (- EUR 1,4 million). The growth of allocations on proposals, contracts and development projects has been able to compensate for this increase. As a result, total net operating expenses remain stable in absolute figures but have decreased by 1,2% in percentage of the revenue.

10. OTHER OPERATING INCOME/(EXPENSES)

The operating income and expenses are broken down as follows:

in EUR '000'	2011	2010	2009
Dividends and financial income	358	194	79
Profit/(loss) on disposal of assets	17	115	(223)
Exchange differences, net	(647)	(327)	1 445
(Impairment)/reversal of impairment of current assets	212	(1 104)	(478)
Other miscellaneous operating income/(expenses)	122	(88)	82
Total	**62**	**(1 210)**	**905**

The main variations compared to 2010 come from the (negative) variation of exchange differences on the one hand and on the other hand from the absence in 2011 of an impairment of current assets (2010: EUR 0,9 million due to the bankruptcy of the customer Austrian Energy).

Other miscellaneous operating income and expenses mainly include, on one hand, insurance products and sub-letting of installations and on the other hand, banking charges and fees not directly attributable to construction contracts.

11. NON-RECURRING INCOME/(EXPENSES)

in EUR '000'	2011	2010	2009
Restructuring costs	**(885)**	**(308)**	**(390)**
Sale of BFT (France)	-	*1 781*	-
Acquisition of the control of HSC (India)	-	*2 274*	-
Acquisition costs of Deltak	*(798)*		-
Impact of Changes in consolidation scope	**(798)**	**4 055**	**-**
Impairment loss on goodwill	-	*(892)*	-
(Impairment) / reversal of impairment on other non-current assets	*(1 377)*	*(281)*	-
Impairment / reversal of impairment on non-current assets	**(1 377)**	**(1 173)**	**-**
Gain/(loss) on disposal of AFS	*809*	-	-
Others	*160*	-	*(16)*
Other non-recurring items	**969**	**-**	**(16)**
Total	**(2 090)**	**2 574**	**(406)**

Restructuring costs, amounting to EUR 885 thousand, are related to the ongoing plan to restore the profitability of the BU APC EMEA/Brazil.

Impairment losses on other non-current assets are related to two non controlling interests owned by the Group and classified as 'available-for-sale financial assets', Ohl and Xylowatt. Ohl went into bankruptcy in July 2011. As a result, the financial asset, the receivables and the claims to guarantees granted by the Group have been charged to income statement in 2011. The residual risks are mentioned under note 41 – Commitments.

The investment in Xylowatt has been accounted for using estimated fair value based on the values for under way fundraising operations in this company.

Hamon has sold its non controlling interest in GEI during the third quarter 2011, realizing a capital gain of EUR 786 thousand, after reclassification in income statement of fair value adjustments (EUR 1.158 thousand) accounted for in reserves during the previous periods.

In 2010, the income of EUR 4.055 thousand related to changes in consolidation scope comes from the sale of Brown Fintube (France) in June and the take over of control of our Indian subsidiary Hamon Shriram Cottrell. For more information on those transactions, refer to note 15 related to changes of scope.

The impairment on goodwill in 2010 was related to our Belgian subsidiary ACS (see note 22).

We also refer to note 24 “Available-for-sale financial assets”.

12. NET FINANCE COSTS

The detail of net finance costs is as follows:

in EUR ‘000’	2011	2010	2009
Interest charges	(4 914)	(3 909)	(5 232)
Costs related to anticipated reimbursement	(194)	-	(690)
Other borrowing costs	(1 927)	(1 652)	(1 599)
Finance costs	**(7 035)**	**(5 561)**	**(7 521)**
Interest income	579	332	323
Interest income	**579**	**332**	**323**
Total	**(6 456)**	**(5 229)**	**(7 198)**

Interest charges on the debt of the Group have increased in 2011 compared to 2010, mainly due to the increase of the gross debt and despite a stability of interest rates.

The section “Other borrowing costs” includes, among other, the amortization of refinancing costs, excluding interest charges of the syndicated credit facilities signed on 17 December 2009 and 4 July 2011, commitment fees remunerating the unused part of syndicated credit (rising due to the increase of the lines), as well as the utilization fees on the borrowings contracted under the “revolver” credit line of the last syndicated credit – see note 34 for the explanations of the refinancing dated 4 July 2011. The average cost of the debt was 4,30 % for 2011, (4,68 % for 2010 and 6,92 % for 2009) or 5,46 % (5,77 % and 8,67 % for 2010 and 2009) if the amortized refinancing costs of the credit lines are included in the analysis.

Interest income in 2011 increased slightly but the low return rates reflect the prudent management followed by Hamon in its investments.

13. INCOME TAX

in EUR '000'	2011	2010	2009
Components of tax (expense)/income	(1 308)	(7 709)	(13 332)
Related to current year	(2 801)	(7 366)	(12 789)
Related to past years	1 493	(343)	(543)
Current tax	**(7 185)**	**(8 904)**	**(14 036)**
Related to current year	(7 408)	(8 790)	(13 787)
Related to past years	223	(114)	(249)
Deferred tax	**5 877**	**1 195**	**704**
Related to current year	4 607	1 424	998
Related to past years	1 270	(229)	(294)

Reconciliation of Group income tax charge	2011		2010		2009	
Result before tax	5 414		20 888		31,587	
Share of the profit (loss) of associates	-		-		-	
Result before tax and before share of the profit (loss) of associates	**5 414**		**20 888**		**31 587**	
Domestic income tax rate	33,99%		33,99%		33,99%	
Group theoretical income tax charge	**(1 840)**	**-33,99%**	**(7 100)**	**-33,99%**	**(10 736)**	**-33,99%**
Utilisation of tax losses not previously recognised	414	7,65%	324	1,55%		0,00%
Effect of different tax rates of subsidiaries operating in other juridictions	(453)	-8,36%	(182)	-0,87%	(1 032)	-3,27%
Withholding tax on intra group dividend distribution	-	0,00%	(19)	-0,09%	-	0,00%
Deferred tax assets not recognised	(1 353)	-24,99%	(1 669)	-7,99%	(2 484)	-7,86%
Transactions exempt from taxes	198	3,66%	1 361	6,52%		0,00%
CVAE (*)	(437)	-8,07%	(488)	-2,34%		0,00%
R&D tax credits	670	12,37%	407	1,95%		0,00%
Other movements	-	0,00%	-	0,00%	1 463	4,63%
Income tax expense related to current year	**(2 801)**	**-51,74%**	**(7 366)**	**-35,26%**	**(12 789)**	**-40,49%**

(*) Contribution sur la Valeur Ajoutée des Entreprises (tax on added value of companies)

The result before tax of the Group, amounting to EUR 5,4 million, being quite low, the effect of deferred tax assets not recognized in 2011 (EUR 1,353 thousand, decreasing compared to previous periods) on the tax rate of the Group for the current period is important (25 %) and could only be partially compensated by the increase of the R&D tax credits (France and US) and the utilization of tax losses not recognized during the previous periods.

14. DISCONTINUED OPERATIONS

The results of discontinued operations are as follows:

in EUR '000'	2011	2010	2009
Dry & Wet NAFTA cooling activities sold to SPX		(22)	(15)
Others	(88)		(228)
Total	**(88)**	**(22)**	**(243)**

They are not significant for the years 2011 and 2010.

As a reminder, the costs supported by the Group on discontinued operations during the last years consisted for the most part of:

- various costs coming from the sale at the end of 2005 of our Italian subsidiary FBM to KNM Group Berhad and the liquidation, at the beginning of 2005, of the remaining Italian activities carried out through one subsidiary – Hamon Research Cottrell Italia Srl;
- cost of the transactional agreement concluded between Hamon and SPX in December 2008 regarding the Holdback Transaction of EUR 5 million related to the sale, in December 2003, of the global Dry and Wet NAFTA Cooling activities;
- post disposal costs of Air Industrie Thermique-Loreatt.

The impact of discontinued activities on the cash flow of the Group amounts, for the 2011 financial year, to EUR -88 thousand (EUR -22 thousand and EUR -243 thousand for the 2010 and 2009 financial years) (see note 20).
As of 31 December 2011, 2010 and 2009, assets and liabilities of discontinued activities amount to zero.

15. CHANGES OF SCOPE

Acquisition of control of subsidiaries

in EUR '000'	Deltak
Non-current assets	**16 097**
Property, Plant & Equipment	4 796
Intangible assets	11 301
Other non-current assets	0
Current assets	**2 899**
Trade and Other Receivables	2 356
Cash and Cash Equivalents	0
Other Current Assets	543
Non-current liabilities	**0**
Deferred Tax Liabilities	0
Other non-current liabilities	0
Current Liabilities	**6 765**
Trade and Other payable	1 547
Other current liabilities	5 218
Net assets acquired	**12 230**
Group's share in net assets acquired	12 230
Goodwill	7 276
Purchase price	*(19 506)*
Deferred Payment	*0*
Revaluation of interests previously held	*0*
Purchase price in cash	(19 506)
Net cash & cash equivalents acquired	0
Net cash outflow	**(19 506)**

Hamon acquired as of 1 September 2011, the assets and some liabilities of Deltak LLC, a US company based in Plymouth, MN, USA. Deltak is a leader in heat recovery steam generators, particularly useful in combined cycle thermal power plants. The goodwill related to this acquisition is primarily attributable to skills, references and introductions in this sector of HRSG as well as to expected synergies with Hamon activities in electrical power plants, the manufacturing of heat recovery components or the procurement and engineering. This goodwill has been provisionally computed as the difference of the consideration paid and the value of identified assets and liabilities mentioned here above according to IFRS 3 revised. This analysis, performed with the help of external experts, is not final and is subject to revision during the course of a year.

According to IFRS 3 revised, direct costs linked to the acquisition of Deltak, being EUR 798 thousand, have been accounted for in income statement.
Since its acquisition, Deltak has contributed to EUR 11.619 thousand to the Group consolidated revenue and has generated an EBITDA of EUR 1.629 thousand.

In 2010, Hamon had acquired Enviroserv (Germany) and J&C (South Africa) and took control of HSC, previously a joint venture (India). Moreover, Hamon had adjusted the purchase price of DGE and TS (China) to reflect the finalization of the compensation of the acquired cash, the revision of the conditional payment and the update of the value of the put option granted to the non-controlling shareholders.

Sale/loss of control

Hamon had disposed in 2010 its shareholding in Brown Fintube France (BFT) to AIT in exchange of AIT shares – included in non-controlling interests – and cash.

16. EARNINGS PER SHARE

Continued and discontinued operations

The basic earnings per share coming from the continued and discontinued operations are calculated by dividing the net result for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in circulation during the fiscal year:

in EUR '000'	2011	2010	2009
Net result (equity holders of the Company)	2 829	11 631	17 369
Weighted average number of ordinary shares during the year	7 191 472	7 191 472	7 191 472
Basic earnings per share (EUR/share)	0,39	1,62	2,42

The weighted average number of shares is calculated based on the numbers in note 30.
The basic earnings per share are identical to the diluted earnings per shares. Indeed, given their strike price, the stock options granted to Group employees have no diluting impact as of 31 December 2009, 2010 and 2011 (see note 33).

Continued operations

The basic earnings per share coming from the continued operations are calculated by dividing the net result coming from the continued operations of the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in circulation during the fiscal year. The number of shares representing the share capital has not changed during the three last years. It amounts to 7.191.472 shares.

Discontinued operations

The basic and diluted earnings per share for the discontinued operations amounted to EUR -0,02 per share on 31 December 2011 (EUR -0,00 and EUR -0,03 per share on the 31 December 2010 and 2009), calculated on the basis of the net result of the discontinued operations of EUR -88 thousand in 2011 (EUR -22 and EUR -243 thousand in 2010 and 2009) and of the denominators detailed above.

17. CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations before taxes, at EUR 11,0 million, is stable compared to the previous period. Please note that the project execution cycles on the one hand and the typology of contracts in progress during a year on the other hand have a significant impact on this cash flow. The change in the "product mix" of Hamon gradually shifting to large export contracts and full scope have a swelling effect on the working capital. At the end of 2011, as mentioned under note 34, Hamon has implemented a program to sell without recourse trade receivables for EUR 15,9 million. Without this program, the cash flow from operating activities would have been negative of EUR 4,9 million.

18. CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investments amounts to EUR -26,3 million in 2011 (EUR -13,1 million in 2010). The investments of the year are mainly related to:

- the acquisition of Deltak at the end of August 2011 for EUR 19,6 million (see note 15);
- the sale proceed of our available-for-sale financial asset in GEI;
- the major investments in Research and Development;
- the development of our air-cooled condenser production capabilities in China;
- the acquisitions and/or leasehold improvements of buildings in Belgium, Korea, China and India following the strong increase of our activities in those countries;
- the investments for recurring replacements.

19. CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities amounts to EUR 38,5 million in 2011.

'Proceeds from new bank borrowings' (at EUR 47,1 million) mainly come from the issue of treasury notes for EUR 32,3 million and from local non-recourse financings in Brazil and India (see note 34).

'Repayment of borrowings' of EUR - 2,7 million result from contractual reimbursements of local lines or leasing (see note 34).

'Dividends paid to shareholders' results from the payment, on 10 May 2011 and on 8 September 2011 of respectively, the final dividend for the year 2010 (EUR 0,35 per share) and the advance dividend for the year 2011 (EUR 0,12 per share).

We invite you to consult note 12 for the information on interests received and paid during the year 2011.

20. CASH FLOW FROM DISCONTINUED ACTIVITIES

Not significant in 2011 (EUR -0,1 million).

21. INTANGIBLE ASSETS

in EUR '000'	Patents and trade marks	Development costs	Total
As of 31 December 2008			
Acquisition costs	10 054	4 891	14 945
Accumulated amortization and impairment	(7 384)	(3 729)	(11 113)
Net carrying amount	**2 670**	**1 162**	**3 832**
For the year ended 31 December 2009			
Exchange differences	(5)	(89)	(94)
Additions	970	1 298	2 268
Amortization charge for the year	(477)	(353)	(830)
Net carrying amount at closing date	**3 158**	**2 018**	**5 176**
As of 31 December 2009			
Acquisition costs	10 991	6 099	17 090
Accumulated amortization and impairment	(7 833)	(4 081)	(11 914)
Net carrying amount	**3 158**	**2 018**	**5 176**
For the year ended 31 December 2010			
Exchange differences	24	195	219
Additions	844	2 937	3 781
Amortization charge for the year	(779)	(547)	(1 326)
Entry/changes in consolidation scope	1 415	73	1 488
Derecognized on the disposal of a subsidiary	(17)	-	(17)
Net carrying amount at closing date	**4 645**	**4 676**	**9 321**
As of 31 December 2010			
Acquisition costs	13 257	9 304	22 561
Accumulated amortization and impairment	(8 612)	(4 628)	(13 240)
Net carrying amount	**4 645**	**4 676**	**9 321**
For the year ended 31 December 2011			
Exchange differences	154	288	442
Additions	988	2 393	3 381
Amortization charge for the year	(1 101)	(1 310)	(2 411)
Entry/changes in consolidation scope	5 314	5 987	11 301
Net carrying amount at closing date	**10 000**	**12 034**	**22 034**
As of 31 December 2011			
Acquisition costs	19 713	17 972	37 685
Accumulated amortization and impairment	(9 713)	(5 938)	(15 651)
Net carrying amount	**10 000**	**12 034**	**22 034**

Except for trademarks acquired through the acquisition of Deltak (see note 15), all intangible assets have a finite utility period on which the assets are amortized. The amortization charge is included under "General & administration costs". Impairment tests on Deltak trademarks will be performed together with the tests on goodwill (see note 22).
The trademarks and licenses are mainly composed of Deltak trademark, patents and licence agreements acquired with the acquisition of Enviroserv in 2010 as well as softwares licenses and the name "Clean Flow".

The development costs include on the one hand, use rights on the softwares acquired through the Deltak acquisition (see note 15) and on the other hand, the capitalized internal development costs, mainly related to developments made in order to remain at the forefront of the technology in cooling systems.

22. GOODWILL

in EUR '000'

As of 31 December 2008	
Cost	30 228
Accumulated amortization and impairment	(639)
Net carrying amount	**29 589**

For the year ended 31 December 2009	
Exchange differences	2 576
Entry / changes in consolidation scope	9 482
Net carrying amount at closing date	**41 647**

As of 31 December 2009	
Cost	42 286
Accumulated amortization and impairment	(639)
Net carrying amount	**41 647**

For the year ended 31 December 2010	
Exchange differences	3 484
Impairment charge	(892)
Entry / changes in consolidation scope	4 879
Net carrying amount at closing date	**49 118**

As of 31 December 2010	
Cost	50 649
Accumulated amortization and impairment	(1 531)
Net carrying amount	**49 118**

For the year ended 31 December 2011	
Exchange differences	(779)
Entry / changes in consolidation scope	6 368
Net carrying amount at closing date	**54 707**

As of 31 December 2011	
Cost	56 238
Accumulated amortization and impairment	(1 531)
Net carrying amount	**54 707**

During 2011, Hamon proceeded with the acquisition of Deltak, after the ones of Enviroserv GmbH and of J&C Engineering (Pty) in 2010 (see note 15). The goodwill generated on the Deltak acquisition has been allocated to the Cash Generating Unit (CGU) Air Pollution Control and Heat Recovery NAFTA. Those related to J&C and Enviroserv in 2010 were allocated to the CGU Air Pollution Control EMEA/Brazil.

Other movements of the heading "Entry / changes in consolidation scope" are related to the review of the contingent payment and the update of the value of the put option granted to the non-controlling shareholders of DGE and TS (China, UGT APC EMEA/Brazil).

The Group annually performs an impairment test of goodwill in conformity with the accounting principles detailed under note 3.

The Hamon Group considers that the CGUs correspond to the segments described under note 7. Indeed, the segments constitute operational entities, integrated on a management, commercial, operational and technological level, the allocation of resources between business and legal entities being generally decided on the basis of operational optimization criteria's. Only ACS, integrated in a segment at the end of 2010 only, is reviewed separately. Concerning Deltak, acquired in September 2011, Hamon will review in 2012 if this activity should be separated or not from the rest of the BU Air Pollution Control and Heat Recovery NAFTA.

The recoverable value of cash generating units was determined, for CGUs that include a significant goodwill compared to generated EBITDA, on the basis of the value in use and for the others on the basis of their fair value decreased by the sale expenses related to those cash generating units.

The following table includes on the one hand, the goodwill and on the other hand, the method used to perform impairment tests:

in EUR '000'	2011	Value in use	Fair Value less costs to sell
Cooling Systems	**6 858**		**x**
PHE	851		x
ACS	892	x	
Process Heat Exchangers	**1 743**		
Air Pollution Control EMEA / Brazil	**33 915**	**x**	
APC NAFTA	4 302		x
Deltak	7 514	See note	See note
Air Pollution Control & Heat Recovery NAFTA	**11 816**		**x**
Chimneys	**375**		**x**
Total	**54 707**		

Note: acquired in 2011; first impairment test in 2012.

In absence of signed transactions or data coming from an organized market, fair value less sales expenses is estimated based on the best information available to reflect the amount that an entity could obtain from the sale of an asset from a transaction occurring in a standard competitive environment. Hamon estimates those values on the basis of statistics of M&A transactions concerning comparable companies, derived from multiples on EBITDA, multiples being those most generally used by investors or strategic acquirers.

Fitch Ratings has published a report (U.S. Leveraged Finance Multiple EV-aluator) on 9 September 2011 providing those EBITDA multiples on the 12 last months per industry. Taking into account size and liquidity criteria's, Hamon has retained for its activities a multiple of 5 that is in the lower part of the presented ranges. This multiple is applied to actual EBITDA as they are derived from management accounts of the Group, reviewed by the Board of Directors. Those values are thereafter compared to CGU values in consolidation, eventually corrected to take into account values of non-operational assets or liabilities that are not reflected in the EBITDA. The entire tests that are performed using this method show an absence of impairment risk on the targeted CGUs. A fluctuation of a factor of 0,5 reduces the coverage but not below 1,25 for any concerned CGU.

The value in use has been obtained by applying the DCF method to 3-year business plans prepared together with the budgets during the 3rd quarter 2011. Those business plans are mainly based on the backlogs of the CGU and the lists of the expected bookings for the following years determined based on in-progress tenders and projects in preparation with our regular customers. After the projection period, Hamon uses a growth rate of 3% derived from the investment perspectives in the energy sector prepared every year by the AIE. The WACC retained is 12%, based on the analyst reports that follow Hamon. Sensitivity analysis are performed on booking levels (-15%), growth rate (-1%) and the WACC (+ 0,5%). In every case, the tests performed showed that impairment risks were unlikely.

In 2010, based on the tests performed according to the value-in-use method, it was judged prudent to account for an impairment loss (EUR 892 thousand) on ACS goodwill.

23. PROPERTY, PLANT & EQUIPMENT

in EUR '000'	Land and buildings	Furniture and vehicles	Plant, machinery and equipment	Other tangible assets	Assets under construction and advance payments	Total
As of 31 December 2008						
Acquisition costs	22 308	5 172	25 303	1 468	832	55 083
Accumulated depreciation	(9 693)	(3 712)	(17 704)	(601)	1	(31 709)
Net carrying amount	**12 615**	**1 460**	**7 599**	**867**	**833**	**23 374**
For the year ended 31 December 2009						
Exchange difference	188	37	(83)	7	3	152
Additions	5 333	329	3 807	35	355	9 859
Disposals	-	(56)	(77)	(3)	(399)	(535)
Depreciation charge for the year	(637)	(498)	(1 448)	(201)	-	(2 784)
Entry / changes in consolidation scope	-	37	128	-	-	165
Transferred from an account to another	30	-	466	-	(496)	-
Net carrying amount at closing date	**17 529**	**1 309**	**10 392**	**705**	**296**	**30 231**
As of 31 December 2009						
Acquisition costs	27 859	5 519	29 544	1 507	295	64 724
Accumulated depreciation	(10 330)	(4 210)	(19 152)	(802)	1	(34 493)
Net carrying amount	**17 529**	**1 309**	**10 392**	**705**	**296**	**30 231**
For the year ended 31 December 2010						
Exchange difference	1 013	106	427	8	21	1 575
Additions	1 336	514	2 499	33	2 178	6 560
Disposals	(177)	(50)	(652)	-	(45)	(924)
Depreciation charge for the year	(851)	(480)	(1 718)	(196)	(1)	(3 246)
Derecognized on disposal of a subsidiary	(902)	(40)	(144)	-	-	(1 086)
Entry / changes in consolidation scope	697	138	337	1	20	1 193
Transferred from an account to another	46	(5)	13	(54)	-	-
Net carrying amount at closing date	**18 691**	**1 492**	**11 154**	**497**	**2 469**	**34 303**
As of 31 December 2010						
Acquisition costs	25 241	5 241	33 793	1 484	2 469	68 228
Accumulated depreciation	(6 550)	(3 749)	(22 639)	(987)	-	(33 925)
Net carrying amount	**18 691**	**1 492**	**11 154**	**497**	**2 469**	**34 303**
For the year ended 31 December 2011						
Exchange difference	85	(16)	174	2	(24)	221
Additions	1 585	589	2 017	29	636	4 856
Disposals	-	(1)	(5)	(35)	(7)	(48)
Depreciation charge for the year	(1 352)	(457)	(2 034)	(193)	-	(4 036)
Entry / changes in consolidation scope	2 881	95	1 815	-	5	4 796
Transferred from an account to another	(2)	19	1 796	(3)	(1 810)	-
Net carrying amount at closing date	**21 888**	**1 721**	**14 917**	**297**	**1 269**	**40 092**
As of 31 Decemer 2011						
Acquisition costs	31 884	6 796	43 226	1 082	1 269	84 257
Accumulated depreciation	(9 996)	(5 075)	(28 309)	(785)	-	(44 165)
Net carrying amount	**21 888**	**1 721**	**14 917**	**297**	**1 269**	**40 092**

The amount included under the 'Land and buildings' heading includes a net amount of EUR 7.180 thousand of assets under finance lease on 31 December 2011 (EUR 7.418 thousand and EUR 8.373 thousand respectively on 31 December 2010 and 2009).

The amount included under the 'Plant, machinery and equipment' heading includes an amount of EUR 559 thousand of assets under finance lease on 31 December 2011 (EUR 624 thousand on 31 December 2010 and EUR 0 thousand on 31 December 2009).

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

in EUR '000'	Non-current	Current
For the year ended as of 31 December 2009		
Balance at opening date	1 383	244
Additions	560	-
Disposals	(138)	(2)
Transfer from one caption to another	237	(237)
Fair value adjustment	294	-
Exchange differences	80	-
Balance at closing date	**2 416**	**5**
For the year ended 31 December 2010		
Balance at opening date	2 416	5
Additions	2 451	-
Impairment charge	(281)	-
Fair value adjustment	2 029	-
Other variations	-	1
Exchange differences	10	1
Balance at closing date	**6 625**	**7**
For the year ended 31 December 2011		
Balance at opening date	6 625	7
Disposals	(1 545)	-
Transfer from one caption to another	1	(1)
Impairment charge	(1 175)	-
Exchange differences	(6)	-
Balance at closing date	**3 900**	**6**

Non-current available-for-sale financial assets are investments in companies in which the Group holds no notable influence.

Hamon sold its remaining shares in GEI during the third quarter 2011 (see note 11).

The impairment charges are related to the investments in Xylowatt and in Ohl (see note 11).

The remaining available-for-sale assets include for the main part the AIT shares retained during the sale of this company in 2004 or obtained in exchange of the sale of the residual minority investment in Brown Fintube France (BFT) in 2010. Otherwise, Hamon owns also some available-for-sale financial assets at their fair value.

25. DEFERRED TAX

Deferred tax per category in EUR '000'	Assets 31/12/11	Assets 31/12/10	Assets 31/12/09	Liabilities 31/12/11	Liabilities 31/12/10	Liabilities 31/12/09
Temporary differences						
Intangible assets and goodwill	151	-	-	(1 503)	(1 457)	(921)
Property, plant & equipment	62	50	24	(271)	(182)	(209)
Construction contracts	971	969	529	(2 979)	(1 847)	(2 488)
Provisions	886	847	756	(608)	(431)	(360)
Finance lease contracts	-	-	18	(875)	(812)	(982)
Others	2 252	1 818	2 165	(653)	(301)	(244)
Total temporary differences	**4 322**	**3 684**	**3 492**	**(6 889)**	**(5 030)**	**(5 204)**
Tax losses and other tax credits	13 882	6 573	5 359			
Total deferred tax assets/liabilities	**18 204**	**10 257**	**8 851**	**(6 889)**	**(5 030)**	**(5 204)**
Compensation of assets and liabilities per tax entity	(4 925)	(1 847)	(2 681)	4 925	1 847	2 681
Total, net	**13 279**	**8 410**	**6 170**	**(1 964)**	**(3 183)**	**(2 523)**

Table of variation of deferred taxes in EUR '000'	2011	2010	2009
Net deferred taxes as of 1 January	5 227	3 647	2 702
Deferred tax income / (expense)	5 877	1 194	704
Exchange differences	211	269	191
Others	-	117	50
Net deferred taxes as of 31 December	**11 315**	**5 227**	**3 647**

Deferred tax assets are recognized only if their use is probable, that is to say if sufficient taxable benefit is expected in the future years. These assets are only recognized, after extensive review of the business plans for the next five years by the Board of Directors, if it can be considered that there is a high probability these amounts would be used due to the positive markets in which the Group is involved and the Group strong performance in those markets.

Following this review, a net deferred tax asset of EUR 6.360 thousand, excluding currency translation effect, has been recognized in 2011 in the Group financial statements.

The Group did not recognize deferred tax assets for a total amount of EUR 29.691 thousand as of 31 December 2011 (respectively EUR 28.752 thousand and EUR 26.660 thousand on 31 December 2010 and 2009) and will review this situation during later financial years according to the profitability of the various tax entities.

26. INVENTORIES

in EUR '000'	31/12/11	31/12/10	31/12/09
Raw materials & consumables	8 899	5 820	4 347
Inventories and WIP - not related to construction contracts	1 903	3 036	2 805
Finished goods	4 204	5 325	2 543
Total	**15 006**	**14 181**	**9 695**

As of 31 December 2011, write-offs accounted for on inventories amounted to EUR 1.016 thousand (respectively EUR 1.020 thousand and EUR 1.045 thousand at 31 December 2010 and 2009).

The net book value of the pledged inventories amounts to EUR 603 thousand, EUR 310 thousand and null for the three last periods.

27. CONSTRUCTION CONTRACTS

in EUR '000'	31/12/11	31/12/10	31/12/09
Contract costs incurred and recognised profits (less recognised losses to date)	549 873	294 924	387 515
Progress billings	(556 925)	(319 859)	(419 219)
Total	**(7 052)**	**(24 935)**	**(31 704)**
Amount due from customers for contract work	64 566	33 247	32 526
Amount due to customers for contract work	(71 618)	(58 182)	(64 230)
Total	**(7 052)**	**(24 935)**	**(31 704)**

Contracts in progress, i.e. those for which the guarantee period has not yet started, are maintained in the balance sheet. The variation of both costs incurred and advances billed to customers, is thus linked to the timing of acceptance of orders by our customers rather than the growth of our activities.

Retentions held by our customers on progress billings and which, in conformity with contractual conditions, will be paid to Hamon on the final acceptance of those projects, stand at EUR 5.715 thousand as of 31 December 2011 (respectively EUR 4.212 thousand and EUR 1.295 thousand on 31 December 2010 and 2009).

28. TRADE AND OTHER RECEIVABLES

in EUR '000'	31/12/11	31/12/10	31/12/09
Trade receivables	68 365	85 213	76 571
less : impairment of doubtful receivables	(2 833)	(3 358)	(2 299)
Trade receivables - net	**65 532**	**81 855**	**74 272**
Retentions	5 715	4 212	1 295
Prepayments	8 995	6 556	2 574
Cash deposits and guarantees paid	699	767	845
Receivables on related parties	2 866	1 372	1 062
Other receivables	11 926	11 517	10 884
Total	**95 733**	**106 279**	**90 932**
Non-current Trade and other receivables			
Cash deposits and guarantees paid	630	623	756
Other non-current receivables	1 801	2 112	2 000
Less: non-current receivables	**(2 431)**	**(2 735)**	**(2 756)**
Trade and other receivables - current	**93 302**	**103 544**	**88 176**

On 31 December 2011, the amount of receivables assigned without recourse to financial organizations and that are deducted from the section 'Trade receivables' according to criteria included in IAS 39 is EUR 15.948 thousand (EUR 3.188 thousand in 2010 and EUR 0 thousand in 2009).

Local practice sometimes requires that customers retain a percentage on payments (called retention) until the final acceptance of the contract. This percentage is generally limited to 10%.
We refer to note 38 e) for a description of the management of credit risk.

29. CASH AND CASH EQUIVALENTS

in EUR '000'	31/12/11	31/12/10	31/12/09
Credit Institutions	77 673	25 740	34 920
Cash in hand	143	838	133
Fixed income securities	-	37 422	46 171
Short term cash deposits	5 411	4 077	2 029
Cash and cash equivalents	**83 227**	**68 077**	**83 253**

On 31 December 2011, the amount of cash and cash equivalents that the Group cannot dispose of freely stands at EUR 3.440 thousand (2010: 3.798 thousand, 2009: EUR 2.654 thousand).
Hamon has modified its policy of cash investment and now favors, given the decrease of the risks on the banks, investments towards good quality credit institutions. In 2010 and 2009, the fixed income securities were composed of placements in two Money Market Funds invested in American Treasury bonds and guaranteed bonds of the US Department of Treasury.

30. SHARE CAPITAL

The share capital and number of shares stand as follows:

Par value per share	31/12/11	31/12/10	31/12/09
Number of shares as of closing date	7 191 472	7 191 472	7 191 472
Share capital (in EUR)	2 157 442	2 157 442	2 157 442
Par value (in EUR/share)	0,30	0,30	0,30

Shareholdership

On 31 December 2011, the share capital amounts to EUR 2.157.442 made up of 7.191.472 shares with no stated value. None of the Company' shares are held by the Group.

Shareholders	Shares 31/12/11	%
Sopal International S.A.	4 598 155	63,9 %
Esindus S.A.	303 506	4,2 %
Walloon Region, represented by the Société Wallonne de Gestion et de Participation S.A.	100 000	1,4 %
Fortis Investment Management S.A.	175 106	2,4 %
Other public	2 014 705	28,1 %
Total	**7 191 472**	**100,0 %**

Dividends

On 8 September 2011, the Group paid and advance dividend of EUR 0,12 per share for the year 2011. The Group proposes to distribute an additional dividend of EUR 0,13 per share, or a total of EUR 0,25 per share, for the year 2011. This supplement, pending approval by the Annual General Assembly of Shareholders on 24 April 2012, will be paid on 10 May 2012.

31. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions for restructuring, warranty, losses on contract and other are accounted for and estimated on the basis of the probability of future cash-out payments as well as historical information based on facts and circumstances known at the closing date. The actual charge may differ from the amounts accounted for.

'Provisions for restructuring' relate to entities located in Belgium, the related cash-out being spread out in time.

The main movement during the year is related to the increase of provisions for warranty due to the completion of several contracts in the United States.

The Board of Directors considers that these amounts constitute the best current estimate and that the Group will not have to bear any additional charge.

in EUR '000'	Restructuring	Warranty	Losses on contracts	Other provisions	Total
Balance as of 1 January 2009	**735**	**2 104**	**1 406**	**531**	**4 776**
Constitution de provision	400	1 948	932	1 130	4 410
Reversals	-	(707)	(151)	(237)	(1 095)
Use of provision	(186)	(203)	-	(176)	(565)
Exchange differences	-	(94)	95	160	161
Other movements	(226)	(30)	(688)	944	-
Balance as of 31 December 2009	**723**	**3 018**	**1 594**	**2 352**	**7 687**
Additions	-	1 793	56	231	2 080
Reversals	-	(580)	(731)	(780)	(2 091)
Use of provision	(371)	(705)	-	(806)	(1 882)
Exchange differences	-	231	37	160	428
Entry / changes in consolidation scope	-	129	-	118	247
Other movements	13	100	(672)	559	-
Balance as of 31 December 2010	**365**	**3 986**	**284**	**1 834**	**6 469**
Additions	329	2 143	289	357	3 118
Reversals	(187)	(440)	-	(159)	(786)
Use of provision	-	(588)	(37)	(263)	(888)
Exchange differences	-	227	(12)	(54)	161
Other movements	-	12	(1)	(11)	-
Balance as of 31 December 2011	**507**	**5 340**	**523**	**1 704**	**8 074**
Of which non-current provisions	260	262	49	-	571
Of which current provisions	247	5 078	474	1 704	7 503

32. PROVISIONS FOR PENSIONS

The provisions for pension benefits amount to EUR 3.801 thousand at the end of 2011. They are primarily made up of post-employment benefit in line with local practices.

Employee benefits

in EUR '000'	Provisions for pension plan	Provision for retirement lump sum	Other long terms benefits	TOTAL
As of 31 December 2008	**2 478**	**66**	**59**	**2 603**
Additions	453	4	-	457
Reversals	-	-	(36)	(36)
Utilization	(117)	(7)	(4)	(128)
Entry / changes in consolidation scope	-	-	-	-
Exchange difference	35	-	7	42
As of 31 December 2009	**2 849**	**63**	**26**	**2 938**
Additions	737	10	4	751
Reversals	-	-	-	-
Utilization	(305)	(6)	1	(310)
Entry / changes in consolidation scope	121	-	-	121
Exchange difference	114	-	5	119
Disposals	(98)	-	-	(98)
As of 31 December 2010	**3 418**	**67**	**36**	**3 521**
Additions	695	11	5	711
Reversals	-	-	-	-
Utilization	(201)	(10)	-	(211)
Others	(221)	-	1	(220)
As of 31 December 2011	**3 691**	**68**	**42**	**3 801**
Of which current provisions	**-**	**-**	**-**	**-**
Of which defined benefit plan obligation	**3 691**	**66**	**42**	**3 801**

Retirement Obligations

The post-employment benefits are categorized as either defined contribution plans or defined benefit plans.

The retirement plans based on defined contributions are plans for which the organization pays determined contributions to a separate entity in accordance with the plan's provisions. The Group has no obligation beyond these contribution payments.

The contributions paid for these plans amounted respectively to EUR 948 thousand in 2011, EUR 988 thousand in 2010 and EUR 847 thousand in 2009. These plans are primarily offered by Belgian, British and South African companies within the Hamon Group.

The defined benefit plans require the accounting for the obligations of the Company towards its employees in its financial statements. These benefits are granted by some Belgian, German, French, Indian, Indonesian and Korean companies. The net obligations resulting from these plans and their changes are subject to a yearly actuarial review.

The amounts accounted for in these plans are for the three last years as well as a forecast for the following year are:

in EUR '000'	31/12/11	31/12/10	31/12/09	31/12/12*
Service cost: employer	412	381	266	369
Interest cost	255	237	224	271
Expected return on plan asset	(49)	(43)	(40)	(51)
Amortisation of actuarial net losses/(gains)	35	18	7	7
Past service cost recognised this year	52	154	-	15
Net expense recognised - Defined benefit plans	**705**	**747**	**457**	**611**

Amounts for the year 2012* are based on an actuarial projection.

The net expense is recorded under 'Cost of sales', 'General and Administration' costs and 'Financial Expenses'. It has slightly decreased compared to last year thanks to the fact that past service costs recognized during the period amounts to EUR 52 thousand in 2011 compared to EUR 154 thousand in 2010.
The balance sheet amounts for the defined benefit plans are as follows:

Funding status

in EUR '000'	31/12/11	31/12/10	31/12/09
Funded plans - defined benefit obligations	1 683	1 403	1 277
Fair value of plan assets	(1 390)	(1 218)	(1 031)
Deficit of funded plans	**293**	**185**	**246**
Unfunded plans - defined benefit obligations	4 109	3 971	3 308
Deficit	**4 402**	**4 156**	**3 554**
Unrecognised actuarial gain/(losses)	(510)	(521)	(642)
Unrecognised past service cost	(135)	(150)	-
Net liability/(asset) in the balance sheet	**3 757**	**3 485**	**2 912**
Liability recognised in the balance sheet	3 757	3 485	2 912
Asset recognised in the balance sheet	-	-	-

Un-recognized past service costs mainly come from the French subsidiary Hamon D'Hondt due to a change of the French Metallurgy Convention impacting the calculation of pension benefits in 2010.
The obligations are financed in part by assets that have evolved during the year as such:

Change in plan assets

in EUR '000'	2011	2010	2009
Fair value of plan assets at beginning of period	1 218	1 031	898
Actual return on plan assets	62	67	40
Actual Employer contributions	140	243	119
Actual Employee contributions	31	29	28
Actual Benefits paid	(54)	(148)	(57)
Others	(7)	(4)	3
Fair value of plan assets at end of period	**1 390**	**1 218**	**1 031**

The movement of net obligations in 2011 is as follows:

Change in net liability/asset in EUR '000'	2011	2010	2009
Net amount at beginning of period	3 485	2 912	2 544
Net expense - defined benefit plan	705	747	457
Company contributions and direct benefit payments	(212)	(311)	(124)
Changes in consolidation scope	-	23	-
Others	(127)	114	35
Currency translation differences	(94)		
Net amount at end of period	**3 757**	**3 485**	**2 912**

The main increase of the net obligation comes from the subsidiaries in France (EUR 148 thousand) and in Korea (EUR 204 thousand). The increase of Korean provision results from the significant decrease of discount rate compared to 2010, an important increase on salaries and the proximity of retirement age of some executives.

Pension provisions in the French subsidiaries have also increased due to the increased number of executives in one subsidiary and to the increased average seniority in another.

The changes in gross obligations during the year are presented below:

in EUR '000'	2011	2010	2009
Defined Benefit Obligation at beginning of period	5 374	4 585	3 828
Service cost: employer	412	381	266
Interest cost	255	237	224
Actual employee Contribution	69	29	28
Plan Amendment	-	191	-
Acquisitions/(Disposals)	-	(25)	-
Actuarial loss (gain)	(74)	99	249
Actual Benefits paid	(213)	(311)	(124)
Others	(31)	188	114
Defined Benefit Obligation at end of period	**5 792**	**5 374**	**4 585**

The actuarial gain of EUR 74 thousand in 2011 is composed of a gain of EUR 42 thousand coming from the evolution of rates used for the computation as well as a gain of EUR 32 thousand coming from experience.

The actuarial assumptions used for the valuation of the obligations and their movements give the following weighted average rates:

Actuarial assumptions (in %)	2011	2010	2009
Discount rate	3,3 - 8,67%	3,3 - 10%	5,31 %
Expected future salary increase rate	2,5 - 10%	2,5 - 15%	3,73 %
Underlying inflation rate	2 - 7%	2 - 7%	2,51 %
Expected return rate on plan assets	3,90%	3,90%	4,15 %

The interest rates used to discount the obligations have slightly changed this year compared to previous years following market rate fluctuations.
The number of employees covered by the plans in 2011 amounts to 532 (of which 9 are inactive) in comparison to 503 (of which 10 were inactive) in 2010 and 478 (of which 8 were inactive) in 2009. It has increased this year, mainly due to the headcount increase of the Indian subsidiary and a French subsidiary.

33. SHARE BASED COMPENSATION (STOCK OPTIONS)

The Board of Directors, with the approval of the Extraordinary General shareholders Meeting of 27 May 2008, decided to grant a stock option plan to managers of the Group (around 40 persons) with the goal of focusing them on the long-term development of the Group.

The details of these plans are as follows:

Stock option plans granted by the Company

Plan	Beneficiaries	Grant date	End Date	Exercise Price	Exercise Periods	Outstanding options at 31/12/2011	31/12/2010	31/12/2009
ESOP 2008 (B+G)	Belgium and Germany	27/05/08	26/05/15	33,58	From 2012 to 2015, from 15 March till 31 May and from 15 September to 15 November	17 050	17 050	17 050
ESOP 2008 (F)	France	6/10/08	26/05/15	29,71	In 2012 from 6 October to 15 November; from 2013 to 2015 from 15 March to 31 May and from 15 September to 15 November	5 500	5 500	5 500
Total						**22 550**	**22 550**	**22 550**

Each option is a right to buy a Hamon share at the price and dates indicated. This right can only be exercised if the beneficiary is still working for the Group at the date of the exercise period. The American management of the Group benefit from 'Phantom stock options' under the same conditions as the French Management. These phantom options are thus a plan of which the settlement is made through payment and not shares.

Stock Option Plan

	2011		2010	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Number of stock options as of 1 January	22 550	32,64	22 550	32,64
Stock options granted	0	0.00	0	0,00
Forfeitures of rights & options expired	0	0.00	0	0,00
Stock options exercised	0	0.00	0	0,00
Stock options expired	0	0.00	0	0,00
Number of stock options as of 31 December	22 550	32,64	22 550	32,64
Stock options exercisable as of 31 December	0	0.00	0	0,00

The model valorizes the options based on Black & Scholes model using estimated volatilities based on historical volatilities on 50 and 500 days.
The cumulative impact of the stock option plan represents a cost of EUR 29 thousand (EUR 45 thousand in 2010) calculated according to the Black & Scholes model and was charged to the income statement.

34. FINANCIAL LIABILITIES

Detail of financial liabilities in Eur '000'	31/12/11	31/12/10	31/12/09
Bank borrowings	80 312	72 856	65 873
Bank overdrafts	1 215	1 746	3 889
Sub-total bank borrowings	**81 527**	**74 602**	**69 762**
Obligations under finance lease	3 778	4 480	4 568
Treasury notes	32 263	1 000	
Other financial commitments	4 951	871	735
Sub-total other borrowings	**40 992**	**6 351**	**5 303**
Total	**122 519**	**80 953**	**75 065**
Of which:			
Current (due for settlement within the year)	50 596	19 216	17 618
Amount due for settlement in the 2nd year	609	4 401	5 613
Amount due for settlement in the 3rd year	359	54 374	5 085
Amount due for settlement in the 4th year	8 917	579	44 005
Amount due for settlement in the 5th year and after	62 038	2 383	2 744
Sub-total non-current:	**71 923**	**61 737**	**57 447**
Total	**122 519**	**80 953**	**75 065**
Borrowings due for settlement within the year in			
EUR	33 670	8 451	9 945
USD	171	155	135
Others	16 755	10 610	7 538
Non-current borrowings in			
EUR	65 070	60 249	56 135
USD	905	1 042	1 110
Others	5 948	446	202
Total	**122 519**	**80 953**	**75 065**

Group bank borrowings as of 31 December 2011 (EUR 81.527 thousand) are mainly related to the syndicated credit facility of 4 July 2011 (EUR 62.219 thousand). The Hamon Group has benefited from its good results and from market opportunities to refinance with its actual banks and two new banks the syndicated credit facility signed in December 2009. The refinancing was concluded on 4 July 2011. This was the result of a good negotiation compared to what was practiced at the time.

The facility offers more advantageous conditions for financing margins as well as for maturities. The credit lines and bank guarantees have now a maturity of 5 years, with a single bullet repayment of the credit part. Guarantees previously granted on the shares owned by the main subsidiaries of the Group have been cancelled. The agreement otherwise includes the standard securities and undertakings:

- the absence of pledges on assets to the profit of third parties;
- the absence of major investment and divestment;
- the disclosure of regular financial information;
- non-occurrence of 'MAC' – material adverse changes or elements with a significant negative influence;
- the limitation of payment of dividends to 50% or 33% of the distributable profit depending upon the ratio Net Debt/EBITDA.

Concerning financial covenants, this new syndicated credit facility requires the compliance with the following ratios: Net Debt/EBITDA, EBITDA/Net Cash Interest Payable, Total Debt/Book Equity and limits the amount of capital expenditures.

The financing margins are subject to an increase if the Net Debt/EBITDA ratio is above 1, 1,5 and 2.

All those ratios are largely achieved by the Group.

A Belgian treasury notes program has been signed on 30 August 2010 and two dealers take care of the marketing. This program is a real success with private investors and allow Hamon Group to perform a bank disintermediation for its financing sources. The amount of treasury notes amounts to EUR 32.263 thousand on 31 December 2011.

The average cost of the debt was 4,30% for 2011, (4,68% for 2010) or 5,46% (5,77% in 2010) if the amortized refinancing costs of the credit lines are included in the analysis.

The debt of the Hamon Group – with the exception of leasing debts and treasury notes – uses variable interest rate references.

We refer to note 38 f) for a description of the management of liquidity risk.

35. TRADE AND OTHER PAYABLES

in EUR '000'	31/12/11	31/12/10	31/12/09
Trade payables	56 924	55 183	44 787
Amounts due to related parties	2 602	1 909	532
Other advances received	4 210	2 760	1 732
Social security and other payables	15 600	13 394	13 169
Other (non income) tax payable	6 803	10 389	8 467
Other current liabilities	4 618	2 530	3 046
Accruals and deferred income	3 382	3 563	3 726
Total	**94 139**	**89 728**	**75 459**

Companies of the Group receive on average between 30 and 60 days of credit from their suppliers.

36. DERIVATIVE INSTRUMENTS

Derivative financial instruments designated as “cash flow hedge”

in EUR ‘000’		Notional or Contractual amount 31/12/11	Notional or Contractual amount 31/12/10	Notional or Contractual amount 31/12/09	Fair Value 31/12/11	Fair Value 31/12/10	Fair Value 31/12/09
Forward currency contracts sales	Assets		4 341	9 232		59	157
	Liabilities	7 497	748		(368)	(11)	
Forward currency contracts purchases	Assets						
	Liabilities						
Interests rate swaps							
Options							
Embedded derivatives							
Total fair values					**(368)**	**48**	**157**
Fair values recognized in the hedging reserves in Equity						(16)	(16)

The part of profit or loss on the hedging instrument that qualifies as an effective cash flow hedge is booked directly in equity, via the hedging reserves. The gain or loss relating to the ineffective portion is recognized in the income statement.
As of 31 December 2011, the fair values of forward currency contracts designated as ‘cash flow hedge’ have negative fair values amounting to EUR -368 thousand. Those are hedges against the Korean Won (KRW) for a collection of USD 9.700 thousand (equivalent to EUR 7.497 thousand).

Derivative financial instruments designated as “held for trading”

in EUR ‘000’		Notional or Contractual amount 31/12/11	Notional or Contractual amount 31/12/10	Notional or Contractual amount 31/12/09	Fair Value 31/12/11	Fair Value 31/12/10	Fair Value 31/12/09
Forward currency contracts sales	Assets		2 461	21 669		287	287
	Liabilities	17 150			(296)		(694)
Forward currency contracts purchases	Assets	594	2 171	3 843	27		12
	Liabilities	778			(6)	(59)	(192)
under “Unrealized exchange gains”					27	287	434
under “Unrealized exchange losses”					(303)	(59)	(886)
Fair values recognized in the income statement					**(276)**	**228**	**(452)**

Forward currency contracts used to hedge the transactional risks on currencies are accounted as if they were held for trading.

However, such forward currency contracts are only used to hedge existing transactions and commitments and are therefore not speculative by nature.

The fair values were directly recognized in the income statement in unrealized exchange gains or losses.

37. FINANCIAL INSTRUMENTS

Financial assets and liabilities

in EUR '000'	31/12/11	31/12/10	31/12/09	Hierarchy of fair values
Financial Assets				
Cash and cash equivalents	83 227	68 077	83 253	Level 1
Available-for-sale financial assets	3 906	6 632	2 421	Level 2
Loans and receivables	86 942	97 632	83 681	Level 2
Derivative financial assets	26 046	16 230	14 309	Level 1
Total	**200 121**	**188 571**	**183 664**	
Financial Liabilities				
Borrowings at amortized cost	122 519	80 953	75 065	Level 1
Other payables	71 914	66 551	56 569	Level 2
Derivative financial liabilities	26 690	16 101	13 924	Level 1
Total	**221 123**	**163 605**	**145 558**	

In order to show the importance of data used for the valuations of fair values, the Group classifies these valuations according to the following hierarchy:

- Level 1 : fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 : fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets are mostly current. Their fair value thus does not differ from their book value. Their book value already takes into account possible provisions when the collection seems compromised. Available-for-sale financial assets are made of investments in various small companies not quoted on the stock market and valued at their acquisition value. Their fair value is higher than their acquisition value but given the fact that the impact is minimal, no correction has been accounted for.

Non-current financial liabilities were evaluated at amortized cost; which is net of transaction costs. Borrowings principally include the renegotiated debt at the end of the year for which the fair value is comparable to the value in the accounts. "Other payables" are mainly trade payables for which the fair value does not differ from the book value due to its current nature.

Derivative financial assets and liabilities only include forward currency contracts. These last ones are included in this note on the asset and liability sides for their notional amount corrected by their fair value at the asset and liability side depending whether they are positive or negative.

38. RISK MANAGEMENT POLICIES

a) Management of foreign exchange risk

Operations and international transactions of the Group, and in particular the construction contracts carried out in various countries, create exposures to foreign exchange risks in the day-to-day management of its business. Foreign exchange risks can be defined as the risk of fluctuation in fair values of future cash flows due to the fluctuations in foreign currencies. The most significant foreign exchange risks of the Group are related to transactions in US dollars and English pounds.

b) Conversion impacts for subsidiaries located outside of the Euro zone

Many entities are located outside the Euro zone. The accounts of those entities are converted into Euro in order to be incorporated in the consolidated accounts of the Group. The effects of the fluctuations in foreign currencies on the conversion of net assets of those entities are recognized in the consolidated equity of the Group. For the calculation of the exposure to foreign exchange risks, the assumption has been made that the investments in the operational entities located outside the Euro zone are permanent and the reinvestment in these entities is continuous.

c) Foreign exchange risk on financial assets and liabilities

The Group uses different strategies to reduce its foreign exchange rate risk exposure, in particular:

- By trying to match its sale and purchases commitments in the same currencies.
- By strictly limiting the invoicing in currencies different from the functional currency of the entity.
- By reporting the foreign exchange rate risk exposures to the Corporate department, which after consolidation decides to hedge the net consolidated exposures with adequate financial instruments, in particular forward currency contracts.

The following table presents for all the subsidiaries of the Group the consolidated financial assets and liabilities in currencies other than their functional currency as well as firm commitments in other currencies (contracts to be invoiced, signed orders) and finally, forward currency contracts that they have made to reduce their exposure to these currencies:

	31/12/11				31/12/10				31/12/09			
in EUR '000'	USD	GBP	Other currencies	TOTAL	USD	GBP	Other currencies	TOTAL	USD	GBP	Other currencies	TOTAL
financial assets	18 199	1 865	7 545	27 609	56 855	6 775	4 041	67 671	5 744	515	2 202	8 461
financial liabilities	(6 286)	(104)	(2 644)	(9 034)	(10 894)	(160)	(2 083)	(13 137)	(5 330)	(394)	(1 050)	(6 774)
Gross balance sheet exposure	**11 913**	**1 761**	**4 901**	**18 575**	**45 961**	**6 615**	**1 958**	**54 534**	**414**	**121**	**1 152**	**1 687**
Gross exposure from firm commitments	84 008	-	607	84 615	28 038	-	10 867	38 905	7 494	-	(838)	6 656
Derivative financial instruments	(16 295)	(309)	(6 723)	(23 327)	(7 531)	-	(8 604)	(16 135)	(10 540)	-	(1 021)	(11 561)
Net exposure	**79 626**	**1 452**	**(1 215)**	**79 863**	**66 468**	**6 615**	**4 221**	**77 304**	**(2 632)**	**121**	**(707)**	**(3 218)**

+ for incoming flow / ( ) for outgoing flow

As explained here above, the amount of net exposure to US dollar has significantly increased compared to 2010 as the Group has in its backlog projects in USD signed just before the closing date. The main part of the expenses linked to those projects are in US dollar but the orders to the suppliers have not yet been signed and therefore are not included in the table here above.

The real exposure to US dollar will be less important. The main part of the derivatives that hedges the foreign exchange rate on US dollar are forward contracts, some of them designated as 'cash flow hedge' (see note 37).

in EUR '000'	31/12/11	31/12/10	31/12/09
Sensitivity to market rates			
% variation EUR	10 %	10 %	10 %
Impact on current year P&L	1 858	5 453	169
Impact on future cash flows	7 986	7 730	17

Compared to its closing rate, an appreciation/depreciation of the Euro of 10% against all currencies used by the Group would result in a positive/negative impact of EUR 1.858 thousand (before income taxes) on the income statement of the current year and EUR 7.986 thousand on future financial flows after hedging. This calculation obviously refers to balance sheet items only.

The impact of the EUR/USD exchange rate fluctuations on the 2011 results of the Group amounts to EUR -10.100 thousand on the revenue and to EUR -980 thousand on EBIT.

d) Management of interest rate risk

Interest rate risk comes from the exposure of the Group to the fluctuations of interest rates and their possible impact on the cost of financing. Most of the cost of the Group's debt is based on EURIBOR-3 months. It is the policy of the Group to limit its exposure to the interest rates volatility by using financial instruments which swap a variable interest rate into a fixed rate, in particular interest rate Swaps (IRS). The Group used this type of instrument for the most part of the year 2009.

The following table shows the debts of the Group (excluding refinancing costs) with a fixed interest rate and those with a variable interest rate:

	31/12/11		31/12/10		31/12/09	
in EUR '000'	Average rate	Principal	Average rate	Principal	Average rate	Principal
Fixed Rate						
Financial liabilities	10,94%	5 620	7,02%	1 712	5,85%	2 137
Variable Rate						
Financial liabilities	3,98%	118 030	4,63%	80 893	6,95%	74 527
	4,30%	**123 650**	**4,68%**	**82 605**	**6,92%**	**76 664**

in EUR '000'	2011	2010	2009
Sensitivity to market rate			
bp change	60	30	220
Impact on P&L	708	243	1 640
Net Profit or (loss)	708	243	1 640

Calculation of the markets interest rate sensitivity is based on a hypothetical variation of 60 basis points on the reference market interest rate (comparable with the variation of the EURIBOR- 3 month over the year 2011).

In the event of an increase or decrease of the market interest rates by 60 basis points, the gross impact on income would be EUR 708 thousand.

The finance costs of the Group are presented as follows (for more detail, see note 12):

in EUR '000'	31/12/11	31/12/10	1/12/09
Interest on loans and bank overdrafts	(4 776)	(3 720)	(5 048)
Interest on finance leases	(138)	(189)	(184)
TOTAL interest expenses	**(4 914)**	**(3 909)**	**(5 232)**
Costs related to anticipated reimbursement	(194)	-	(690)
Credit facilities transaction costs (amortized cost treatment under IFRS)	(1 131)	(1 192)	(1 362)
Other financing costs	(796)	(460)	(237)
TOTAL other finance costs	**(2 121)**	**(1 652)**	**(2 289)**
TOTAL	**(7 035)**	**(5 561)**	**(7 521)**

Financial assets as well as trade payables of the Group generate negligible interest, except for an amount of EUR 23.778 thousand being the excess of cash of the US subsidiaries on 31 December.

e) Management of credit risk

Due to its construction activities, the Group is exposed to credit risks. However, credit risk is lesser than the one of more traditional constructions companies, as the credit rating of most of the Group customers is very high since they are mainly large international Engineering & Contracting (EPC) groups or energy producers.

The customer risk occurs in the accounts as the non-payment by a customer which could lead to a write-off of the underlying receivable. When a receivable becomes doubtful, following suspension of payment or bankruptcy of a customer, the Group books a provision for doubtful receivable. If, thereafter, the receivable becomes uncollectible, a corresponding write-off is accounted for.

The Group does not have significant concentration of credit risk since this risk is distributed over a large number of customers and counterparts around the world. The most important customer is a financially very strong American customer which accounts for 5% of the total trade receivables. When finalizing important contracts, the finance department carries out a credit analysis of the customer based on credit reports obtained from external companies.

According to the financial risk profile of the customer, the Group will decide whether or not to cover its credit risk. Moreover, the Group takes particular measures for customers located in countries where the risk is significant. As credit risk solutions, the Group can, among others, request the payment prior to delivery, irrevocable and confirmed (by our banks) letters of credits as well as credit insurance policies covering the residual risks (political, embargo...) and the risks of unfair calls on the bank guarantees.

The following table presents an analysis of the financial receivables of the Group. They include the trade receivables and other receivables of the Group, with the exception of the non-financial receivables like tax assets. The amounts presented in the following table are the gross values of the receivables before any write-off for doubtful receivables.

Monitoring of financial receivables

in EUR '000'	TOTAL	Due > 3 months	Due 2-3 months	Due 1-2 months	Current	Not Due
As of 31 December 2011	86 942	10 587	1 487	4 390	43 728	26 750
As of 31 December 2010	97 632	8 940	3 083	8 972	44 171	32 465
As of 31 December 2009	83 681	10 627	2 317	6 029	34 929	29 779

Payment terms with our customers are usually between 30 and 60 days.

Trade receivables with terms that have been renegotiated are not significant. The Group does not hold guarantees or other forms of credit enhancement on its receivables.

Provisions for doubtful receivables have evolved, during the years 2011, 2010 and 2009, as follows:

in EUR '000'	31/12/11	31/12/10	31/12/09
Balance at beginning of the year	**(3 358)**	**(2 299)**	**(2 227)**
Amounts written off during the year	(497)	(1 138)	(629)
Amounts recovered during the year	217	49	58
Other (forex, transfer,…)	805	30	499
Balance at end of the year	**(2 833)**	**(3 358)**	**(2 299)**
Net impairment on receivable in P&L	(280)	(1 090)	(573)

f) Liquidity Risk Management

The Group's liquidity risk is related to the capacity of the Group to respect its obligations with regard to its financial liabilities.

The Group remained in a net debt position at the end of 2011.

in EUR '000'	31/12/11	31/12/10	31/12/09
Cash and cash equivalents	83 227	68 077	83 253
Total liquidity	**83 227**	**68 077**	**83 253**
Short term financial debt & current portion of long term financial debt	(57 188)	(19 216)	(17 618)
Long term financial debt	(65 331)	(61 737)	(57 447)
Total financial debt	**(122 519)**	**(80 953)**	**(75 065)**
Net liquidity	**(39 292)**	**(12 876)**	**8 188**

The Group has a revolving credit line with its bank pool in order to address possible short term treasury needs (see note 34).

The following tables present the contractual due dates of the consolidated liabilities of the Group:

Liquidity Risk Management 31/12/11

in EUR '000'	TOTAL	Due before 6 months	Due 6-12 months	Due 1-2 years	Due 2-5 years	Due over 5 years
Bonds and treasury notes	32 263	32 263	-	-	-	-
Loans from Banks	81 527	-	19 909	4 282	55 909	1 427
Obligations under finance leases	3 778	377	377	449	1 350	1 454
Other financial liabilities	4 951	-	4 491	205	255	-
Trade and other Payables	79 530	75 389	3 641	209	-	291
Derivative financial liabilities	671	-	671	-	-	-
Total	**202 720**	**107 800**	**29 089**	**5 145**	**57 514**	**3 172**

Liquidity Risk Management 31/12/10

in EUR '000'	TOTAL	Due before 6 months	Due 6-12 months	Due 1-2 years	Due 2-5 years	Due over 5 years
Bonds and treasury notes	1 000	1 000	-	-	-	-
Loans from Banks	74 602	-	12 985	4 282	55 909	1 427
Obligations under finance leases	4 480	406	330	440	1 367	1 937
Other financial liabilities	871	-	411	205	255	-
Trade and other Payables	66 551	64 387	2 080	73	10	-
Derivative financial liabilities	34	-	34	-	-	-
Total	**147 538**	**65 793**	**15 840**	**5 000**	**57 541**	**3 364**

Liquidity Risk Management 31/12/09

in EUR '000'	TOTAL	Due before 6 months	Due 6-12 months	Due 1-2 years	Due 2-5 years	Due over 5 years
Bonds and treasury notes	-	-	-	-	-	-
Loans from Banks	69 762	-	16 273	5 164	47 956	369
Obligations under finance leases	4 568	487	487	402	992	2 200
Other financial liabilities	735	-	371	47	142	175
Trade and other Payables	56 569	49 989	305	1 284	4 991	-
Derivative financial liabilities	59	-	59	-	-	-
Total	**131 693**	**50 476**	**17 495**	**6 897**	**54 081**	**2 744**

39. PLEDGES ON THE GROUP'S ASSETS

The following table shows the Group's assets which have sureties attached.

The pledged financial assets are mostly restricted bank accounts located in Korea and current assets in India. The increase of this amount in 2011 only reflects the rise of the activities in India.

Pledged property, plant and equipments are mainly lands and buildings in Korea and in India, as well as site equipment necessary for the construction of cooling towers in India.

Sureties on inventories are also located in India. Those guarantees have been granted in regard to the setting up of credit and bank guarantees agreements with Indian and Korean banks, so outside the bank pool (see note 34), without any guarantee from the mother company of the Group.

in EUR '000'	31/12/11	31/12/10	31/12/09
Inventories	603	310	0
Property, plant & equipment	8 489	7 753	6 023
Financial Assets	24 922	15 378	2 654
Total	**34 014**	**23 441**	**8 678**

In the framework of the new syndicated credit facility signed on 4 July 2011, pledges on the shares held in the main subsidiaries of the Group given in December 2009 have been cancelled (see note 34).

40. FINANCE AND OPERATING LEASE AGREEMENTS

Finance lease agreements

The main finance lease contracts relate to land and buildings in Belgium, France and North America. They are denominated in Euros and US dollars respectively.

Particularly, the Group concluded a new finance lease agreement for EUR 2.475 thousand over 15 years in order to finance a "sale and lease back" operation on lands and buildings of the Belgian subsidiary ACS in 2009. This operation was completed in 2010 with additional "sales and lease back" on machinery and equipment for an amount of EUR 649 million and for a duration of 5 years.

Less significant leases are in place for vehicles and office equipment.

The commitments of the Group in terms of finance lease for the years to come can be summarized as follows:

in EUR '000'	Minimum lease payments			Present value of minimum lease payments		
	31/12/11	31/12/10	31/12/09	31/12/11	31/12/10	31/12/09
Amounts due for finance leases						
within one year	632	898	926	494	736	773
in the second to fifth years inclusive	2 131	2 673	2 699	1 830	2 249	2 205
after more than 5 years	1 646	1 697	1 823	1 454	1 495	1 590
Sub-total	**4 409**	**5 268**	**5 448**	**3 778**	**4 480**	**4 568**
Less: future interest charges	(631)	(788)	(880)	N/A	N/A	N/A
Present value of lease obligations	**3 778**	**4 480**	**4 568**	**3 778**	**4 480**	**4 568**
Less: Amounts due for settlement within one year				(494)	(736)	(974)
Non-current finance leases debts				**3 284**	**3 744**	**3 594**

The average lease term for the obligations on finance lease is 9,9 years. The average interest rate is 7,84%.

The fair value of these finance leases is close to its nominal value.

Operating lease agreements

The commitments taken by the Group for operating leases for future years are as follows:

in EUR '000'	31/12/11	31/12/10	31/12/09
Minimum lease payments under operating leases recognized as an expense during the year	5 125	4 551	3 793
Minimum lease payments due for operating leases			
within one year	4 557	4 613	2 914
in the second to fifth years inclusive	9 735	9 747	8 105
after more than five years	1 300	210	211
Total	**15 592**	**14 570**	**11 230**

Operating leases mainly relate to offices and to a lesser extent, vehicles, machines and office equipment.
The increase in commitments compared to last year is explained by the addition of Deltak, lessee of a part of its installations, and by the conclusion of new or extensions of lease contracts for offices in some subsidiaries, and particularly in China and in the United States.

41. COMMITMENTS

As part of its business, the Group is often required to issue guarantees in favor of customers for the reimbursement of advance payments, the correct execution of contracts or obligations of technical guarantees.

Some of these commitments require bank guarantees, insurance bonds or documentary credits/SBLC import to be issued on the Group credit lines:

in EUR '000'	31/12/11	31/12/10	31/12/09
Documentary credit / SBLC import	7 415	3 370	
Bank guarantees	124 069	89 291	91 942
Insurance bonds	59 648	39 851	35 843
Total	**191 131**	**132 512**	**127 786**

The total amount of outstanding bank guarantees increased as of 31 December 2011 compared to 31 December 2010. The volume of bank guarantees issued is logically closely linked to the Group activity.

The line available for letters of credit and bank guarantees under the syndicated credit line amounts to EUR 250.000 thousand. Moreover, the Group also has at its disposal a "U.S. bonds" line of USD 50.000 thousand.

The Group has opened some documentary credits and SBLC Import in order to improve payment conditions with some of its suppliers (total commitments for EUR 7.415 thousand, increasing compared to 31 December 2010 (EUR 3.330 thousand)).

The Group has also endorsed commitments relating to companies sold in 2005 (FBM), bankrupt (HRCI) or associated companies (OHL and BFT) as follows:

in EUR '000'	31/12/11	31/12/10	31/12/09
Commitment of good project execution	482	482	-
Comfort letters to banks	2 570	2 570	2 110
Comfort letters to suppliers	4 080	4 080	4 080
Bank guarantees	328	730	-
Total	**7 459**	**7 862**	**6 190**

The commitments for which payment without recourse is probable are recorded as liabilities.

42. CONTINGENT LIABILITIES

No new significant litigation occurred in 2011 at the level of Hamon & Cie. The only outstanding litigation as of 31 December 2011 are as follows:

Bankruptcy of Hamon Research-Cottrell Italia (HRCI)

The General Assembly of HRCI decided to put this company into voluntary liquidation in April 2005. Hamon had already accrued a significant amount for this liquidation in its 2004 accounts. In June 2005, the liquidator filed the books at the commercial court of Milan. An agreement was signed between Hamon and the bankruptcy administrator of HRCI in July 2008.

FBM Hudson Italiana

The Italian company FBM Hudson Italiana Spa, sold by Hamon Group in December 2005, has initiated proceedings against its former directors. That company claimed indemnities for an amount of approximately EUR 14 million for an alleged overstatement of the net assets. Hamon considers this complaint to be unfounded because of the absence of any prejudice for the company and given the fact that the annual accounts of the company had been approved by the shareholders' meeting of the company.

Asbestos

The Group is involved in various proceedings for physical injuries related to asbestos. These relate to a period prior to the acquisition by the Group in 1998 of the assets of Research Cottrell, Inc. Asbestos is not used in the operations of Hamon in the USA. In the acquisition agreements of 1998, the seller committed itself to compensate the Group for all damage sustained because of such proceedings. The costs of these proceedings are, through now, exclusively handled by the seller. Insofar as these proceedings go back to a period prior to the acquisition of the US subsidiaries of the Group and taking into account the compensation clause, Hamon's management thinks that these do not present risks of significant liability for the Group.

Other litigations

The nature of the Group's activities leads us to file/receive claims about/from our suppliers and our customers. The complaints are covered by specific provisions from the moment that payouts are probable and where their amount can be reliably estimated. The Group believes that these claims will not have globally a significant impact on Hamon's financial situation.

43. RELATED PARTIES

The ultimate mother company of the Group is Sopal International SA. See note 30 for detailed structure of the shareholders of the Group. The transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated from the consolidated accounts and are not considered in this note. Details of the transactions between the Company and the other related parties are detailed below:

Income statement as of 31/12/11

in EUR '000'	Purchases				Revenues			
	of goods	of services	lease of assets	management fees	goods	services	royalties	capital gains
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	2	70	-	-	270	-		
Other shareholders with significant influence	23	-	-	-	1 027	-	202	-
Associates	-	-	-	-	-	-	-	-
Other related parties	-	-	-	-	-	-	-	-

BALANCE SHEET as of 31/12/11
in EUR '000'

	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-	628	-	693
Other shareholders with significant influence	-	1 658	-	1 630
Associates	-	580	502	1 240
Other related parties	-	-	-	-

Income statement as of 31/12/10
in EUR '000'

	Purchases				Revenues			
	of goods	of services	lease of assets	management fees	goods	services	royalties	capital gains
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	51	-	55	94	317	-		1 781
Other shareholders with significant influence	-	-	-	19	94	-	452	-
Associates	-	163	-	-	-	21	-	-
Other related parties	-	-	-	-	-	-	-	-

BALANCE SHEET as of 31/12/10
in EUR '000'

	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-	654	-	893
Other shareholders with significant influence	-	410	-	470
Associates	-	687	119	1 239
Other related parties	-	-	-	-

Income statement as of 31/12/09
in EUR '000'

	Purchases				Revenues			
	of goods	of services	lease of assets	management fees	goods	services	royalties	capital gains
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	99	-	82	75	710	8	-	-
Other shareholders with significant influence	5	-	-	10	50	-	350	-
Associates	-	36	-	-	-	25	-	-
Other related parties	-	-	-	-	-	-	-	-

BALANCE SHEET as of 31/12/09 in EUR '000'	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-	267	-	257
Other shareholders with significant influence	-	677	-	13
Associates	-	118	-	262
Other related parties	-	-	-	-

During the last three years, no write-off was accounted for on receivables with related parties. The other entities directly or indirectly controlled by the controlling shareholder are the following companies:

- Gefimco SA;
- Cogim NV;
- Promo Services (Belgium) SA.
- Cofragim

Relations with related parties mostly include commercial relations (purchase/sale of goods and services, payment of management fees to shareholders, office space rental). The Group has not issued any guarantees or off balance sheet commitments to related parties other than commitments towards associates, as described in note 41. The sales and purchase of goods with those related parties are made under the standard terms and conditions of the Group.

44. MANAGEMENT COMPENSATION

The table below details the remuneration (cumulative and including charges) of the Managing Director and the members of the Executive Committee, who should be regarded as the 'key executives' in the sense of the IAS 24 definition.

in EUR '000'	2011 (3)	2010 (2)	2009 (1)
Short term benefits	334	318	315
Fixed remuneration	2 952	3 159	2 736
Variable remuneration	2 436	2 842	3 150
Subtotal	**5 722**	**6 319**	**6 201**
Long term benefits	351	340	361
Total	**6 073**	**6 659**	**6 562**

(1) Full time equivalent of 8 persons in 2009 (Managing Director and Executive Committee)
(2) Full time equivalent of 8,25 persons in 2010
(3) Full time equivalent of 8 persons in 2011

The total of gross emoluments granted to the non-executive directors during the year 2011 amounts to EUR 179 thousand (EUR 240 thousand and 238 thousand during the previous years). These emoluments are subject to the approval of the General Assembly of Shareholders. There was no profit sharing allocation and the Company has not made any loans to the directors. The directors have also not made any special or unusual transactions with the Company.

45. STAFF

Charges and costs of the personnel are presented under note 9.
The census of personnel within the Group by segment is as follows:

Average headcount per BU	2011	2010	2009
Cooling Systems	663	547	482
Process Heat Exchangers	218	232	249
APC EMEA/Brazil	268	220	172
APC & Heat Recovery NAFTA	182	124	147
Chimneys	55	53	56
Corporate & Others	49	45	34
Total	1 435	1 221	1 140

The main variations are coming from the following Business Units:

- Cooling systems, following the development of our Dry Cooling team in Europe and China; the temporary reduction of our site teams in England and the strong growth of our activities in Asia (mainly in India).
- Process Heat Exchangers, due to the disposal of our subsidiary BFT at the end of June 2010.
- Air Pollution Control EMEA/Brazil, as a result of the acquisition of Enviroserv (Germany) and J&C (South Africa) in April and October 2010, now included for a full year.
- Air Pollution Control and Heat Recovery NAFTA mainly due to the integration of Deltak since 1 September 2011.

46. SIGNIFICANT GRANTS AND STATE AIDS RECEIVED

Significant grants and State aids received by the main subsidiaries (1) of the Group in 2011 amounts to EUR 1.015 thousand (2010: EUR 883 thousand).
They include:

- Research tax credits (“Crédit d’impôt recherche” - CIR) obtained by subsidiaries in France and the United States;
- A reduction of tax withheld on payroll for two subsidiaries thanks to their R&D activities;
- A financial aid from the Walloon Region in the start-up and operating costs of a representative office of Hamon & Cie in Bahrain;
- An aid of the European Union in the framework of the “Life+Project” for the valorization of plastic wastes, followed by our Arrou factory producing exchange surfaces for wet cooling (France).

(1) Being the 24 main subsidiaries of the Group included in the part Corporate Social Responsibility (see Report parameters section).

47. EVENTS AFTER THE BALANCE SHEET DATE

Nihil

48. AUDITOR’S FEES

For the entire consolidated Group, the fees paid to the auditor and its network (Deloitte) for 2011 amounted to EUR 1.044 thousand (EUR 1.018 thousand in 2010) and are broken down as follows:

in EUR	2011	2010
Fees linked to financial statements audit	861 700	820 150
Other certification missions	4 000	7 500
Legal missions	2 600	4 300
Tax assistance missions	173 776	145 861
Other assistance	1 743	40 401
Total	1 043 819	1 018 212

7. Auditor's report on the consolidated financial statements for the year ended 31 December 2011 to the shareholders' meeting

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

UNQUALIFIED AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Hamon & Cie (International) SA (the "company") and its subsidiaries (jointly the "group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 400.678 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 2.829 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2011, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

ADDITIONAL COMMENT

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 28 February 2012
The statutory auditor

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

8. Statutory accounts of Hamon & Cie (International) SA

SUMMARIZED BALANCE SHEET AS OF 31 DECEMBER, AFTER APPROPRIATION

The statutory accounts of the parent company, Hamon & Cie (International) S.A., are presented below in a summarized form. The Management Report and statutory accounts of Hamon & Cie (International) S.A., as well as the Audit Report, will be filed at the National Bank of Belgium once approved by the Annual General Meeting of shareholders of 24 April 2012, in accordance with Clauses 98, 100, 101 and 102 of the Companies Code published on 6 August 1999.

These reports are available, on request, at the Company's address:

Rue Emile Francqui 2
B-1435 Mont-St-Guibert
Belgium.

The Auditor has issued an unqualified opinion on the 2011 annual accounts of Hamon & Cie (International) SA.

in EUR '000'	31/12/11	31/12/10	31/12/09
Fixed assets	**189 667**	**190 266**	**95 131**
I. Formation expenses	4 324	2 826	3 931
II. Intangible assets	1 659	1 572	1 163
III. Tangible assets	261	375	517
IV. Financial assets	183 423	185 493	89 520
Current assets	**45 730**	**17 716**	**14 291**
VI. Stock and contracts in progress	0	0	0
VII. Amounts receivable within one year	45 096	17 407	13 546
VIII. Short term deposits	0	0	0
IX. Cash at bank and in hands	101	87	498
X. Deferred charges and accrued income	533	222	247
Total assets	**235 397**	**207 982**	**109 422**
Equity	**139 181**	**139 465**	**41 263**
I. Capital	2 157	2 157	2 157
II. Share premium account	15 360	15 360	15 360
IV. Reserves	11 569	11 569	11 569
V. Profit carried forward	110 094	110 378	12 176
Provisions and deferred taxes	**0**	**0**	**0**
Amounts payable	**96 216**	**68 517**	**68 159**
VIII. Amounts payable after more than one year	56 184	50 657	41 736
IX. Amounts payable within one year	39 424	17 738	26 197
X. Accrued charges and deferred income	608	122	226
Total liabilities and equity	**235 397**	**207 982**	**109 422**

SUMMARIZED INCOME STATEMENT AS OF 31 DECEMBER

in EUR '000'	2011	2010	2009
I. Operating revenues	**11 814**	**10 278**	**10 720**
A. Turnover	10 714	10 264	10 567
D. Other operating revenues	1 100	14	153
II. Operating expenses (-)	**11 495**	**11 538**	**10 476**
B. Services and other goods	4 930	5 438	4 873
C. Remuneration, social security and pension costs	4 444	4 202	3 525
D. Depreciation and amortization	1 930	1 680	1 972
F. Increase (decrease) in provisions for liabilities & charges	0	0	(5)
G. Other operating expenses	191	218	111
III. Operating income	**319**	**(1 260)**	**244**
IV. Financial income	10 989	24 534	11 587
V. Financial expenses	(3 010)	(5 687)	(6 266)
VI. Net operating income before taxes	**8 298**	**17 587**	**5 565**
VII. Extraordinary income	1 965	87 905	2 900
VIII. Extraordinary expenses	(8 748)	(2 975)	(3 095)
IX. Net income before taxes	**1 515**	**102 517**	**5 370**
X. Income taxes	(1)	0	0
XI. Net income	**1 514**	**102 517**	**5 370**

ANNEXURES

Report parameters

For the second year, our annual report contains a section on Corporate Social Responsibility, including some key performance indicators recommended by the G3 directives of the GRI. This section provides more information on which basis this work was carried out.

Scope and frequency of the report

This annual report covers the 2011 fiscal year, namely the period from 1 January to 31 December 2011. By way of comparison, many of the tables provide the information for the previous fiscal year. This report is published on an annual basis. The previous report published was the 2010 annual report. Hamon's recent annual reports are available on our website, see www.hamon.com.

Perimeter

For financial information, see the list of consolidated entities in note 5 of the financial section.

For the section on Corporate Social Responsibility, the majority of the key indicators cover the Group's 24 main subsidiaries (subsidiaries with 2011 average headcount of at least 15 people), taken at 100% and over the twelve months of the 2011 fiscal year (except Hamon Deltak, consolidated from 1st September 2011). Together, these 24 subsidiaries represent 94% of the Group average headcount in 2011.

In the section on Environmental Responsibilities we cover the subsidiaries with the greatest impact on the environment, namely the ten factories and workshops. In 2010, the perimeter used for this section was different; it included only 19 subsidiaries:

- Six subsidiaries were added in 2011
- One subsidiary was removed in 2011 (Hamon Environmental GmbH), because its 2011 headcount was lower than the threshold (minimum 15 people in 2011).

For more information, see the table on next page listing the subsidiaries included in 2010 and in 2011.

Subsidiary included in the perimeter (CSR)	Country	Kind	2010 Social report	2010 Environmental report	2011 Social report	2011 Environmental report
Hamon & Cie (International) SA	Belgium	Offices	x		x	
Hamon Thermal Europe SA	Belgium	Offices	x		x	
Hamon Research-Cottrell SA	Belgium	Offices	x		x	
ACS Anti Corrosion Structure SA	Belgium	Plant			x	x
Hamon Thermal Europe (France) SA	France	Offices + plant	x	x	x	x
Hamon D'Hondt SA	France	Plant	x	x	x	x
Hamon Environmental SARL	France	Offices			x	
Hamon Thermal Germany GmbH	Germany	Offices	x		x	
Hamon Enviroserv GmbH	Germany	Offices	x		x	
Hamon Environmental GmbH	Germany	Offices	x			
Hamon UK Ltd	UK	Offices	x (1)		x	
Hamon do Brasil Ltda	Brazil	Offices	x (1)		x	
Hamon Custodis Inc.	USA	Offices	x		x	
Hamon Deltak Inc.	USA	Plant			x	x
Hamon Research-Cottrell Inc.	USA	Offices	x		x	
Thermal Transfer Corporation	USA	Plant	x	x	x	x
Hamon J&C Engineering Pty Ltd	S. Africa	Workshop	x	x	x	x
Hamon (South Africa) (Pty) Ltd	S. Africa	Offices	x		x	
Hamon DGE (Shanghai) Co. Ltd	China	Offices	x		x	
Hamon Thermal & Environmental Technology (Jiaxing) Co. Ltd	China	Plant	x	x	x	x
Research-Cottrell Cooling (Tianjin) Co. Ltd.	China	Offices + plant			x	x
TS Filtration (Shanghai) Co. Ltd	China	Workshop	x	x	x	x
Hamon Korea Co. Ltd.	S. Korea	Offices			x	
Hamon Shriram Cottrell PVT Ltd	India	Offices + plant	x	x	x	x
P.T. Hamon Indonesia	Indonesia	Offices			x	

x = included in the scope of analysis

(1) Not for the Health & Safety statistics nor for the Training statistics in 2010

Changes to the scope of the report

Compared to the previous fiscal year, there were some changes to the scope of financial consolidation in the report (see notes 5 and15 of the financial section). As the impact of these changes is limited, we do not have "pro forma" accounts for the previous fiscal years based on the same perimeter of consolidation as in 2011. It should also be pointed out that some entities which entered into the consolidation perimeter in 2011 are consolidated for only a part of the fiscal year 2011. For the entities added to the consolidation perimeter in 2011, their impact is detailed in note 15 Changes of scope.

Compilation of the report

The content of this report is based on:

- Legal requirements concerning financial information (IAS/IFRS standards), set by our auditors.
- The requirements of the Global Reporting Initiative (GRI), level C.
- Relevance: information which is not relevant or does not have a significant impact on the Group is not included.
- The stakeholders to whom the report is addressed and their expectations, namely our customers, staff (current employees or applicants), suppliers, shareholders, banks, financial analysts.

The report also aims to present the information as clearly and transparently as possible.

Information on the key performance indicators

Some **social indicators** require detailed explanations:

Total number of staff by job type

As noted in the section on Corporate Social Responsibilities, these figures are based on:

- Employees from (1) fully consolidated subsidiaries and (2) subsidiaries consolidated by proportional integration, on a pro rata basis of the capital held by Hamon.

- Full-time equivalent and only staff on open-ended contracts. In the light of our extensive activities on worksites, the number of employees on short-term contracts constantly varies; for some, the length of the contract is limited to short periods. In some cases, we use external temporary recruitment agencies.
- The average for the year. If a subsidiary is only consolidated for one part of the fiscal year, a pro rata amount is calculated (for example, if a subsidiary is only consolidated for six months, the average staff numbers for this entity over the six months will only be taken at 50 %).

Rate of frequency of occupational accidents by region (number of accidents / million working hours)

The rate of frequency is the ratio between:
- The number of occupational accidents (fatal and non-fatal, including on the way to work),
- The number of effective hours of work (in million).

Rate of severity of occupational accidents by region (number of days lost / thousand working hours)

The rate of severity is the ratio between:
- The number of working days lost because of an occupational accident.
- The number of effective hours of work (in thousand).

The number of days lost are working days (not calendar days). The starting point for the calculation is the day of occupational accident or disease, except in some Asian subsidiaries where the starting point is the day that exceeds the annual quota for sick leave (and holiday). If a person has already been on sick leave, it is the cumulated number of days already accrued for illness which is taken into account. The annual quota depends on each of the subsidiaries. This also applies to the two key indicators below.

Rate of occupational disease by region (number of days lost / thousand working hours)

The rate is the ratio between:
- The number of working days lost due to occupational diseases (depression, inhaling of toxic gases, etc.)
- Number of effective hours of work (in thousand)

Rate of absenteeism

This rate is the ratio between:
- The number of working days lost due to occupational accidents, occupational diseases and other illnesses (flu, etc.) or unexplained absences; maternity leaves and planned leaves such as holiday and statutory leave are not included.
- The theoretical number of working days aside from statutory leave and holiday.

The other key indicators are more usual; therefore explanations are given hereunder only when necessary:

a) Economic indicators

- Direct economic value created and distributed : this includes the turnover, the gross margin, labor costs, financial fees paid to banks, paid taxes, dividends paid out to shareholders, retained profits, donations.
- Provisions for pensions with defined benefit plans : see detailed explanation in note 32 of the financial section, which covers this key indicator.
- Significant grants and public funding received.
- Local recruitment practices and proportion of managers hired locally.

b) Environmental indicators

- Direct energy consumption by primary energy source.
- Total volume of water withdrawn, by source.
- Initiatives to reduce the environmental impact of products and services.

c) Other social indicators

- Average number of hours of training per year.
- Activities identified as presenting a significant risk of accidents involving children and the measures taken.
- Total number of legal actions related to anti-competitive behavior, antitrust laws and monopolistic practices ; outcome of these legal actions.

GRI correspondence grid

For our second annual report based on the Global Reporting Initiative (GRI) G3 guidelines, **we estimate that we reach a C level** (self-declared). Here is the correspondence grid allowing to find in this annual report the various sections covered by the GRI canvas.

Ref.	Indicator	Reported	Page
	PART I - PROFILE DISCLOSURE		
1	**Strategy and analysis**		
1.1	Statement from the most senior decision-maker of the organization	Fully	8-11
2	**Organizational profile**		
2.1	Name of the organization	Fully	62
2.2	Primary brands, products, and/or services	Fully	44-53
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Fully	12-13; 72
2.4	Location of organization's headquarters	Fully	62
2.5	Number and names of countries where the organization operates	Fully	12-13; 72
2.6	Nature of ownership and legal form	Fully	62; 92
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Fully	12-13; 76
2.8	Scale of the reporting organization	Fully	7; 17-18
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Fully	38-41
2.10	Awards received in the reporting period	Fully	21
3	**Report parameters**		
3.1	Reporting period for information provided	Fully	118
3.2	Date of most recent previous report	Fully	118
3.3	Reporting cycle	Fully	118
3.4	Contact point for questions regarding the report or its contents	Fully	125
3.5	Process for defining report content	Fully	119
3.6	Boundary of the report	Fully	118-119
3.7	State any specific limitations on the scope or boundary of the report	Fully	118-119
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Fully	63-64
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	Fully	119
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Fully	81
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	121-122
4	**Governance, commitments, and engagement**		
4.1	Governance structure of the organization	Fully	24-31
4.2	Indicate whether the Chairman of the highest governance body is also an executive officer	Fully	26
4.3	Number of members of the board of directors who are independent and/or non-executive members	Fully	26
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	36
4.14	List of stakeholder groups engaged by the organization	Fully	34-36
4.15	Basis for identification and selection of stakeholders with whom to engage dialogue	Partly	36

Ref.	Indicateur	Reported	Page
	PART III - PERFORMANCE INDICATORS		
	Economic indicators		
EC1	Direct economic value generated and distributed (including donations)	Fully	56-117; 21
EC3	Coverage of the organization's defined benefit plan obligations	Fully	94-97
EC4	Significant financial assistance received from government	Fully	112
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Fully	18
	Environmental indicators		
EN3	Direct energy consumption by primary energy source (+ indirect power consumption)	Fully	21-22
EN8	Total water withdrawal by source	Fully	22
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Fully	22
	Social - Labor Practices and Decent Work		
LA1	Total workforce by employment type, employment contract, and region	Fully	17-18
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Fully	18-20
LA10	Average hours of training per year per employee	Fully	18
	Social - Human rights		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Fully	20
	Social - Society		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Fully	122

Section 4.15 is partly reported because Hamon has not established yet a formal process to select its key stakeholders and launch discussions with them (e.g. via discussion panels). Hamon has just identified the key stakeholders which seem the most important as groups.

For section S 07 : there has been no legal action against Hamon for anti-competitive behavior, anti-trust or monopoly practices in 2011.

Please note that our annual report also includes many pieces of information not listed in the GRI grid.

Glossary

Air Cooler (or AFC) : heat exchanger in which an often corrosive liquid or gas, under high pressure and high temperature, passes through special alloy finned tubes and is cooled by air from a ventilator. Used mainly in petrochemicals, and the Oil & Gas industry, but also in the cooling of auxiliaries, for example water in the steel industry.

Bank Guarantees : guarantees given by a bank for a certain amount and over a fixed period, when contracts are made (sold) and executed. Principal categories : advance payment bond, performance bond, and warranty bond.

Cooling System when referred to in the context of electricity generation: in a traditional electricity generating power plant, water is heated and transformed into high pressure steam. This turns a steam turbine connected to an alternator, which converts mechanical energy to electrical energy. At the exit of the turbine, the steam is cooled in a surface condenser through indirect contact between the steam and cold water running through the cooling circuit. This water is then sent to a cooling system, before it is re-injected into the cooling circuitry again.

deNOx : elimination of Nitrogen oxides, NOx in short form, from waste gases.

deSOx : elimination of Sulfur oxides, SOx in short form, from waste gases.

Dry cooling system or air-cooled steam condenser : used in the production of electricity, this system directly condenses steam at the exit of the steam turbine, in finned tube bundles cooled by the surrounding air.

EBIT : earnings before interest and tax, and after any costs for restructuring.

EBITDA : earnings before interest, taxes, depreciation & amortization and non-recurring items.

EMEA : Europe, Middle East and Africa.

ESP : Electrostatic Precipitator, an electrostatic filter that eliminates particles from the exhaust gases.

FRP : Fiberglass-Reinforced Polyester, used for example for exhaust gas ducts in chimneys.

GRI : Global Reporting Initiative : international body whose mission (at worldwide level) is to provide to organizations of any size, any place and any area a reliable, credible and standardized framework for their reporting in sustainable development.

Group or Hamon Group : the name for Hamon and its subsidiaries in the sense of the Company Code, article 6, 2°.

Hamon : the name of the limited company (under Belgian law) Hamon & Cie (International) SA, with its head office at Axis arc, rues Emile Francis 2, 1435 Mont-St-Guibert, Belgium.

HRSG : Heat Recovery Steam Generator, used in combined cycle power plants to generate steam from the energy in the hot gas turbine exhaust.

Hybrid cooling system : combination of a wet cooling system and finned tube bundles that slightly heats the saturated humid air, in order to reduce the plumes of steam.

NAFTA : North American Free Trade Agreement : territory which includes the United States of America, Canada and Mexico.

North America : The territory regrouping the United States of America, Canada and Mexico.

SNCR : Selective Non Catalytic Reduction :
NOx removal process in which reagents are injected and in which no catalyst is used (versus Selective Catalytic Reduction (SCR) processes in which catalysts are used to eliminate NOx).

Wet cooling system : a system that cools the water from 30-40° C to 20-30° C. The cooling happens via direct contact between the water and the air on surface streaming, with evaporation of a part of the water.

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Ce rapport annuel est également disponible en français.

Integrated solutions for a clean environment

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