Annual Report 2012

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Part 1 - General presentation of the Group

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Annexures

Cover picture: natural draft cooling tower constructed for the Vattenfall power plant at Boxberg, Germany (picture: Vattenfall archive)

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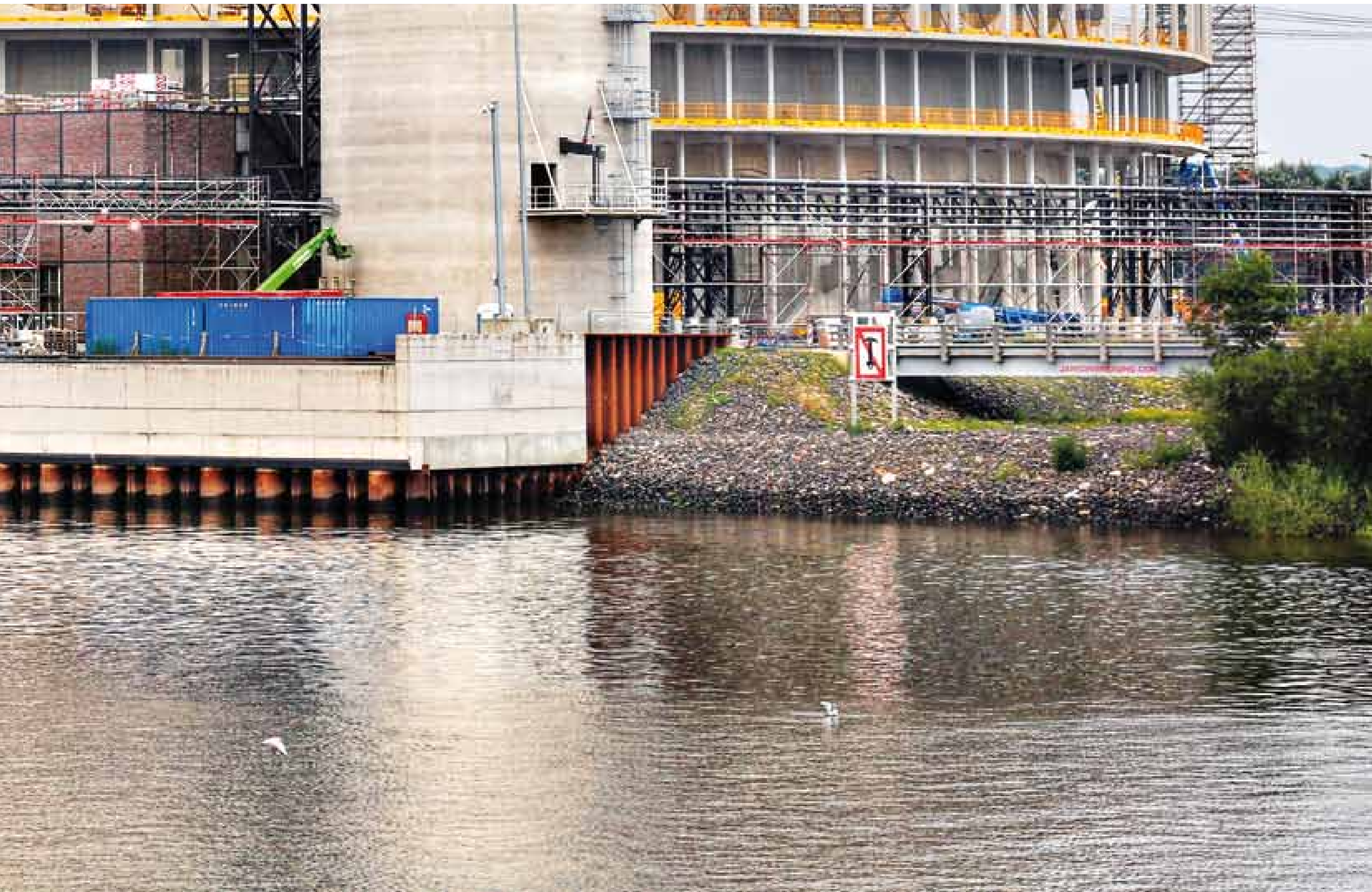
Part 1

Fan-assisted natural draft cooling tower in construction at Moorburg, Germany

General presentation of the Group



KEY FIGURES

in EUR million	2012	2011	2010	2009	2008
RATIOS					
EBITDA / revenue	3,6%	5,4%	8,1%	11,3%	12,5%
ROCE (1)	11,6%	14,9%	25,3%	59,5%	65,8%
Net financial debt / equity (2)	60%	45%	15%	-12%	22%
Enterprise value / EBITDA (3)	8,3	7,5	7,6	4,4	3,3
DATA PER SHARE (in EUR/share)					
Group's share in net result for the year	(0,35)	0,39	1,62	2,42	2,57
Net result from continued operations	(0,22)	0,57	1,83	2,54	2,87
Equity (excl. Non-controlling interests)	10,04	11,07	11,07	9,00	6,77
Gross dividend	0,00	0,25	0,60	0,60	0,57
P/E (share price on 31.12) (4)	NR	25,7	14,7	10,8	6,8
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 (EURO million)	84,5	105,4	193,2	197,0	140,2
Share closing price on 31.12	11,75	14,65	26,87	27,40	19,50
Year average share closing price	14,58	24,14	28,00	23,76	29,79

in EUR million	2012	2011	2010	2009	2008
NEW ORDER BOOKINGS	**461,7**	**500,0**	**449,7**	**301,5**	**469,5**
BACKLOG (as of 31 December)	**621,4**	**629,3**	**490,3**	**339,2**	**391,0**
INCOME STATEMENT					
Revenue	474,4	378,9	345,5	379,8	366,7
EBITDA (5)	17,1	20,4	28,1	42,8	45,7
EBIT (result before interest & tax)	9,3	11,9	26,1	38,8	43,7
Result before tax (continued operations)	2,6	5,4	20,9	31,6	35,1
Net result from continued operations	(1,6)	4,1	13,2	18,3	20,7
Net result of discontinued operations	0,0	(0,1)	(0,0)	(0,2)	(1,8)
Group's share in net result for the year	(2,5)	2,8	11,6	17,4	18,5
Cash flow (6)	5,4	2,8	(2,7)	47,2	34,0
BALANCE SHEET					
Non-current assets	138,4	136,4	110,5	88,4	66,8
Current available-for-sale financial assets	0,0	0,0	0,0	0,0	0,2
Cash and cash equivalents	83,9	83,2	68,1	83,3	59,1
Other current assets	249,0	181,0	158,3	135,2	159,5
Total assets	**471,2**	**400,7**	**336,9**	**306,9**	**285,6**
Equity (7)	80,5	87,5	86,1	65,8	49,4
of which non-controlling interests	8,3	7,9	6,5	1,1	0,7
Financial liabilities (current & non-current)	132,5	122,5	81,0	75,1	69,9
Non-current provisions	4,8	4,4	4,5	5,0	3,9
Other non-current liabilities	13,5	6,0	7,6	9,3	5,4
Current liabilities (excl. Financial liabilities)	240,0	180,3	157,7	151,7	157,1
Total equity and liabilities	**471,2**	**400,7**	**336,9**	**306,9**	**285,6**
Net working capital (8)	9,0	0,7	0,6	(16,4)	2,4
Net financial debts (9)	48,6	39,3	12,9	(8,2)	10,8
Capital employed (10)	147,4	137,2	111,1	72,0	69,4
Average staff number (yearly average)	1 664	1 435	1 221	1 140	1 015

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

> "Hamon possesses ... a quality label, major American references and this European image that remains excellent ..."

DISCUSSION WITH FRANCIS LAMBILLIOTTE, CEO

Within the context of a difficult and uncertain global economic environment, has the Hamon Group, despite all this turbulence, been able to move ahead in terms of profitability in 2012?

Not really, but my answer should nevertheless be nuanced ... We have some mature Business Units (BU) which have continued to perform very well, while others have been more affected by the general economic crisis and the costs of new technological developments. Projects related to air pollution control were delayed or canceled in Europe. Our BU Air Pollution Control EMEA / Brazil suffered the consequences because environmental protection, being fruitful in the long-term but without immediate profitability, is often a decision that states or companies defer due to lack of funding and because of budgetary constraints. By contrast, other BUs of the Group registered very good results, for example in the field of Wet Cooling, in Process Heat Exchangers or in the United States in general.
In Europe, our teams have carried out a massive job of maintenance on the cooling towers of coal-fired and nuclear power plants, especially in France, Germany and Switzerland.
New developments in Dry Cooling and Air Pollution Control Europe have pulled down the EBIT in 2012. We can say unequivocally that overall profitability has been insufficient in 2012, despite significant progress in some BUs.

While being particularly satisfying at the end of 2011, (+28% as compared to end of 2010) has the backlog experienced a similar favorable evolution for all of the markets and operational units in their entirety in 2012?

The backlog as of 31 December 2012, at EUR 621 million, is at a comparable level to that of 31 December 2011 (EUR 629 million). The new order bookings, at EUR 462 million, are slightly lower in 2012 as compared to 2011, which really was a record year with a huge order from the Middle East. The new orders bookings have continued to grow in the emerging countries.

The Asia-Pacific region represents over 30% of new orders for the year. The Middle East and Africa have accounted for 23%. In the United States, new orders reached a greater level than 2011. Only Europe is lagging behind. Less than 50% of our new orders still come from Western economies, namely Europe and North America.

Is Dry Cooling activity still looking promising?

Yes. The Dry Cooling market remains a priority in countries where water is a scarce resource and where environmental regulations and pressure from the 'Green' parties are severe. The 2012 new order bookings for this division relaunched three years ago now, have been important. The volume of orders, to be executed in 2013-14, will progressively allow us to reconnect with an attractive return. One thing is certain: our factory involved in the manufacture for this activity will be very busy in 2013 and 2014 - three production lines working in three shifts (against one in 2012)!

Have the debt crisis in the Euro area and the economic crisis in general impacted your activity and profits in Europe?

As I mentioned in the first question, the financial difficulties of the states and economies of certain European countries, those in the South in particular, have had repercussions principally on our air pollution control activity and on our profitability. In Southern Europe, especially in Greece, the contracts which we held there could not be honored, because of the financial crisis. Several steel mills are at a standstill in Europe, with an impact in terms of the volume of activity for our BU Air Pollution Control EMEA / Brazil.

In the future, will the growth of Hamon always take place through development in Asia? Are there other markets which attract your attention?

Yes, more than ever, the future of Hamon will be in Asia. We have strengthened our teams in India, China, Korea and Vietnam. We will continue the development of our strategic plan in Asia, where demand is high and where Hamon is now a recognized player.
The Group will participate in the construction of new Greenfield installations.
We will also strengthen our presence in the Middle East as well as in South America. The countries of Eastern Europe are not left out, with a significant presence bringing important orders from the Czech Republic, Romania and Poland.

How is Hamon withstanding Asian competition?
Is the pressure on margins not becoming ever stronger?

We are resisting simply by becoming Asiatic. That is to say, we are integrating in a progressive manner the components which are found in Hamon products into the production chain in Asia. In this context, we have developed centers of manufacture in India, China and Korea, to thus be able to play in the same league as our competitors. We have become Chinese in China; South Korean in South Korea… We have access to the same price range, while in addition having this quality label, major American references and this European image that remains excellent… With all these advantages, we can be attractive to customers in this part of the world.

Were investments in R & D at the heart of your priorities this year to enable you to propose new solutions and more innovative products to your customers?

R & D has always been at the heart of our priorities, even in times of crisis. We strive to always be at the state of the art in our niche markets. Each year, we develop our sense of innovation, whether in new exchange surfaces for wet refrigerants, new tubing for dry cooling or fine tuned flow modeling to improve the performance of our flue gas treatment systems…
In the United States, for example, in collaboration with Japan Power we have fine tuned a particularly innovative ReACT™ process to desulfurize and treat dust with a high yield and without water consumption. We invest enormous amounts of time to develop innovative solutions and thus take the lead on our competitors in Asian countries, the NAFTA region and Europe.

In this current climate of a crisis in employment, will Hamon continue to recruit?

Yes, every year, the volume of the Hamon Group's activities is on the rise, so it is normal that the number employed throughout the world increases equally.
We are increasingly embedded in the manufacturing process in Asia. Globally we recruit principally in regions where we recently have been present.

Last year you evoked a vision for the future tinted with realistic optimism for the Group, how would you describe the horizon for 2013?

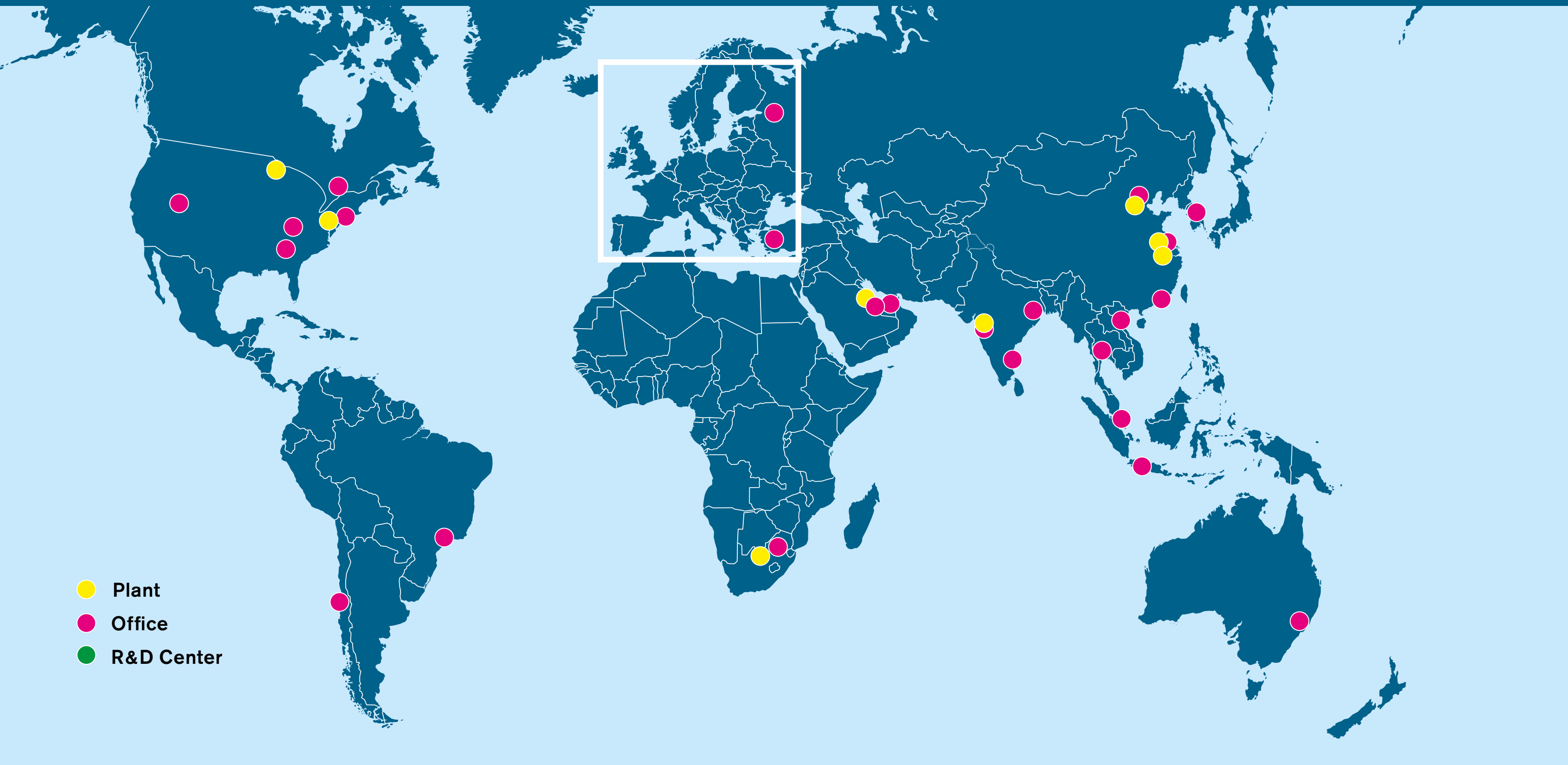
2013 will certainly be another challenging year for Hamon and it would be unrealistic to say that all will be easy. But I am more optimistic in February 2013 than a year before. America has begun to show signs of growth… there are winds of change following the U.S. elections, China has again begun to invest and the Middle East will also continue.

There are enormous needs in all the countries of Asia Pacific. In 2013 we will reap the fruit of our expansion and our investments in terms of new products and geographic regions. In principle, compared to 2012, 2013 can only be better.

What are the main challenges to rise to?

We have taken a strategic shift in respect to the BU Air Pollution Control EMEA / Brazil by reducing its fixed costs in Europe and by developing in Asia, where demand is very strong. We have established an engineering office with lower operating costs in Chennai (India) with a team which will take the relay for Asia and be working as a back-office for Europe.
The General Management of the BU Air Pollution Control EMEA / Brazil has been transferred to Asia.
We thus move closer to the decision-making centers, resources and the major global players in general engineering which are often Korean or Chinese.
This decision permits the Group to strengthen its competitiveness in these highly strategic markets.
In conclusion, the challenges for Hamon in 2013 will be to have a satisfactory backlog for the BU Air Pollution Control EMEA / Brazil and to ensure their proper implementation. Following this, to improve the profitability of the Dry Cooling division as the volume is now there.

Hamon in the world



GROUP PROFILE

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

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 systems (and Steam Generators)
- Process Heat Exchangers
- Industrial chimneys

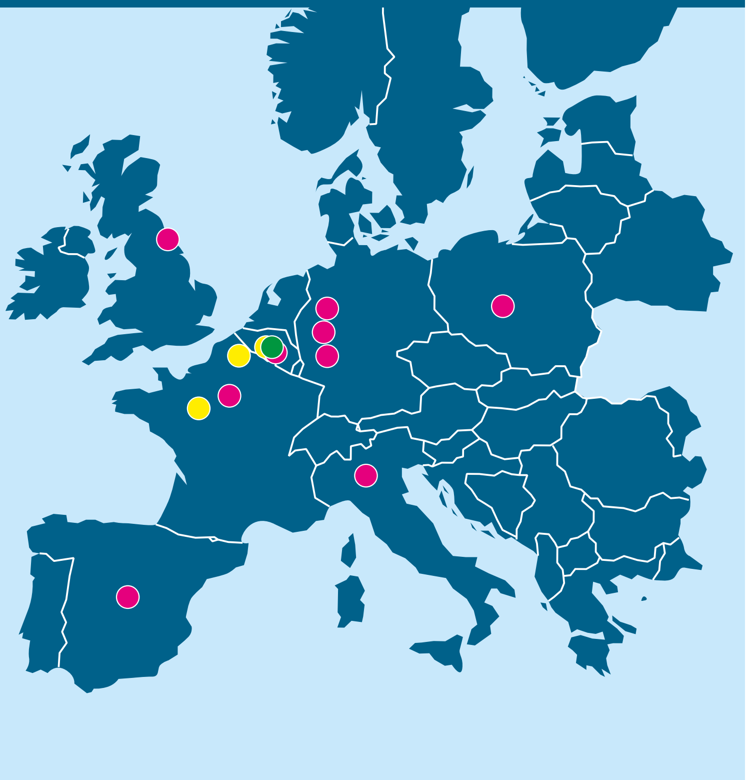
The services offered to customers include design, manufacture of certain key components, project management, on-site installation (including civil works in some cases), start-up and aftermarket service.

The main targeted customers are:

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

Besides end users, Hamon also sells its products and services to large engineering firms (Engineering, Procurement and Construction).
Hamon offers to its customers, at competitive prices, innovative systems using the latest technology and that effectively respond to their needs, while practicing strict cost control.

Hamon in Europe



Vision

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

Mission

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

Values

1. Professionalism

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

2. Respect for the individual

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

3. Respect for the environment

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

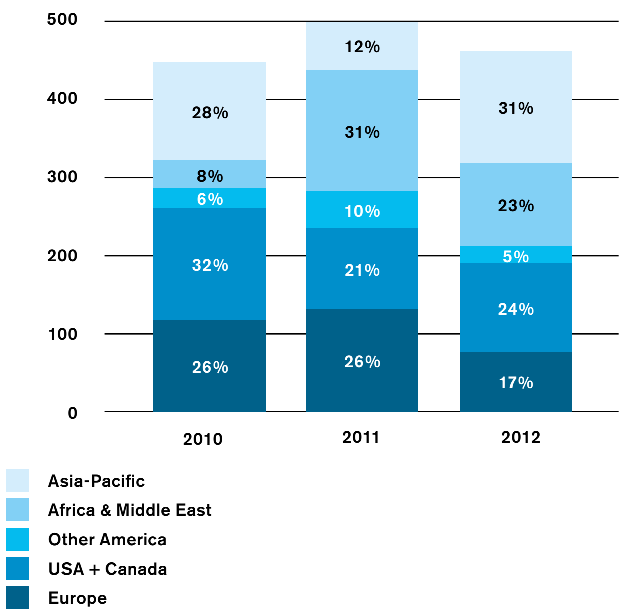
4. Respect for cultural diversity

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

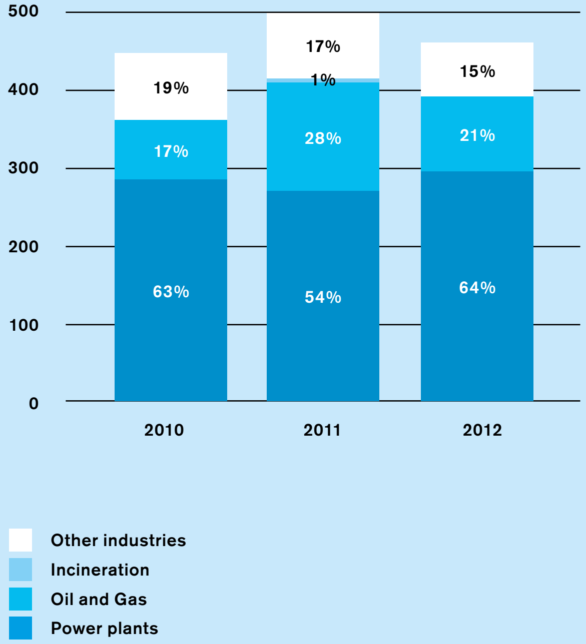
Our presence in the world

In 2012, Hamon employed 1 664 people in 25 countries and on five continents across the world. Note that among these countries, none appears on the list of fragile states / territories identified by the World Bank. Moreover, Hamon employs several hundred people under fixed-term contracts for installation projects (most notably on new job sites). In 2012, the Group achieved a consolidated turnover of EUR 474 million. See the other key figures presented in the first pages of this annual report.
Hamon shares have been listed on the Euronext stock exchange of Brussels, since 1997.

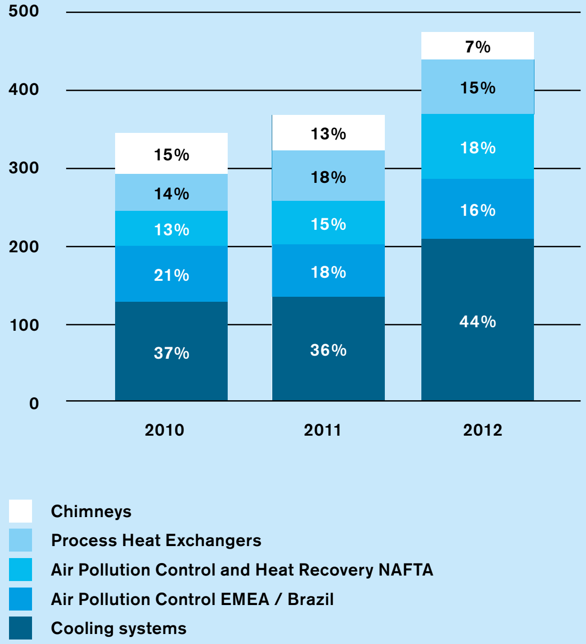
Breakdown of new order bookings by region



New order bookings per industry, in EUR million.



Breakdown of turnover per business unit, in EUR million.



EVOLUTION OF OUR MARKETS

Overall, our markets experienced weak growth in the developed countries, and practically zero growth in Europe. Growth comes increasingly from emerging Asian countries such as China, India and the Middle East.

Major Markets for Hamon

The major end users of Hamon equipment are producers of electricity, followed by the oil and gas industries, as shown in the graph above. These are followed by other heavy industries, such as steel, non-ferrous metals, waste incineration, cement and chemicals.
For a breakdown of distribution by geographical area, see the previous section on the Group profile. We find that an increasing number of orders are coming from Asia and other emerging countries (more than half of new orders).
It is worth noting that new orders are divided between new installations and aftermarket service.
Hamon's main activities are cooling systems and air pollution control, as shown in the graph above.

Ever fluctuating and unpredictable markets in 2012

At the level of global economic developments, we see that growth has slowed in 2012 (a little more than 2% against a little more than 2,5% in 2011). This slowdown was particularly marked in Europe (zero growth in 2012). Growth remained at about 2% in North America, while it has slowed (while remaining at a high level) in Asia, at around 6%. In China, this growth was about 7,8% and about 5,8% in India. As in previous years, the emerging economies remain the locomotives of the global economy.
Regarding our markets, we find that difficulties in financing investment projects (construction or renovation of power plants, refineries…) persist mainly in Europe and the United States. This has resulted in delays in some decision making regarding these investments, as well as uncertainties at the macroeconomic level.
If we look at the major engineering groups, we see that their order intake levels in 2012 are generally quite comparable to those of 2011 with relatively large fluctuations from quarter to quarter (no clear trend).
Backlogs seem to be progressing, but the pressure on prices and margins is still very present.

This pressure is due to increasing competition exerted by Asian engineering companies (especially Korean).

Regarding **power plants**, we can mention the following:

- The decline of the nuclear industry in the developed countries (following the Fukushima accident in early 2011) is confirmed, with for example, supplementary security measures which should be adopted by many operators in Europe, thus resulting in additional costs. On the other hand, projects are still underway in some countries (China, India, Turkey…), as well as the construction of the Vogtle Plant in the United States.
- The increasingly important role of gas-fired power plants (combined cycle or simple cycle) is confirmed. This is due among other factors to the abundance of shale gas in the United States, which has had the effect of causing a drastic drop in gas prices in this country, and to lead to the conversion of some coal-fired plants to gas.
- However, coal remains a very important primary energy source (by far the first on a world scale), not only in countries like China and India, but also in Europe, where several coal-fired plants are under construction. The increased exportation of U.S. coal has also had the effect of lowering coal prices in some countries.
- Finally, the development of renewable energy (including photovoltaics) continues, despite budgetary problems in many developed countries and the reduction of subsidies and financial aid to this sector.

Within the **oil sector,** demand remains strong, drawn amongst other influences by increasingly large consumption for transportation in emerging countries such as China. The price per barrel of crude oil fluctuated significantly in 2012, but overall the price remained at a comparable level between the beginning and the end of 2012 (about 110 USD per barrel of Brent). Overall, investment in the construction or renovation of refineries and other oil facilities continues. They are sited increasingly in Asian countries, while the developed countries have an increasing overcapacity of refining.

Geographically, we see that Europe suffers from the financial and budgetary crisis, which penalizes investment. Investments should restart in the United States, thanks to economic recovery in the context of a clearer regulatory regime and the end of the pre-election period.

At the level of the cost of raw materials used such as steel, plastic, aluminum (and therefore the unit price per cooling system, air pollution control system, heat exchanger…) we see that these costs have fluctuated in 2012, with a significant mid-year trough, but their average levels remained relatively comparable between the beginning and the end of the year.

Finally, note that the average exchange rate of the U.S. dollar appreciated from 1,35 USD / EUR in 2011 to 1,30 USD / EUR in 2012. This increase in the value of the dollar against the Euro has resulted in an increase of figures in USD when converted into Euros.

A Hamon Managers' Meeting; principally from the Cooling Systems BU

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

Since 2010, Hamon has formalized and further positioned its activities within an ethic of sustainable development. The Hamon approach seeks to analyze, measure and accept its share of social responsibility. To achieve this, Hamon has decided to be guided by **ISO 26000** international guidelines relating to the social responsibility of organizations, adopted by a hundred countries in November 2010. The objective is to align Hamon's compliance strategy in respect of the principles and domains of action provided by this guide. The main aspects covered by ISO 26000 are:

- Organizational governance
- Human rights
- Labor practices
- Environment
- Fair operating practices
- Consumer issues
- Community involvement and local 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 in 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 work relations
- Social performance in relation to human rights
- Society performance and relationship with the community
- Performance in relation to the transparency of product information (less relevant for Hamon as it does not sell consumer goods)

The GRI offers a progressive approach with different levels of application. For this third 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 our 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) or health and safety (OHSAS 18001).

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 2012, the average headcount in the Group was 1664 people, an increase of 229 people versus 2011 (+ 16 %). To this should be added a number of people working on sites that only have fixed term contracts; in 2012 this represents roughly 500 people on average (this number fluctuates over the year).

Average headcount per BU	2012	2011	2010
Cooling Systems	775	663	547
Process Heat Exchangers	221	218	232
Air Pollution Control EMEA/Brazil	312	268	220
Air Pollution Control & Heat Recovery NAFTA	254	182	124
Chimneys	53	55	53
Corporate & others	49	49	45
Total	**1 664**	**1 435**	**1 221**

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. Hamon Deltak (138 people in 2012) is consolidated since 1st September 2011.
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 terms of increased employment within Business Units, we see that the main variations come from:

- Cooling Systems (+ 112 people): this increase is due mainly to our Chinese factory manufacturing air-cooled condensers in full expansion as well as, to a lesser extent, Indian and Korean subsidiaries.
- Air Pollution Control & Heat Recovery NAFTA (+72): this increase is due to our new subsidiary Hamon Deltak (taken on for 12 months in 2012, against only four months in 2011, therefore headcount was accounted for only one third in 2011), partially offset by the decrease in other North American subsidiaries.
- Air Pollution Control EMEA / Brazil (+44): this increase comes primarily from the new Indian subsidiary (established in 2011), as well as South African, Brazilian and Chinese subsidiaries. Mention must equally be made of a significant workforce reduction in Belgium.

These different variations per Business Unit explain the net increase in the workforce of the Group.

Average headcount per region	2012	2011	2010
Europe	606	612	674
USA + Canada	325	249	192
Asia - Pacific	584	452	275
Africa	78	60	31
Other America	71	62	49
Total	**1 664**	**1 435**	**1 221**

In terms of regions, we see that the workforce has increased mainly:

- In Asia-Pacific with, amongst others, large increases in the Indian, Chinese and Korean subsidiaries.
- In the United States, due to Hamon Deltak being taken into account for 12 months in 2012 (against only 4 months in 2011).

These figures illustrate the increasingly important role at the heart of the Group played by emerging countries and the lesser weight of Europe at least in terms of numbers of employees (36% in 2012 against 55% in 2010).

Average headcount per category	2012	2011	2010
Management	56	56	48
Employees	930	809	709
Workers	678	570	464
Total	**1 664**	**1 435**	**1 221**

Finally, if we examine the categories of employees we find that the increase has focused primarily on workers (+ 19%) and employees (+ 15%).

Overall, the workforce on 31 December 2012 totaled 1838 people of which 1547 men (84% of total) and 291 women (16%).

New Talent Recruitment

The new talent recruitment strategy of Hamon is in line with our motto "Think globally, act locally". Whilst our markets are growing on a global scale, our employees must have a global vision. They must be open to other cultures and show sufficient creative intelligence to enable continuous improvement and to promote change while respecting local values and regulations.
Hamon engages highly qualified men and women with leadership skills and a sense of responsibility as well as the potential to evolve in their careers within the Group. Some of these collaborators are transferred to foreign or newer subsidiaries which have experienced significant growth in recent years. The number of these expatriates is relatively small and represents 0,6% of the total workforce of the Group and 12,5% of management staff.

Hamon ensures the engagement of local talent who are experts in their fields with strong competences in terms of problem solving, while being oriented towards customers and business.

Development of the organization

Hamon promotes the system of job rotation and the apprenticeship system "on the job".
These systems allow our employees to satisfy their desires in terms of their career progression.
In addition to in-house career opportunities, external courses are organized on the basis of individual needs.

During the annual performance evaluations, employees are encouraged to define their own training needs, thus to be able to offer each individual a specific training program and allow everyone to develop in their career.

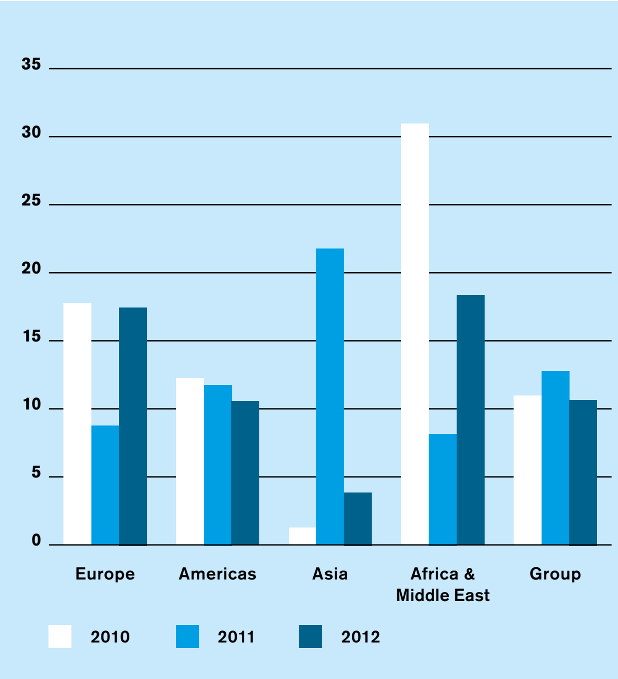
In the Hamon "Multi-department" culture of work and project management, employees deploy their own specific skills and knowledge, and also learn through other team members.
In terms of formal training, the Hamon staff followed more than 23 000 hours of training in 2012, representing an average of about 15 hours per year per person for the perimeter taken into consideration (see Report Parameters).

Health and Safety

The health and safety of our employees in their work-places remains a priority, whether in factories, in our offices or on site. Construction sites present specific risks difficult to master. Hamon continues in its efforts to improve its performance. The present edition of our annual report includes for the third time charts showing the frequency rate and severity of occupational accidents, as well as the rate of absenteeism. The comparison of figures from 2012 with those of 2011 and 2010 is not always very relevant, the scope of analysis having been extended each year: the 25 main subsidiaries of the Group, each employing at least 15 persons in 2012, were taken into account this year (against 24 subsidiaries in 2011 and 19 subsidiaries in 2010). These 25 subsid-iaries represent 92% of the total Group workforce.
For more details on the scope considered, see "Report Parameters" at the end of this annual report.

Members of staff included for each subsidiary within the area studied are the same as those taken into account in the calculation of Group workforce (see Headcount section).

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

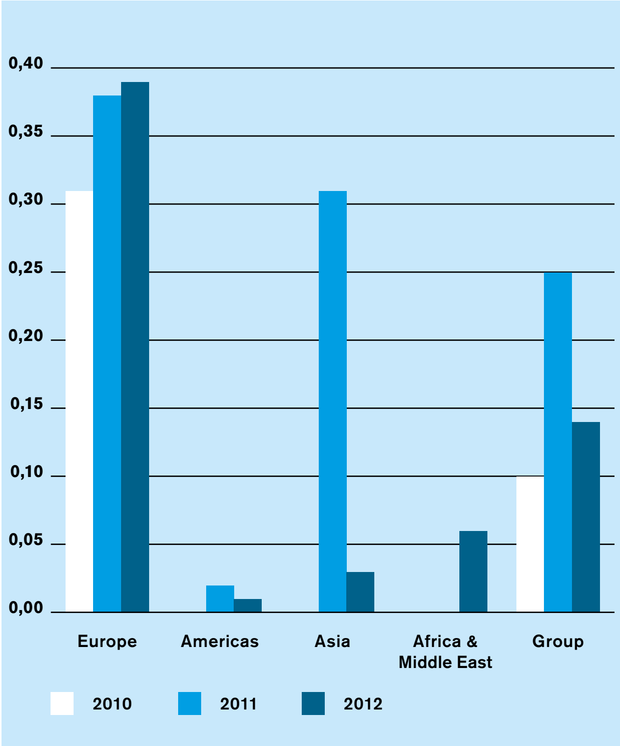


In total, there were 35 accidents in 2012, against 33 in 2011. On a comparable basis, there were 31 in 2012 against 31 in 2011. None of these accidents were fatal. Nevertheless we must mention a fatal accident involving a contractor working on one of our sites in India (but not included in the figures above because they include only persons who are part of our workforce - see definition in Headcount section).

By region we see:
- A sharp deterioration in Europe in 2012, following several accidents in our Belgian factory resulting in 255 days of lost work as well as some minor accidents in our other plants and some offices.
- A strong improvement in Asia (bad results in 2011 in our new factory in China, followed by a 93% reduction in 2012 through the adoption of strict measures).
- A deterioration in the Middle East, following the addition of our Saudi factory to the scope (4 accidents in 2012).

Overall, the frequency rate of accidents decreased by 22% in 2012 (from 13.7 to 10.7 accidents per million hours worked).

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

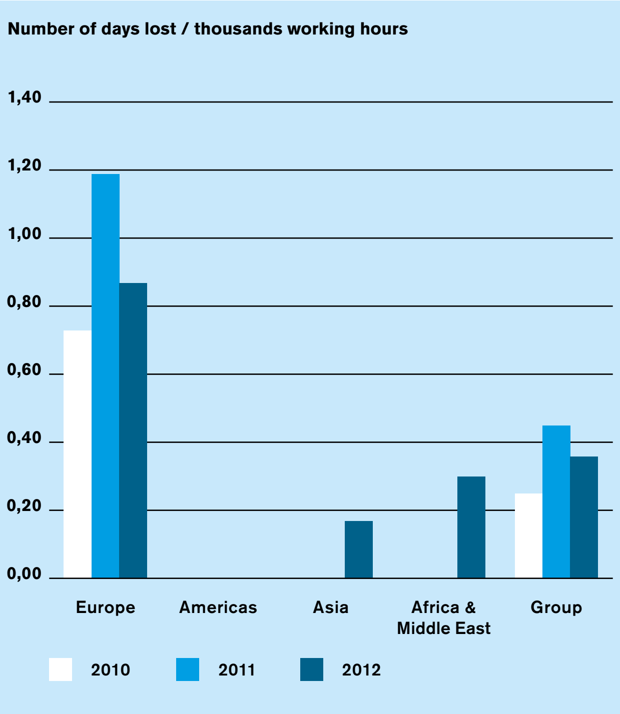


A total of 454 working days were lost dueto occupational accidents in 2012. On a comparable basis, the figure amounted to 440 in 2012 against 605 in 2011, a 27% decrease. As the total number of hours increased from 2,4 million to 3,3 million, the severity rate was further reduced from 0,25 days lost / thousand hours to 0,14 days lost / thousand hours (down by 44%). The vast majority of days (399) were lost in Europe, mainly in the Belgian subsidiary ACS. Asia has clearly improved compared to last year (33 days lost, against 246 in 2011).

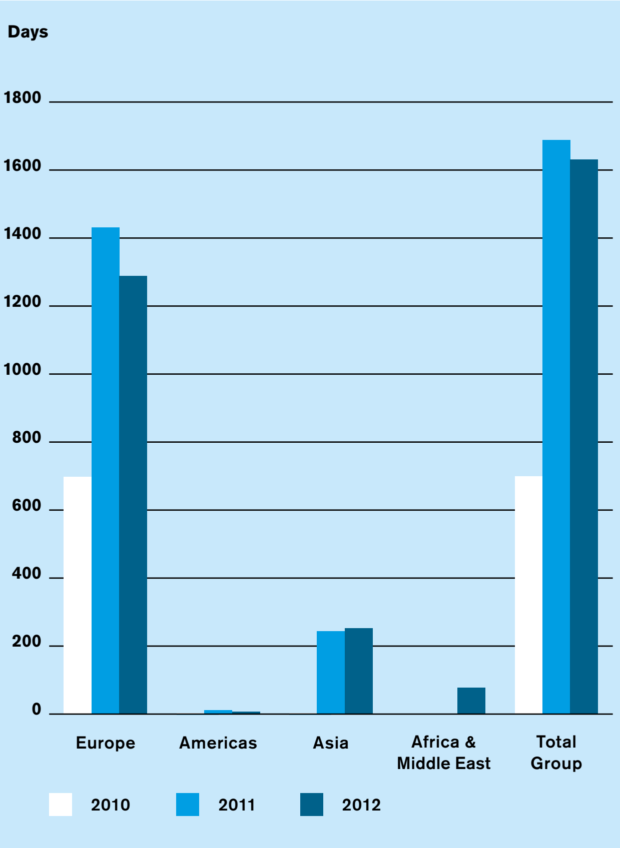
Occupational disease rate by region (number of days lost / thousands working hours)

In 2012, 1179 working days were lost due to occupational diseases, the majority (892 days) of them in Europe. On a comparable basis, the total figure amounted to 939 days in 2012 against 1086 days in 2011, a 14% decrease. In contrast the figure amounted to 240 days for the two Asian companies which were added to the scope in 2012 (one in India and one in Saudi Arabia), which explains the growth in Asia and Africa / Middle East in 2012.

The average rate of occupational disease went down from 0,45 workdays lost / thousand hours in 2011 to 0,36 in 2012, a decrease of 20%.

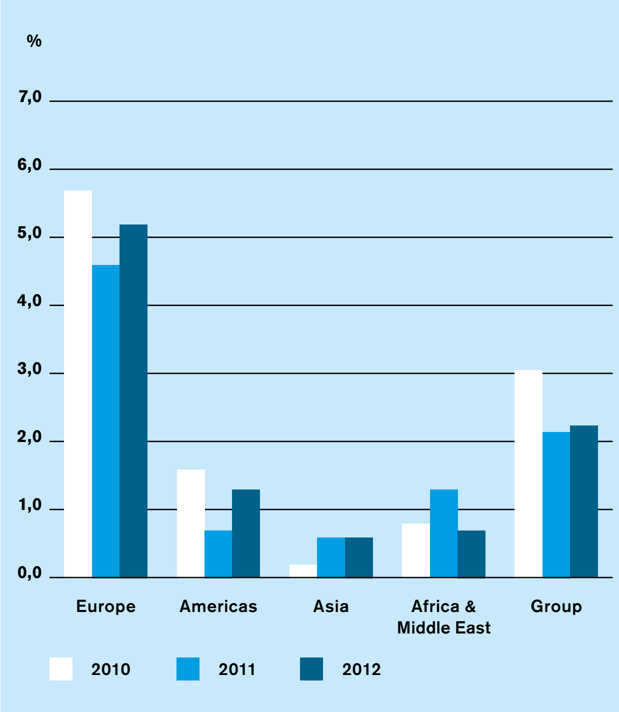


Number of days of work lost due to occupational accidents and diseases



In 2012, the total number of days lost due to occupational accidents and diseases amounted to 1633 days, to be compared with 1691 days in 2011. If we make a comparison using the same subsidiaries in 2011 and 2012, the number decreased from 1691 days in 2011 to 1379 days in 2012, representing a decrease of 18%. The majority of these days were lost in Europe in the three subsidiaries operating factories in France and Belgium.

Rate of absenteeism



Note: absenteeism also includes accidents and occupational diseases (see exact definitions of Health & Safety data in the Report parameters).

We find that absenteeism is relatively stable in 2012, at about 2,2%. If we exclude the number of working days lost due to accidents or occupational diseases, the number of days lost for other reasons has risen from 5292 in 2011 to 7244 days in 2012 (on a comparable basis: from 5154 days in 2011 to 6897 days in 2012). The majority of these days were lost in Europe (5212 out of 7244). As the number of working days increased significantly in 2012, the rate of absenteeism was maintained at a constant level.

We strive to achieve certification in the field of Health & Safety. Currently, six subsidiaries are certified in this field. Four are certified OHSAS 18001, one is certified SCC (SHE Checklist Contractor) and one has the Safety Committee Certification in the United States.

Ethics

Based on the respect of family values and traditions that have contributed to our history and development, Hamon continues to promote ethics at the heart of its labor relations. In this respect, the year 2012 was marked by the continuation of several actions:

- Commitment to respect the Universal Declaration of Human Rights. In January 2013, the 25 subsidiaries included within the perimeter (see section Report Parameters) effectively comply with this Declaration (insofar as the laws in force in respective countries enable them to comply).
- Commitment to not employ children (the definition of the term child depends on the country and sometimes the type of activity). The premises identified as having the most significant risk relating to the work of Children are our factories in India (Umbergaon) and China (Jiaxing, Shanghai and Wuqing). Only one of the 25 subsidiaries included employed a person under 18 in 2012: this was a 14 year-old student, employed by our subsidiary Hamon do Brasil during part of the year. This kind of training is mandatory in Brazil for some students during their studies.
- Continued distribution of the Hamon code of ethics to all our managers and employees. A summary of the code is available on our websites www.hamon.com. These commitments are progressively incorporated into Group procedures and extended to all our subsidiaries. We also work to implement adequate internal control measures.

Note also that within a sustainable procurement policy, we strive to gradually pass these ethical commitments to our suppliers. Thus, through our general purchase conditions, we ask them to respect social regulations in force and to not employ children.

Other actions conducted in 2012

Main actions lead by the Department of Human Resources at the Group level included:

The development and implementation of IT tools and procedures:

- Performance management tools.
- Succession planning tools.
- Procedures for relocation abroad.

Improvement in organization performance:

- Establishment of a standardized recruitment process.
- Establishment of an online system of application management.
- Development and implementation of a HR global database which also allows an accurate headcount calculation.
- Final development and more generalized use of the classification system of functions.
- Definition of a platform for training and talent management.

Implementation of tools to achieve excellence in the management of human resources:

- Development and implementation of a new procedure in relation to company cars in Belgium.
- Optimization of the use of our Intranet, known as IConnect.

Relationships with our communities

After a very successful year 2011 in terms of obtaining awards, Hamon has not renewed its performance in this domain in 2012.
Some of our subsidiaries have made donations or sponsorship towards sporting and cultural associations in 2012 keen as they are to be involved in the life of their local community. The sponsorships and donations made by the 25 main subsidiaries studied amounted to about EUR 32,5 thousand in 2012 and include:

- Sponsorship of the Volleyball Club of Mont-St-Guibert and an equestrian event in Belgium.
- Sponsoring of an equestrian event in France.

ENVIRONMENTAL RESPONSIBILITIES

Our priorities for the protection of the environment are the following:

1. Mitigate the environmental impact of our activities and principally that of our factories.
2. Continue to develop new, always more efficient products, which enable our customers to reduce the impact of their operations on the environment (especially for our activities related to Air pollution control).
3. Mitigate the impact of our products on the environment (noise, vapor plume from our wet cooling towers…).

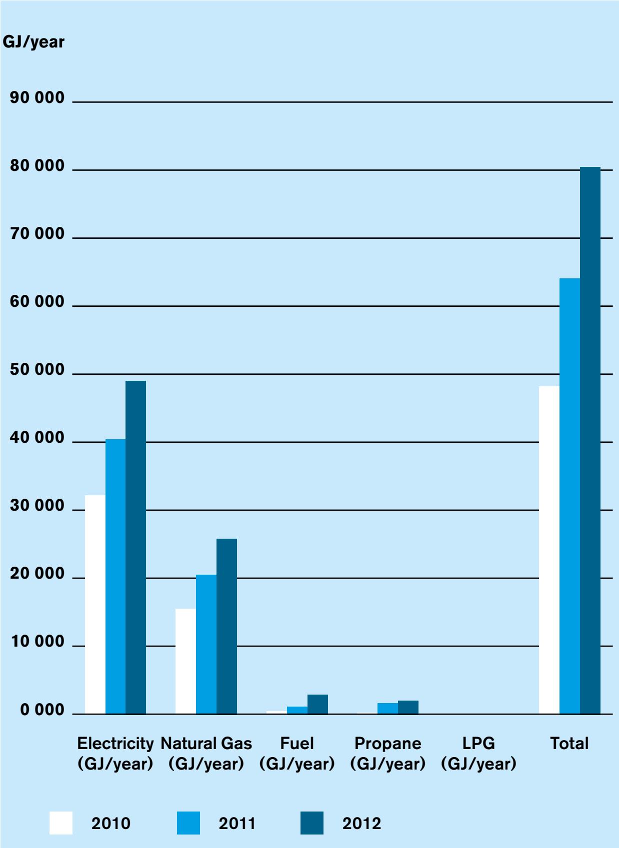
Concerning the first point, the impact of our activities on the environment is multiple:

- Power consumption (and as a corollary, direct or indirect release of greenhouse gas emissions).
- Consumption of other natural resources such as of steel, aluminum, concrete and plastic.
- Water consumption.
- Solid or liquid waste.

Since 2010, we have decided to measure certain parameters that seem most relevant to the Group's factories. The ten factories of the subsidiaries consolidated by global integration were incorporated into the analysis in 2011.

In 2012 the scope of the analysis was slightly changed: our factory (in joint venture) of Hamon D'Hondt Middle East (Saudi Arabia) was added, while the workshop of Hamon J & C Engineering (South Africa) was removed from the analysis scope. For more details, see the section Report parameters.

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

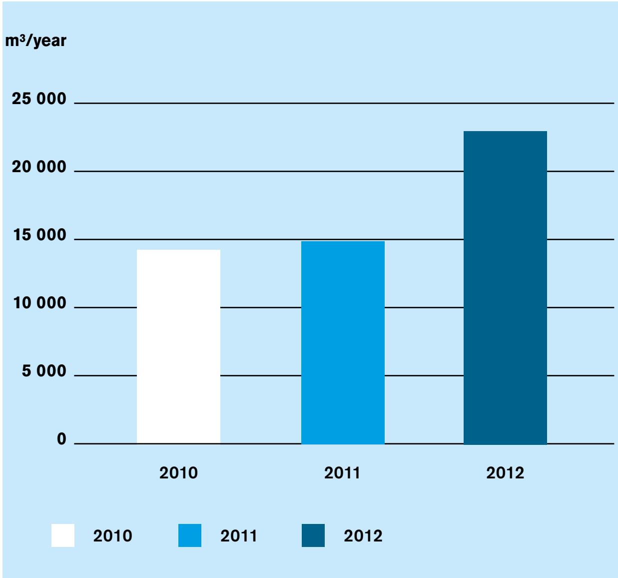


On a like-for-like basis (i.e. the same 9 plants surveyed in 2011 and 2012), the total energy consumption increased from 63 076 GJ in 2011 to 74 672 GJ in 2012. This significant increase (+18%) is explained by a growth of more than 30% in the activities of our heat exchanger factory in northern France, and by a production increase of 140% in our new factory in China. By integrating the increased number of hours worked in these nine factories, the consumption dropped from 55,2 MJ / h in 2011 to 49,2 MJ / h in 2012.

This energy is used mainly for our production processes:

- Thermoforming of exchange surfaces and extrusion of certain components for cooling systems.
- Manufacture of air coolers, waste heat boilers and finned tube bundles for air-cooled condensers.

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



All water consumed by the ten factories and workshops within the analysis scope was tap water.
Water is used mainly by the staff for sanitation but in some cases, water is used to cool some production machines or for hydrostatic testing.

On a like-for-like basis (9 factories included within the analysis scope in 2011 and 2012), consumption rose from 13 577 m^3 in 2011 to 14 404 m^3 in 2012, representing an increase of 6%. By integrating the increased number of hours worked in the 9 factories, consumption decreased from 11,9 l / h in 2011 to 9,5 l / h in 2012.

The addition of the Saudi factory to the scope in 2012 accounts for more than 8000 m^3 / year of water consumption. This high consumption is explained by the hydrostatic tests that it carries out on the heat exchangers it produces.

Several initiatives have been taken or pursued to mitigate the impact of our products and our factories on the environment. Here are some examples:

For Cooling systems:

- Continuing efforts to reduce power consumption and the noise level of our cooling systems.
- Completion of a retention basin for surface water.
- Development of a special system of bonding to reduce the emission of volatile organic components (VOC).
- Project to recycle old PVC exchange surfaces (project "LIFE +")
- Establishment of a system for the collection and reprocessing of tube washing water; environmental impact study for additional manufacturing lines and installation of air filtration systems in our factory in China (production of air cooled condensers).

For Process Heat Exchangers:

- Installation of extraction and filtration systems to reduce dust emissions (grinding) and smoke (welding stations).
- Reduction in the emission of styrene (ACS), in collaboration with the CERTECH research center.

For Air Pollution Control systems:

- Recycling of wastes from the manufacture of filter bags.
- Reducing production of office waste and implementation of low-energy lighting (South Africa).
- Reduction of noise emissions and pollution in the Hamon Deltak factory (USA).

For Chimneys:

- Development of systems that reduce the noise levels of flue gas as it exits the chimney.

We also endeavor to ensure that our goals of environmental protection are relayed to our suppliers.
This is why we ask them, through our general purchase conditions, to engage in respecting all the environmental regulations in force.

The Hamon stand at the Power Gen show in Cologne in June 2012

Executive Committee members, from left to right: Gerda Clocheret, 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 and is also available for review by simple request at the head office of the Company.

The present **Statement of corporate governance** gives information on the corporate governance events which took place in 2012.

1.2 Adherence to the 2009 Belgian Code of Corporate Governance

Hamon meets all the criteria of the Code, with the exception of the fact that the Audit Committee met twice in 2012 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.

2. Governance structure

Hamon is governed by a Board of Directors which, in accordance with Article 14 and following of the articles

of association, has extensive power. The Board of Directors is a collegial body whose actions must be presented in an annual report to the Annual General shareholders Meeting.
The Managing Director communicates all the information relating to the business and finance of the Company that is required to ensure the smooth running of the Board of Directors.

The non-executive directors discuss in an analytical and 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 the members of the Executive Committee. The Company has not set up a Management Committee within the meaning of Article 524 of the Company Code.

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

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

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

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

3. Board of Directors

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

3.1.2 Composition

As of 31 December 2012, the Board of Directors is composed of eight members, seven of whom are non-executive directors and three are independent directors according to the definition of article 526 ter of the Company Code. Four of them have been proposed by Sopal International S.A. In accordance with the Company Code, the terms of the directors to be appointed or renewed at the next Annual General Shareholders Meeting will be limited to four years.

The mandates of the majority of the directors were renewed at the Annual General Meeting of 26 April 2011; no mandate will expire on the date of the next Annual General Meeting of 23 April 2013.

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

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

Name	Function	Start/renewal	End
Baron Philippe Bodson (*)	Chairman, Independent Director	26.04.11	28.04.15
Mr. Jacques Lambilliotte (*)	Honorary Chairman, Director	26.04.11	22.04.14
Mr. Francis Lambilliotte	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

(*) Non executive director

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

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

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

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

3.2 Activities

The Board of Directors met four times in 2012.

The main subjects discussed were:
(i) the approval of the results of the Group, the review of forecasts, annual budgets and the strategic business plan;
(ii) the monitoring of the business and the financial situation of the Group and some of its subsidiaries;
(iii) the review of some development and investment projects in the frame of the development strategy of the Group;
(iv) amendments made to the syndicated credit agreement.

All Directors attended the four Board meetings, except:
- Jean Hamon, unable to attend on 29 August and 11 December;
- Bernard Lambilliotte unable to attend on 27 February and 29 August;
- Martin Gonzalez del Valle, unable to attend on 27 February;
- Philippe Vlerick, unable to attend on 24 April.

The Board of Directors also conducted a self review in which it addressed its own composition, functioning, access to company information and its interaction with management. The directors were invited to comment on these issues individually in writing on the basis of a questionnaire established by Guberna (Belgian Institute of Directors). Equipped with this new information, the Chairman met with a sub-group of directors to gather ideas to improve the operation of the Board of Directors. The next review will take place in late 2014.

4. Committees

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

4.1 Audit Committee

4.1.1 Composition

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

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

(*) Independent Directors

4.1.2 Activities

The Audit Committee met twice during the fiscal year 2012, together with the auditor.

The main subjects discussed at the Audit Committee were:
(i) the closing of the financial statements as of 31 December 2011;
(ii) the closing of the financial statements as of 30 June 2012;
(iii) the analysis of the new Corporate Governance regulation.

All the Directors attended the Committee meetings, except Bernard Lambilliotte, who was unable to attend any meeting, and Philippe Vlerick, who was unable to attend on 29 August.

4.2 Remuneration Committee

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

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

(*) Independent Directors

The members of the Remuneration Committee have the necessary expertise as far as remuneration is concerned, as can be clearly seen in their professional experience. The Managing Director takes part in the Remuneration Committee meetings discussing the remuneration of the members of the Executive Committee and of the senior management.
The Remuneration Committee met once in January 2012; all the members attended this meeting.

The main subjects discussed were:
(i) The remuneration package for the Executive Committee and the senior management;
(ii) The establishment of variable remuneration for the senior managers;
(iii) Contents of the Remuneration Report.

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 once in 2012, when Gerda Clocheret was appointed as Group Human Resources Director, replacing Bernard Vuylsteke. All members attended this meeting.

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 2012, 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
- **Gerda Clocheret**
  Group Human Resources Director

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

6. Remuneration Report

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

Procedure

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

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

Compensation and Benefits of the Directors and the Management

Compensation of Directors

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

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

January 2008), and to be divided up annually amongst its members by the Board of Directors.
In 2012, the remuneration of these mandates came to EUR 182 200.

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	47 200	6 000	53 200
Jacques Lambilliotte	10 000	0	10 000
Bernard Lambilliotte	22 000	0	22 000
Jean Hamon	10 000	0	10 000
Martin Gonzalez del Valle	23 000	6 000	29 000
Sogepa	24 000	0	24 000
Baron Philippe Vlerick	23 000	11 000	34 000

Remuneration of the Managing Director

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

Gross fixed remuneration	902 000
Variable remuneration	869 000
Pension (defined contribution)	176 000
Other remuneration components (perks, health / life insurances, company car)	148 000

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 on their personal performance on the other. Variable compensation is related to the results of the Business Units and the Group and to the achievement of personal goals; the percentage of the variable amount in relation to the fixed compensation is a function of their contribution to the results of the BU and the Group. This percentage may be up to 200% of the fixed compensation for certain functions and in some countries.

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

The remuneration and other benefits for the seven Executive Committee members (excluding Francis Lambilliotte) in 2012 are as follows (figures in EUR):

Gross fixed remuneration	2 226 000
Variable remuneration	1 413 500
Pension (defined contribution)	195 000
Other remuneration components (perks, health / life insurances, company car)	223 500

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

The total remuneration for 2012 is the sum paid to managers in the United States (increased) and that paid in Europe (decreased). On the other hand, in 2012 these figures include all individual health insurances. The articles of association of Hamon & Cie provide for the payment to managers of the Company a variable remuneration without applying the constraints under Article 520 ter al 2 of the Companies Code. Furthermore, no agreement providing severance has been presented and therefore this need not be approved by the Annual General shareholders Meeting on 23 April 2013.

Stocks 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. The option plan was submitted for approval to the Annual General shareholders Meeting on 27 May 2008. There have been no stock options awarded since then.

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

In 2012, 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 6 335 000. 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 2012 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

The Company paid a complementary dividend of EUR 0,13 per action (related to the 2011 fiscal year) on 10 May 2012. The Company will not pay any dividend for the fiscal year 2012.

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

9. Code of Ethics

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

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 2012.

11. Compliance with the rules on market abuses

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

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

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

Authorization for a five-year duration was granted by the Extraordinary General shareholders Meeting of 27 May 2008. A renewal of this authorization will be proposed at the next Annual General shareholders Meeting in April 2013.

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 reliability 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 ethics 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 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 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" plan and a "business continuity" plan which have been validated by auditors in IT safety.

3. The Controlling team of the subsidiary checks the accuracy of the figures and reports the data. The figures are checked using the following procedures:
   i. Consistency tests via comparisons with past figures or those contained in the budget;
   ii. Spot-checks of transactions and other checks depending on their materiality.

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

5. Communication with members of staff and different Hamon employees is adapted to the size of the Company. It is mainly based on different press releases and the sending of internal messages via email, business meetings or even verbal communications between management and staff. In 2012, the Group put in place an intranet, called IConnect.

6. To ensure rapid communication and the equal treatment of shareholders, Hamon publishes the agenda and the minutes of general shareholders meetings, half-year and annual financial results, press releases, articles of association, the Corporate Governance Charter and the annual report on its website.

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

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

1. By the Group management control, in the framework of its quarterly reviews of each of the Business Units and regular audits carried out in the subsidiaries during which all the activities and key internal control measures relating to contracts are reviewed.

2. By the Audit Committee. During the fiscal year, the Audit Committee undertook a review of the half year closures and specific accounting treatments. It carried out a review of the disputes and asked all the questions it considered pertinent to the Auditor and the Group Controller or the Company top management.

3. By the Auditor, in the framework of his review of the half year and annual accounts. During the fiscal year, the Auditor set out his recommendations concerning the account keeping.

4. Occasionally by the Financial Service & Market Authority.

5. 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

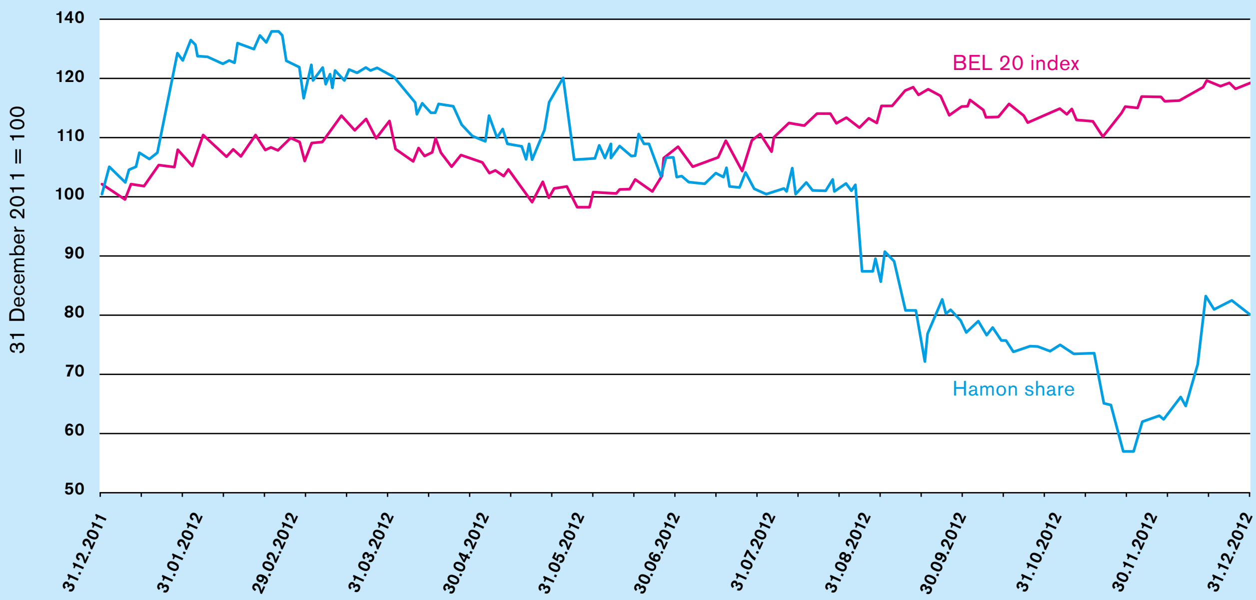
Hamon shares

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

in EUR/share	2012	2011	2010
Average closing price	14,58	24,14	28,00
Maximum closing price	18,85	29,54	32,07
Minimum closing price	8,31	14,60	24,56
Closing price on 31 December	11,75	14,65	26,87
Average daily trading volume (number shares / day)	3 163	2 456	3 087
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)	84,5	105,4	193,2
Average market capitalization during the year (EUR million)	104,8	173,6	201,3

Hamon's share price fell by 20% in 2012, in a quite gloomy economic context.
It should be noted that share price has bounced back significantly since November 2012.

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 23 April 2013 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 employees in 2012.

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 2012:

Shareholder	31/12/2012 Shares	31/12/2012 in %	31/12/2011 Shares	31/12/2011 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%
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

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 is an institutional investor which has purchased shares in Hamon for its 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 2013	**23.04.2013**
Publication of the quarterly Trading Update Q1 2013	**23.04.2013**
Publication of the results of the 1st half year 2013	**30.08.2013**
Annual General shareholders Meeting of 2014	**22.04.2014**

Investor relations and financial information

Bernard Van Diest, Group Financial Director
Telephone : +32 10 39.04.22
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, health & 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 derives 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 dialog in order to improve our understanding of their expectations is the first step towards corporate social responsibility. For this reason, we welcome comments, aspirations and other views from all our stakeholders.

- Our staff can raise their comments with the personnel department, with the enterprise committees (for the largest subsidiaries), with senior managers or with the Compliance Officer.
- Other stakeholders can offer their comments via their contacts at Hamon, via our website www.hamon.com 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 in 2012.

The Hamon stand at the Power Gen India fair

Visit of the Minister-President of the Walloon Region, Mr Rudy Demotte, and the Walloon Minister of Economy, Mr JC Marcourt, at our offices in Seoul (Korea)

REVIEW OF THE YEAR 2012

Summary

Backlog representing more than one year of revenue:

- New order bookings amounting to EUR 461,7 million in 2012.
- Backlog as of 31/12/2012 of EUR 621,4 million, stable versus 31/12/11.
- Important number of pending offers and of "limited notices to proceed".

EBITDA of EUR 17,1 million – Result before tax of EUR +2,6 million. Net loss of EUR -1,6 million (Equity holders of the Company EUR -2,5 million):

- Sales increasing by 25% versus 2011.
- BUs EBITDA increasing by EUR +4,6 million during 2nd half year versus 1st half year of 2012.
- Result before tax of EUR +2,6 million.
- Net loss due to heavy taxes because no tax consolidation on worldwide basis.

Encouraging developments for the future:

- Growth of Dry Cooling activities with important commercial and R&D investments. Important backlog as of 31/12/12.
- First success of APC in Asia and in Eastern Europe which should allow Hamon to bear the redeploying costs of this activity. Good level of bookings for this BU early 2013.
- Expansion of Deltak sales activities in Asia with positioning in the global heat recovery steam generator market.
- Progress towards the acceptance of the ReACT™ technology on the U.S. market.

Main events of the year 2012

January

Opening of a Hamon & Cie representative office in Hanoi, Vietnam. Booking of the first new order in this country during the 4th quarter 2012.

August

Opening of a new office in Chennai (India) by Hamon Research-Cottrell India following the hiring of a team of about 70 people. This new team is taking care of the Indian market and also constitutes a technical center for the whole BU APC EMEA / Brazil. It benefits from the Indian low costs.

October

Opening of a Hamon & Cie representative office in Singapore.

Overview of the main changes of the year 2012

1. Commercial activities

Group in EUR million	2012	2011
New order bookings	461,7	500,0
Backlog at closing date	621,4	629,3

New order bookings were very good during the 2nd half of the year, amounting to EUR 257 million, or +25% versus the 1st half year, continuing the positive trend of the previous half years. There was no single large order booked in 2012, whereas Hamon booked a new order for ten new air-cooled condensers for the Middle East during the 2nd half year of 2011. The majority of new orders (59% in 2012 versus 53 % in 2011) were booked in emerging markets, i.e. outside of USA / Canada and Western Europe.

New order bookings and the backlog figures mentioned exclude intra-group orders.

The “Bell ceremony” at the Brussels Euronext Stock Exchange to celebrate the 15th anniversary of the initial public offering of Hamon shares

2. Summarized consolidated income statement

in EUR million	2012	2011
Revenue	474,4	378,9
EBITDA	17,1	20,4
EBITDA/Revenue	3,6 %	5,4 %
Recurring EBIT	9,9	14,0
Non-recurring gains and losses	-0,6	-2,1
Operating profit (EBIT)	9,3	11,9
Net finance costs	-6,8	-6,5
Result before tax (continued operations)	2,6	5,4
Income tax expenses	-4,2	-1,3
Net result from continued operations	-1,6	4,1
Net result of discontinued operations	0,0	-0,1
Net result for the period	-1,6	4,0
Share of the Group in the net result	-2,5	2,8
EBITDA in % of revenue	3,6 %	5,4 %
EBIT in % of revenue	2,0 %	3,1 %
Result before tax (continued operation) in % revenue	0,5 %	1,4 %
Net result for the year in % revenue	-0,3 %	1,1 %
EBITDA analysis		
Mature activities	30,9	30,8
Growth activities	-14,0	-9,7
Other	0,1	-0,6
EBITDA	17,1	20,4

Revenue increased by 25% versus 2011. While good, this increase remains below our expectations as some contracts were delayed by our customers, e.g. in India. EBITDA decreased versus 2011. This decrease should be analyzed by separately looking at the mature Hamon activities, the growth or (re)deployed activities (Dry Cooling, APC outside NAFTA and Deltak) and the other elements.

EBITDA of mature activities improved versus 2011 and increased by +25,9% between the 1st and the 2nd half year of 2012. This improvement resulted from higher revenues and good operating leverage. In addition, we maintained very good margins in our U.S. activities (APC, Chimneys) and our worldwide Wet cooling activity.

The cost of growth activities, at EUR -14 million, started to reduce during the 2nd half of the year 2012, in line with our business plan which foresees a progressive return to profitability for these activities.

Finally, EBITDA included foreign exchange differences of EUR -0,4 million (2011: EUR -0,6 million) and the profit made on the sale of an office building in S. Korea (EUR +0,6 million). The split by half year is uneven, the 1st half year benefitting from positive foreign exchange differences of EUR +2,1 million whereas these differences amounted to EUR -2,5 million during the 2nd half year.

Result before tax amounted to EUR +2,6 million (2011: EUR +5,4 million). The lack of global tax consolidation did not allow us to entirely compensate the negative results of loss-making activities with the benefits made by the rest of the Group, which resulted in an excessive tax burden. Due to this, the net result for the period was a loss amounting to EUR -1,6 million versus a benefit of EUR +4,0 million in 2011.

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

3. Summarized consolidated balance sheet

Consolidated balance sheet in EUR million	31/12/2012	31/12/2011
Non-current assets	138,4	136,4
Current assets excl. cash	249,0	181,0
Cash & equivalent	83,9	83,2
Total assets	**471,2**	**400,7**
Equity	**80,5**	**87,5**
Group share	72,2	79,6
Non controlling interests	8,3	7,9
Non-current liabilities, ex. borrowings	18,3	10,3
Non-current borrowings	59,9	71,9
Current liabilities, excl. borrowings	240,0	180,3
Current borrowings	72,6	50,6
Total equity and liabilities	**471,2**	**400,7**
Net debt / (cash) position	48,6	39,3
Net working capital (cont. operations)	9,0	0,7

Hamon's balance sheet remains very strong, with equity above EUR 80 million. The growth of our activities in new markets and products required additional net working capital. These additional needs were mainly financed through a non-recourse receivable disposal program at the end of each half year. The net working capital remains under control. The foreign exchange fluctuations had an impact on the asset and liability values of most of our foreign subsidiaries, but without any significant impact on the consolidated result.

Events after the balance sheet date

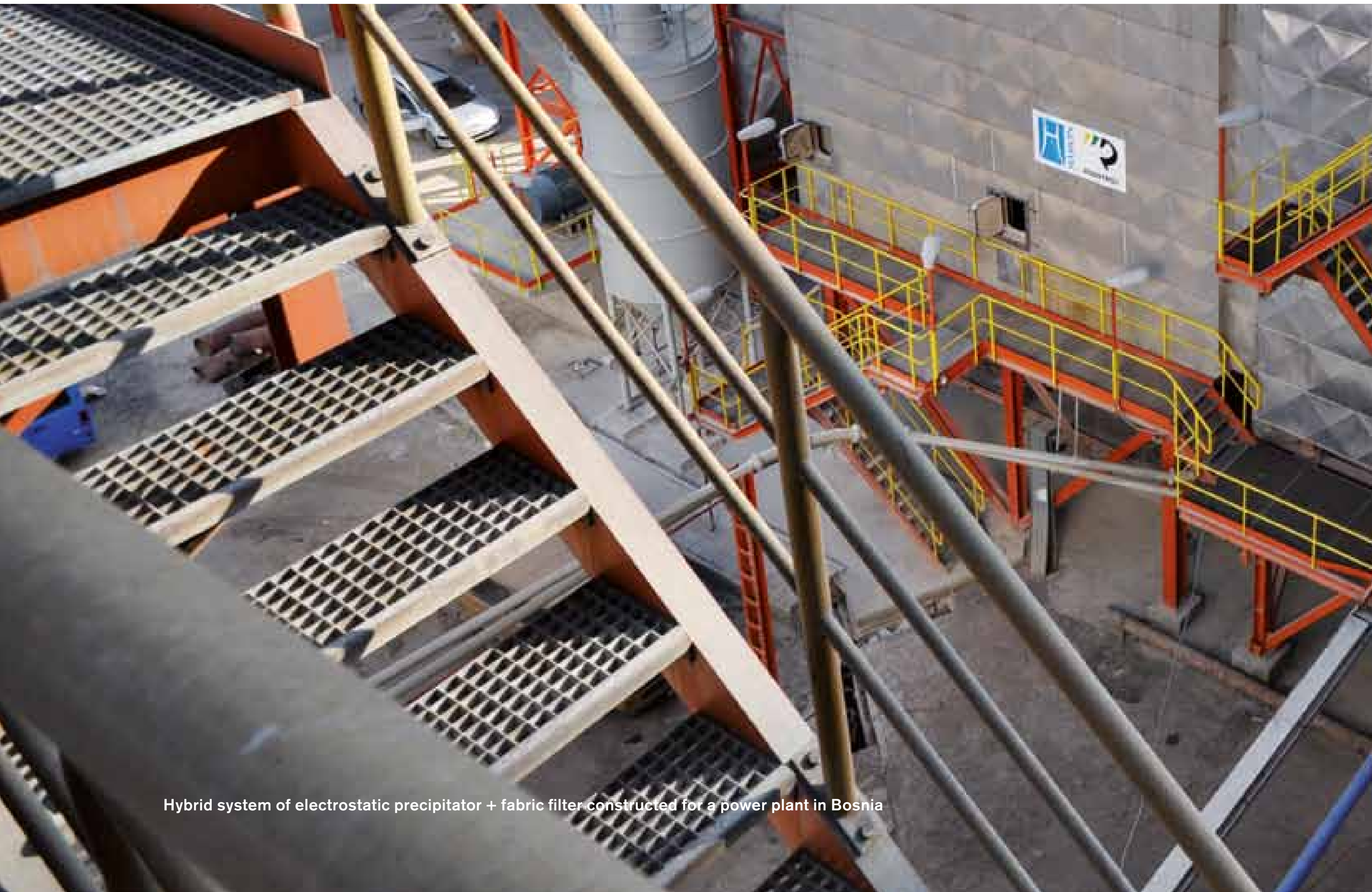
None.

Prospects

In view of the general economic environment, Hamon does not release any guidance on its future results. However the Group looks confidently at 2013 given its excellent backlog and its strong financial structure.

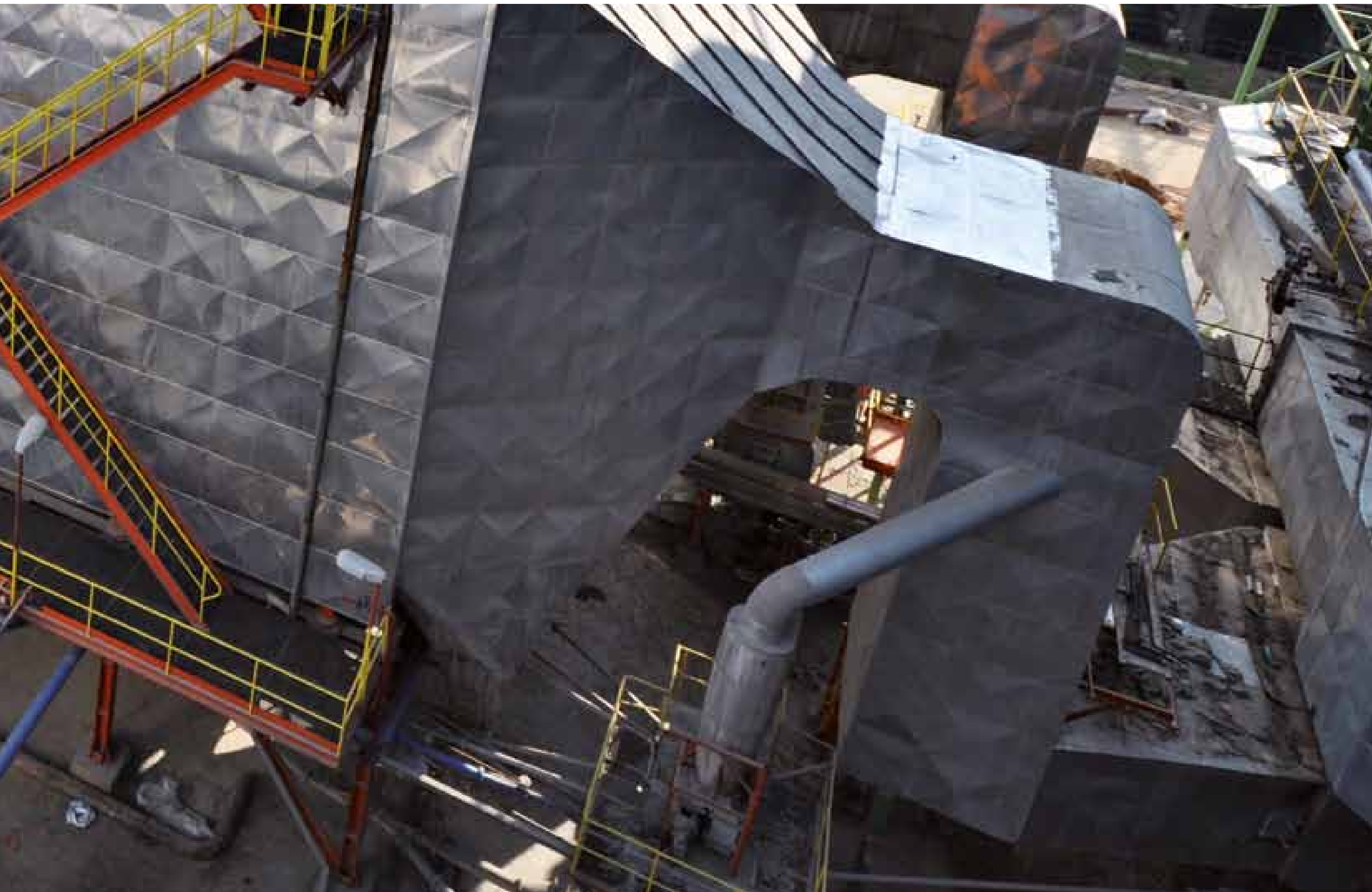
Inauguration of the new Hamon Research-Cottrell offices in Chennai, India

Part 2



Hybrid system of electrostatic precipitator + fabric filter constructed for a power plant in Bosnia

Overview by Business Unit



From left to right
- Production line of finned tubes (used in air condensers) in our Chinese factory
- Cooling towers, mechanical draft (3 x 18 cells) constructed for the Reliance power plant in Samalkot (India)

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 differentiated 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. If the cooling water is colder, then the output of the steam turbine is higher. If the cooling water is cooler by one degree Celsius then the output of electricity increases by about one percent. This means that for the same production of electricity, less primary energy (coal, gas, etc.) is consumed and therefore less CO_2 is released into the atmosphere. Moreover, the use of a cooling system (closed circuit) prevents the heating of sea or river water (used in open circuit) and the loss of marine life.

Organization

The center of excellence of this unit is located in Mont-St-Guibert (Belgium), its R & D center is located at Drogenbos (Belgium). This unit has offices in different countries: Australia, Bahrain, Brazil, China, France, Germany, Great Britain, India, Indonesia, 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 2012, R&D programs of the business unit focused mainly on:

- The development of new exchange surfaces to increase the effectiveness of our wet refrigerants.
- The development of a new type of hybrid refrigerant.
- The development of new modeling tools for fluid dynamics, allowing more optimized design of our cooling towers.
- Continuous improvement in the performance of our air-cooled condensers.

Key figures

In EUR million	2012	2011
New order bookings	200,3	235,8
Revenue	208,6	136,6
Backlog on 31/12	355,6	363,3
EBITDA	4,9	5,9
EBITDA / revenue	2,3%	4,3%
Average headcount (1)	775	663

(1) Excluding temporary workers for on-site erection

2012 results

New orders booked by Cooling Systems amounted to EUR 100 million per half year in 2012. The second half of 2011 benefited from an order for 10 air-cooled condensers (Dry Cooling) for the Middle East while 2012 did not experience any mega order.

The main new orders booked in 2012 include:

- Contracts signed with Korean engineering companies to build hybrid or fan-assisted natural draft cooling towers for Korea and the Middle East;
- A contract for the construction of cooling towers in FRP for the petrochemical industry in India;
- A contract for the construction of four FRP cooling towers for a fertilizer plant in Africa;
- Service contracts that strengthen our position in aftermarket in Western Europe;
- Air-cooled condensers in China;
- The first contract signed by Hamon for the construction of an indirect dry cooling system for a power plant of 2x300 MW in China.

With these attractive commercial successes, the backlog is at a very good level. Revenue increased by over 50% in 2012. This growth is the result of marketing efforts over the last few years but also the result of an entire organization focused on the good realization of these contracts.

The costs related to the growth activities (dry cooling) have weighed on this BU amounting to EUR -7,2 million.

Excluding this, the performance in the traditional activities of Cooling systems is in remarkable progression, both in terms of volume and profit.

The headcount increase is explained mainly by the preparation of our factory in China for the manufacture of components for dry cooling systems. The factory now runs at full capacity, a second line has been operational since late 2012 and a third is being installed and will be operational in early 2013.

Prospects for 2013

The outlook remains positive in the traditional activity of Wet cooling systems. The results should be better within the growth activity of Dry cooling. This activity should now benefit from a high volume of activity, and from the experience accumulated in the early projects.

The outlook at the commercial level remains very good for both activities.

Worker inspecting air cooler bundles in our French factory

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 chemical and petrochemical processes. It operates either directly with its industrial customers like Aramco, Gazprom, BASF, Exxon, Sabic, Shell, Total, GDF, etc. or indirectly via engineering companies of international renown like CBI, Daelim, Fluor, Foster Wheeler, Jacobs, Linde, Mitsubishi, Saipem, Samsung, Tecnicas Réunidas, Technip, etc.

Products and services

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

Contribution to our society

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

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

Organization

The Process Heat Exchangers business unit consists of one company established in France, one in Belgium as well as a joint venture in Saudi Arabia and a 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 aftermarket service of air coolers as well as the manufacturing of welded steel finned tubes.
- Hamon D'Hondt Middle East, a joint venture 40% owned by Hamon D'Hondt, is based in Jubail in Saudi Arabia. Hamon D'Hondt Middle East specializes in the manufacturing of air coolers for the Persian Gulf market.
- ACS Anti Corrosion Structure, located in Seneffe (Belgium). This subsidiary manufactures FRP components (Fibre-Reinforced Plastic) like ducts for flue gas exhaust or acid-proof storage tanks, both in its plant and on-site.
- Hamon D'Hondt BHI is the joint venture created with the Korean company BHI and majority-owned by Hamon. It focuses on air coolers for South Korean engineering companies active in South Korea and on the export market.

Key figures

In EUR million	2012	2011
New order bookings	57,3	83,0
Revenue	74,4	69,7
Backlog on 31/12	49,3	56,5
EBITDA	3,7	3,9
EBITDA / revenue	4,9%	5,5%
Average headcount	221	218

2012 Results

New orders booked by the BU Process Heat Exchangers suffered due to delays by our customers in finalizing their order decisions. These delays have had the effect of reducing the backlog but have also allowed the digestion of the rapid growth in revenue in recent years. The new orders booked are well distributed throughout the world. The gross margin percentages are maintained at good levels when one considers the harsh competition prevailing in our markets.

Prospects for 2013

The activities of this BU should remain at a high level in 2013, mainly due to the very significant current commercial activity.

Cooling tube bundles being manufactured in the Valenciennes factory (France)

From left to right
- Casing of an electrostatic precipitator being lifted in a Shell refinery
- Fabric filter installed in a cement plant in Kenya

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 aftermarket 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 comply with air quality regulations.

Contribution to our society

The contribution to society of these Air Pollution Control systems 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 and the move of its center of gravity to Asia these last few years, the business unit launched a reorganization plan end of 2011:

- Growing presence in Asia. This allows us to actively follow up various projects carried on by Korean engineering firms (EPC).
- The Belgian and German subsidiaries host centers of excellence for the BU in the field of electrostatic precipitators 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 fabric filters.
- Since the hiring of an important technical team in September 2012, the Indian subsidiary Hamon Research-Cottrell India moved its head offices from Kolkata to Chennai. This subsidiary is taking care (among others) of detail engineering for various subsidiaries of this BU and support services to other BUs.
- Other branches and subsidiaries are more focused on sales activities and the delivery of the projects (Brazil, France, Italy, South Africa).

The BU also benefits from Hamon & Cie representative offices, like the one opened in Vietnam early 2012, or its subsidiary opened in Turkey in 2011.

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

Research and Development

The main R&D programs in the business unit focused on the following topics in 2012:

- The influence of chlorides and alkalis on the efficiency of the main electrostatic precipitators in the iron ore agglomeration process.
- Reduction in compressed air consumption by low-pressure fabric filters.
- New design conception of the multi-cyclones inlet valves.
- Development of a new design for lime water absorption columns.

Key figures

In EUR million	2012	2011
New order bookings	61,0	66,8
Revenue	78,7	69,5
Backlog on 31/12	63,2	82,0
EBITDA	-8,0	-7,9
EBITDA / revenue	-10,1%	-11,4%
Average headcount	312	268

2012 Results

The main objective of the second half of 2012 was to conclude some difficult projects (in particular, a loss-making project in Belgium). Provisional acceptance was obtained in December 2012 making it possible to stabilize the result and to conclude this painful chapter.

The second objective was the redeployment of our commercial activities in Asia and in Central and Eastern Europe. These efforts are beginning to bear fruit with a first order in Vietnam demonstrating the relevance of a global approach to these markets and the importance for Hamon of strengthening its Asian platform. Changes in the workforce are due to a decrease in Belgium / France (-15) and an increase in Asia and Africa, where the growth of activities requires a strong local presence.

2013 Prospects

Prospects for 2013 are encouraging and confirmed by the good new order bookings of the first two months of the year, amounting to EUR 55 million.

The current backlog allows us to consequently envisage an increase in activities in Asia through:

- The Korean, Japanese and Chinese EPCs for the power plant and oil & gas markets.
- From our office in Chennai for the power generation and metals markets in India.

From left to right
- Heat recovery system manufactured by Deltak for a desulfurization process Superclaus® for a U.S. refinery.
- Manufacture of heat exchangers in the TTC factory in Pennsylvania (USA)

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. Since the recent Deltak acquisition, this includes 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 eight main 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. ReACT™ (a J-Power EnTech process) used for the simultaneous capture of SOx, NOx, particulates and mercury without any use of water. This ReACT™ process (Regenerative Activated Coke Technology) is based on activated coke adsorption and also produces a saleable by-product stream from captured SOx.
4. Dry and semi-dry flue-gas desulphurization, used for desulfurizing the gases emitted by coal-fired and biomass-fired power stations.
5. U2A process to transform urea into ammonia, a difficult to handle reagent used in SCR deNOx systems.

6. Heat recovery systems including: recuperators, economizers, and gas-to-gas heat exchangers.
7. Heat Recovery Steam Generators (HRSG) which allow combined cycle power plants to achieve very high efficiencies.
8. Other specialty boilers.

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.
- Thermal Transfer Corporation (TTC), specializing in the manufacturing of heat recovery systems and electrodes for electrostatic precipitators. 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 worldwide.

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

Key figures

In EUR million	2012	2011
New order bookings	116,2	88,0
Revenue	83,7	58,4
Backlog on 31/12	121,2	88,8
EBITDA	9,4	9,5
EBITDA/ revenue	11,2%	16,3%
Average headcount	254	182

Note: Deltak is included since September 2011.

2012 Results

New orders were in clear progress in the second half of 2012, despite the slow recovery of the U.S. economy. The Business Unit increased its new order bookings and its backlog by respectively more than 30% and 35% relative to 2011. New orders include fabric filters, electrostatic precipitators conversions, wet gas scrubbers for refineries, the preliminary engineering for a ReACT project for multi pollutant treatment, heat recovery steam generators and orders for aftermarket services. The BU continues to keep its net overhead costs under strict control, to maintain its excellence in the implementation of projects and to keep good EBITDA margins.

Increased staffing is due to the integration of Deltak since September 2011.

Prospects for 2013

The outlook is good for the year 2013, with a backlog appreciably higher at the beginning of 2013 than a year earlier, and with a sustained level of commercial activity.

Emerging above the cloud layer, chimneys built by Custodis for a power plant in the U.S.

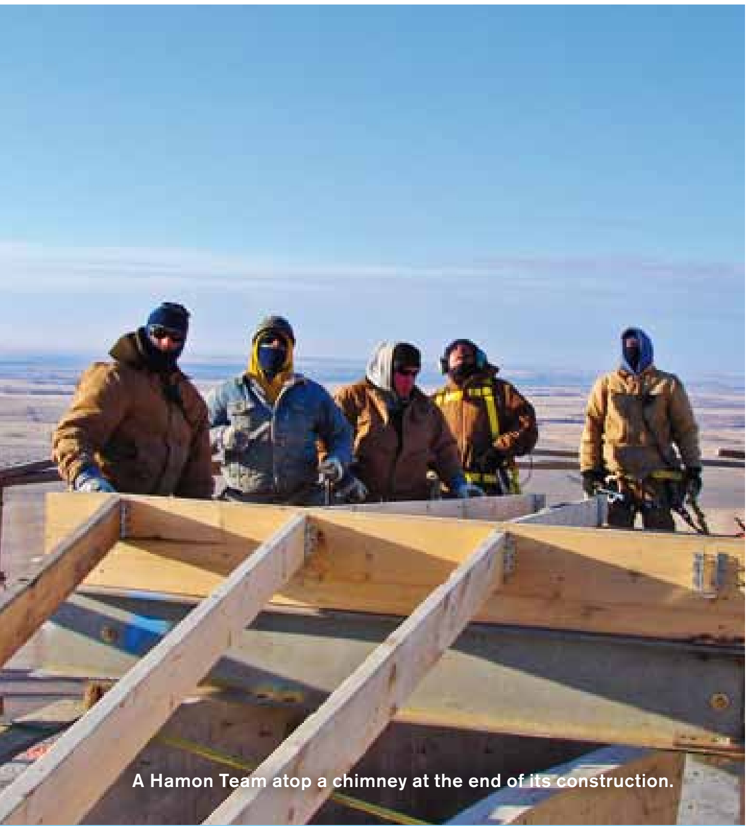
CHIMNEYS

This business unit offers systems designed to exhaust to the atmosphere flue gas generated by power plant boilers and other various industries such as municipal solid waste facilities, steel mills, pulp & paper facilities, cement plants and glass plants.
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 industrial 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, fibre reinforced plastic or special alloys to resist corrosive gases.
The design and construction of these chimneys require specialized expertise, equipment, labor, and other resources that only a few companies possess.
These barriers of entry create a competitive advantage for our business unit. Hamon Custodis also has a complete aftermarket team which provides to its regional customers some services to repair and maintain their chimneys.

The competences of this BU are also used for the construction of the concrete shell of natural draft cooling towers in North America.


A Hamon Team atop a chimney at the end of its construction.

Key figures

In EUR million	2012	2011
New order bookings	26,9	30,6
Revenue	36,5	47,7
Backlog on 31/12	58,8	68,9
EBITDA	4,8	7,5
EBITDA/revenue	13,2%	15,6%
Average headcount	53	55

2012 Results

Order intake and EBITDA are beyond expectations for 2012. The market for new chimneys remains very sporadic because of the economic conditions and environmental regulations.

The BU maintains a good balance between new constructions and aftermarket service.

The backlog remains meanwhile at a good level, notably with two new chimneys to be built in 2013 and the concrete structure of the natural draft cooling towers for the Vogtle nuclear power plant whose work has already begun. EBITDA margins remain high thanks to efficient execution of contracts. Finally, the BU maintains excellent results in terms of safety on construction sites.

Prospects for 2013

The volume of activity should benefit from projects in the backlog at the beginning of 2013, including the construction of the concrete structure for the cooling towers at the Power Plant Vogtle.

Contribution to our society

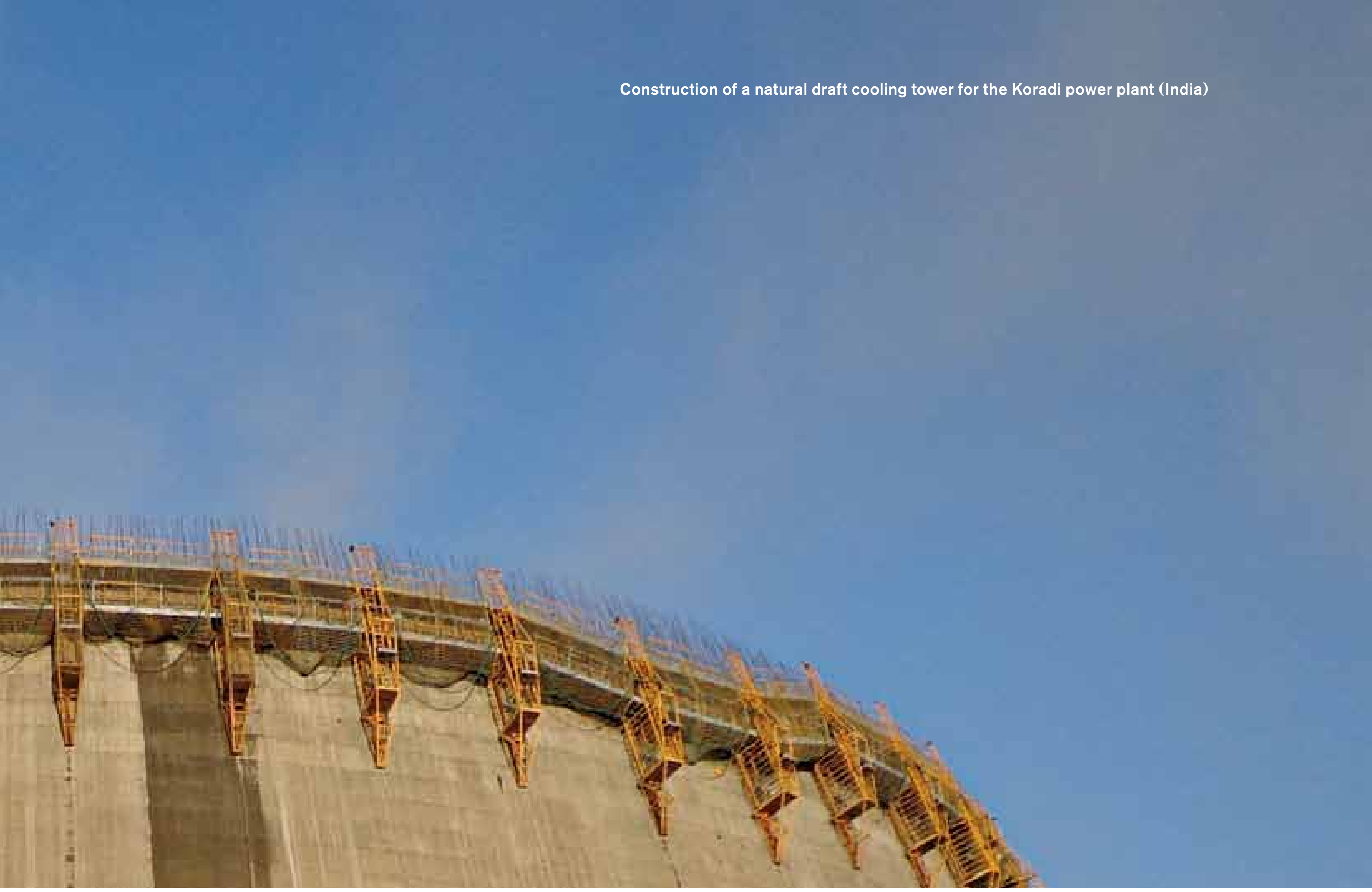
The contribution of these tall chimneys to society is to provide better dispersion of flue gases (produced by heavy industries) into the atmosphere, to preclude exposing the adjacent community to poor air quality when atmospheric conditions are unfavorable. Chimneys have become an integral part of air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

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 through regional offices strategically located in the contiguous United States, which offer aftermarket sales and services (i.e. 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.

Part 3

Construction of a natural draft cooling tower for the Koradi power plant (India)



Financial Statements

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1. Consolidated income statement

in EUR '000'	Note	2012	2011	2010
Revenue	8	474 408	378 949	345 533
Cost of sales		(397 766)	(308 378)	(264 706)
Gross profit		**76 642**	**70 571**	**80 827**
Sales & marketing costs	9	(13 283)	(13 584)	(10 499)
General & administrative costs	9	(52 588)	(41 783)	(43 870)
Research & development costs	9	(1 663)	(1 306)	(1 705)
Other operating income / (expenses)	10	789	62	(1 210)
Operating profit before non-recurring items (REBIT)		**9 897**	**13 960**	**23 543**
Restructuring costs	11	(1 123)	(885)	(308)
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	561	969	-
Operating profit (EBIT)		9 335	**11 870**	**26 117**
Interest income	12	574	579	332
Interest charges	12	(7 338)	(7 035)	(5 561)
Result before tax		**2 571**	**5 414**	**20 888**
Income taxes	13	(4 172)	(1 309)	(7 709)
Net result from continued operations		**(1 601)**	**4 105**	**13 179**
Net result of discontinued operations	14	-	(88)	(22)
Net result		**(1 601)**	**4 017**	**13 157**
Equity holders of the company		(2 525)	2 829	11 631
Non controlling interests		924	1 188	1 526
Earnings per share	16			
Continued and discontinued operations				
Basic earnings per share (EUR)		(0,35)	0,39	1,62
Diluted earnings per share (EUR)		(0,35)	0,39	1,62
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)		(0,35)	0,41	1,62
Diluted earnings per share (EUR)		(0,35)	0,41	1,62

2. Consolidated statement of comprehensive income

in EUR '000'	2012	2011	2010
Net result	**(1 601)**	**4 017**	**13 157**
Change in fair value of available-for-sale assets	-	-	2 029
Reclassification of previously recognized changes in fair value of available-for-sale assets to net result	(1 133)	(1 158)	-
Change in fair value of hedging instruments	(1 177)	-	-
Changes in currency translation reserve	(2 502)	878	7 118
Comprehensive income	**(6 413)**	**3 737**	**22 304**
Equity holders of the company	(6 449)	3 318	19 901
Non controlling interests	36	419	2 403

3. Consolidated balance sheet

in EUR '000'	Note	31/12/2012	31/12/2011	31/12/2010
ASSETS				
Non-current assets				
Intangible assets	21	21 957	22 034	9 321
Goodwill	22	53 219	54 707	49 118
Property, plant & equipment	23	43 548	40 092	34 303
Deferred tax assets	25	14 558	13 279	8 410
Available-for-sale financial assets	24	2 351	3 900	6 625
Trade and other receivables	28	2 724	2 431	2 735
Derivative financial assets	36	-	-	-
		138 357	**136 443**	**110 512**
Current assets				
Inventories	26	15 895	15 006	14 181
Amount due from customers for contract work	27	83 831	64 566	33 247
Trade and other receivables	28	141 781	93 302	103 544
Derivative financial assets	36	31	27	94
Cash and cash equivalents	29	83 925	83 227	68 077
Current tax assets		7 414	8 101	7 194
Available-for-sale financial assets	24	6	6	7
		332 883	**264 235**	**226 344**
Total assets		**471 240**	**400 678**	**336 856**
EQUITY	30			
Share capital		1 892	1 892	1 892
Reserves		15 798	19 723	19 189
Retained earnings		54 522	57 980	58 519
Equity attributable to the equity holders of the company		72 212	79 595	79 600
Non controlling interests		8 291	7 927	6 538
Total equity		**80 503**	**87 522**	**86 138**
LIABILITIES				
Non-current liabilities				
Financial liabilities	34	59 866	71 923	61 737
Provisions for pensions	32	4 155	3 801	3 521
Provisions for other liabilities and charges	31	676	571	931
Deferred tax liabilities	25	4 232	1 964	3 183
Other non-current liabilities		9 231	4 001	4 456
		78 160	**82 260**	**73 828**
Current liabilities				
Financial liabilities	34	72 616	50 596	19 216
Amount due to customers for contract work	27	105 485	71 618	58 182
Trade and other payables	35	126 934	94 139	89 728
Current tax liabilities		1 220	6 369	4 192
Derivative financial liabilities	36	207	671	34
Provisions for other liabilities and charges	31	6 115	7 503	5 538
		312 577	**230 896**	**176 890**
Total liabilities		**390 737**	**313 156**	**250 718**
Total equity and liabilities		**471 240**	**400 678**	**336 856**

4. Consolidated cash flow Statement

in EUR '000'	Note	2012	2011	2010
Cash flows from operating activities	17			
Cash received from customers		448 906	351 471	332 273
Cash paid to suppliers and employees		(432 800)	(340 477)	(321 231)
Cash generated from operations before taxes		**16 106**	**10 994**	**11 042**
Other financial expenses and income (paid)/received		(1 937)	(951)	(394)
Income taxes paid		(7 768)	(6 457)	(12 678)
Other cash received / (paid)		-	-	-
Net cash from operating activities		**6 401**	**3 586**	**(2 030)**
Restructuring costs		(1 018)	(743)	(678)
Net cash from operations after restructuring		**5 383**	**2 843**	**(2 708)**
Cash flows from investing activities	18			
Dividends received		310	358	194
Proceeds on disposal of subsidiaries (net of cash disposed)		-	-	1 825
Proceeds on disposal of PP&E		1 268	60	416
Proceeds/(Purchase) of available for sale financial assets		1 331	1 197	(975)
Acquisition of Subsidiaries (net of cash acquired)	15	-	(19 507)	(4 961)
Acquisition of PP&E		(8 482)	(4 982)	(5 816)
Disposal/(purchase) of other intangible assets		(1 316)	(988)	(844)
Capitalized development costs		(1 804)	(2 394)	(2 937)
Net cash from investing activities		**(8 693)**	**(26 256)**	**(13 098)**
Cash flows from financing activities	19			
Dividends paid to shareholders		(996)	(3 123)	(5 171)
Dividends paid to non controlling interests		(251)	(130)	(223)
Proceeds from issuance of shares to non controlling interestsIntérêts perçus		581	1 028	516
Interest received		545	477	305
Interest paid		(5 626)	(4 196)	(3 969)
Proceeds from new bank borrowings		21 707	47 107	11 158
Repayment of borrowings		(11 106)	(2 666)	(7 644)
Net cash from financing activities		**4 854**	**38 497**	**(5 028)**
Other cash flow movements				
Other variations from discontinued operations	14,20	-	(88)	(22)
Other net cash flows		**-**	**(88)**	**(22)**
Net variation of cash and cash equivalents		**1 544**	**14 996**	**(20 856)**
Cash and cash equivalents at beginning of period		83 227	68 077	83 253
Impact of translation differences		(846)	154	5 680
Cash and cash equivalents at end of period		83 925	83 227	68 077
Net variation of cash and cash equivalents		1 544	14 996	(20 856)

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 reserves	Equity - Attributable to equity holders of the parent	Non controlling interests	Total equity
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**
Balance at 1 January 2012	**1 892**	**671**	**14 550**	**57 980**	**1 127**	**153**	**-**	**3 222**	**79 595**	**7 927**	**87 522**
Capital increases									-	581	581
Comprehensive income				(2 524)	(1 123)		(1 177)	(1 625)	(6 449)	36	(6 413)
Dividends paid to shareholders				(935)					(935)	(251)	(1 186)
Other movements				1			-	-	1	(2)	(1)
Balance at 31 December 2012	**1 892**	**671**	**14 550**	**54 522**	**4**	**153**	**(1 177)**	**1 597**	**72 212**	**8 291**	**80 503**

6. Notes to the consolidated financial statements

1. GENERAL INFORMATION

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

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

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

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

The Company registration number is 0402.960.467.

2. DECLARATION OF COMPLIANCE AND RESPONSIBILITY

The consolidated financial statements were approved by the Board of Directors on 21 February 2013.

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 main risks and uncertainties which the Group is facing.

21 February 2013.
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.

3.1.1 Standards and Interpretations that became applicable in 2012

This year, the Group has adopted the following standards, interpretations and amendments for the accounting year beginning on 1 January 2012:

- Amendments to IFRS 7 *Financial Instruments: Disclosures – Derecognition* (applicable for annual periods beginning on or after 1 July 2011)

The adoption of this new standard and interpretation and those amendments did not cause any material impact on the consolidated financial statements.

3.1.2 Early application of standards and interpretations

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

At the approval date of these financial statements, the following interpretations were published but not yet applicable:

- IFRS 9 *Financial Instruments and subsequent amendments* (applicable for annual periods beginning on or after 1 January 2015)
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 *First Time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on or after 1 January 2013)

- Amendments to IFRS 1 First Time Adoption of IFRS – *Government Loans* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures – *Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)

Adoption of these new standards and interpretations in subsequent years should 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 directive.

3.2 Conversion of Foreign Currencies Operations

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

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

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

3.3 Consolidation Principles

The consolidated financial statements 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.

3.3.2 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.

3.3.3 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.

3.3.4 Business combinations

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 value at the acquisition date, as well as any non-controlling interest in the acquiree.

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.

3.3.5 Put options on non-controlling interests

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

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

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

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

3.4 Balance Sheet Elements

3.4.1 Intangible Assets

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

Patents, Trademarks and Similar Rights

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

Development Costs

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

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

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

Goodwill

Recognition of goodwill

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

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. 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.

b. Business combinations carried out after 1 January 2010

Goodwill is measured as the excess of the aggregate of:
(i) the consideration transferred;
(ii) the amount of any non-controlling interests in the acquiree; and
(iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;
over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill recognized on the acquisition date is not subsequently adjusted.

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

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

3.4.2 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 either in "Other Operating Expenses" or in impairment loss on non-current assets.

When an impairment is reversed at a later date, the carrying amount of the asset (cash 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.

3.4.3 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.

3.4.4 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 r emoved 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.

3.4.5 Stock options

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

3.4.6 Inventory

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

3.4.7 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.

3.4.8 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.

3.5 Income Statement Elements

3.5.1 Income

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

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

- Sales revenues are recognized once the delivery has been made and when the transfer of the risks and benefits has been completed.
- Construction revenues 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.

3.5.2 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.

3.5.3 Operating profit before non-recurring items (REBIT)

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

For the Group, those items are:

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

3.5.4 Government Grants

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

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

Repayable government grant are transferred to financial liabilities.

3.5.5 Income Taxes

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

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

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 Foncière 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.

3.5.6 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.

3.5.7 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.

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 as well as in the assessment of the recoverability of the deferred tax assets.

Management bases its estimates on its previous experience and formulates certain assumptions that seem reasonable taking into account the circumstances. Variation ranges of key assumptions are used (in the case of goodwill, multiples, levels of bookings, growth rate, WACC, ...), which, in the opinion of management, are appropriate. Despite the prudence with which these assumptions and ranges are determined, the general economic environment, unpredictable exogenous events or the execution of contracts may lead to significant differences between estimates and actual results as it has sometimes been the case in recent years.

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

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 2012, 2011 and 2010.

Subsidiary	Country	% Group interest		
		2012	2011	2010
1. SUBSIDIARIES CONSOLIDATED BY FULL INTEGRATION METHOD				
Hamon & Cie (International) SA	**Belgium**	**Parent company**		
Hamon & Cie (International) Finance SCS	Belgium	100%	100%	-
Hamon Thermal Europe SA	Belgium	100%	100%	100%
Hamon Research-Cottrell SA	Belgium	100%	100%	100%
ACS Anti Corrosion Structure SA	Belgium	100%	100%	100%
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	99,10%	100%	100%
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%	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%	50%	-
Hamon Research-Cottrell do Brazil	Brazil	100%	100%	100%
Hamon Do Brazil Ltda.	Brazil	100%	100%	100%
Hamon Custodis Cottrell (Canada) Inc.	Canada	100%	100%	100%
Hamon Esindus Latinoamerica Limitada	Chile	50%	50%	-
Hamon Esindus Latinoamerica SA de CV	Mexico	50%	50%	-
Hamon Corporation	United States	100%	100%	100%
Hamon Custodis Inc.	United States	100%	100%	100%
Hamon Deltak Inc.	United States	100%	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%
Hamon Holdings Corporation	United States	100%	100%	100%
Hamon (South Africa) (Pty) Ltd.	South Africa	74%	74%	70%
Hamon J&C Engineering (Pty) Ltd	South Africa	44,4%	44,4%	42,0%
Hamon Australia (Pty) Ltd.	Australia	100%	100%	100%
Hamon Thermal (Tianjin) Co. Ltd	China	100%	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%	100%
Hamon DGE (HK) Ltd.	China (Hong Kong)	60%	60%	60%
Hamon Shriram Cottrell PVT Ltd	India	50%	50%	50%
Hamon India PVT Ltd.	India	100%	100%	100%
Hamon Research-Cottrell India PVT Ltd.	India	100%	100%	-

Subsidiary	Country	% Group interest		
		2012	2011	2010
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 BHI Co. Ltd	South Korea	49,6%	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%	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%

6. EXCHANGE RATES USED BY THE GROUP

Exchange rates for 1 EUR		Period-end rate			Average rate		
		2012	2011	2010	2012	2011	2010
UAE Dirham	AED	4,8456	4,7524	4,9075	4,7392	5,1364	4,8692
Australian Dollar	AUD	1,2712	1,2723	1,3136	1,2447	1,3452	1,4514
Brazilian Real	BRL	2,7036	2,4159	2,2177	2,5188	2,3297	2,3336
Canadian Dollar	CAD	1,3137	1,3215	1,3322	1,2909	1,3810	1,3723
Chilean Peso (100)	CLP	6,3220	6,7340		5,7930	6,7340	
Chinese Yuan	CNY	8,3299	8,1588	8,8220	8,1531	9,0577	8,9757
Pound Sterling	GBP	0,8161	0,8353	0,8608	0,8127	0,8723	0,8576
Hong-Kong Dollar	HKD	10,2260	10,0510	10,3856	10,0223	10,9099	10,2962
Indonesian Rupiah (100)	IDR	127,1397	117,3147	120,0214	121,0652	122,9806	120,5061
Indian Rupee	INR	72,5600	68,7130	59,7580	68,8599	65,1794	60,5824
South Korean Won (100)	KRW	14,0623	14,9869	14,9906	14,5186	15,4588	15,3614
Mexican Peso	MXN	17,1845	18,0512		16,9884	17,3591	
Malaysian Ringgit	MYR	4,0347	4,1055	4,0950	3,9819	4,2750	4,2739
Polish Zloty	PLN	4,0740	4,4580	3,9750	4,1837	4,1179	4,0047
Saudi Riyal	SAR	4,9481	4,8521	5,0108	4,8389	5,2446	4,9716
Thai Baht	THB	40,3470	40,9910	40,1700	40,0839	42,7377	42,1378
Turkish Lira	TRY	2,3551	2,4432		2,3184	2,3398	
U.S. Dollar	USD	1,3194	1,2939	1,3362	1,2921	1,4018	1,3254
South African Rand	ZAR	11,1727	10,4830	8,8625	10,5513	10,0760	9,7243

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 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**

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 2012								
Revenue third party	207 741	70 703	78 184	83 658	34 239	(117)	-	474 408
Inter-segment revenue	841	3 708	544	2	2 249	-	(7 344)	-
Total revenue	208 582	74 411	78 728	83 660	36 488	(117)	(7 344)	474 408
Operating profit before non-recurring items (REBIT)	1 868	2 701	(8 699)	8 012	4 491	1 523		9 897
Non-recurring items	1 012	(15)	(283)	248	-	(1 523)		(562)
Operating profit (EBIT)	2 880	2 686	(8 982)	8 260	4 491	-		9 335
EBITDA	**4 864**	**3 658**	**(7 979)**	**9 371**	**4 806**	**2 362**		**17 083**
Interest income						574		574
Interest charges						(7 338)		(7 338)
Result before tax								**2 571**
Income taxes						(4 172)		(4 172)
Net result from continued operations								**(1 601)**

Other elements of the income statement

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Pollution Control EMEA/Brazil	APC & HR NAFTA	Chimneys	Non Allocated	Total
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)
For the period ended 31 December 2012							
Depreciation and amortization	(2 996)	(957)	(720)	(1 359)	(315)	(839)	(7 186)
Impairment of goodwill	-	-	-	-	-	-	-
(Impairment) / reversal of impairment on inventory	(32)	226	-	(248)	-	-	(54)
(Impairment) / reversal of impairment on trade receivables	6	(900)	(1)	-	-	-	(895)
(Increase) / decrease in provisions	(67)	-	(233)	587	137	(754)	(330)

Balance sheet information

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Pollution Control EMEA/Brazil	APC&HR NAFTA	Chimneys	Non Allocated	Total
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
As of 31 December 2012							
Total assets	143 246	83 918	71 361	55 159	3 360	114 196	471 240
Total liabilities	134 689	27 348	44 826	25 372	12 599	145 903	390 737
Capital expenditures	8 220	1 102	927	230	55	1 238	11 772

All assets and liabilities (except for cash and cash equivalent, financial liabilities 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'	2012	2011	2010
Revenues			
Belgium	8 248	7 715	7 518
Germany	36 890	27 258	21 428
South Africa	10 976	6 882	9 628
Saudi Arabia	32 465	21 929	6 148
Brazil	28 370	24 948	19 305
China	17 670	12 416	5 215
South Korea	24 068	6 061	6 837
United Arab Emirates	1 332	1 088	5 735
Spain	3 682	9 787	4 245
United States	110 429	95 800	89 796
France	26 003	39 405	36 473
India	32 276	35 341	16 264
Mexico	13 929	2 358	-
Thailand	11 697	4 800	1 780
Turkey	10 659	3 698	1 615
Switzerland	9 264	1 393	1 843
United Kingdom	13 164	7 458	12 567
Russia	2 082	5 078	21 779
Others	81 204	77 783	82 595
	474 408	**378 949**	**345 533**
Non current assets (*)			
Belgium	19 246	19 068	18 448
Brazil	11 683	13 111	14 281
China	14 545	13 904	12 898
South Korea	5 509	5 731	5 862
United States	37 296	36 996	13 869
France	13 560	13 204	13 282
India	7 285	5 682	5 103
Others	11 506	9 137	8 999
	120 630	**116 833**	**92 742**

(*) Excluding financial and deferred tax assets

The largest customer of the Group in 2012 was a Saudi customer that represented 1,2 % of the Group's total revenue.

8. REVENUE

Group's revenue (excluding discontinued operations) increased by respectively 25% and 37% compared to 2011 and 2010.
This performance mainly came from the excellent level of the backlog as of 1 January 2012 that allowed all Business Units, with the exception of the BU Chimneys, to progress compared to 2011, but also from:

- The integration of Deltak for a full year compared to 4 months in 2011 (impact of + EUR 20,4 million);
- The better performance of the US dollar (impact of + EUR 8,7 million).

The breakdown by type of activities is as follow:

in EUR '000'	2012	2011	2010
Construction contract	428 811	355 249	324 482
Manufacturing	34 687	17 950	13 110
Spare parts	7 256	3 721	3 815
Services	3 185	1 782	3 615
Royalties	469	247	511
Total	**474 408**	**378 949**	**345 533**

9. OPERATING EXPENSES

in EUR '000'	2012	2011	2010
Gross remuneration	*82 937*	*66 699*	*65 208*
Employer's contribution for social security	*12 386*	*11 284*	*10 598*
Other personnel costs	*2 525*	*2 620*	*2 002*
Charges/costs of the personnel	97 848	80 603	77 808
Depreciation & amortization	7 186	6 447	4 572
Other operating expenses	41 462	31 502	29 920
Total gross operating expenses	**146 496**	**118 552**	**112 300**
Costs allocation (1)	(78 962)	(61 879)	(56 226)
Total net operating expenses	**67 534**	**56 673**	**56 074**
Sale & marketing costs	13 283	13 584	10 499
General & administrative costs	52 588	41 783	43 870
Research & development costs	1 663	1 306	1 705
Total net operating expenses	**67 534**	**56 673**	**56 074**
Average Headcount	1 664	1 435	1 221

(1) Costs of time spent by employees 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 between 2011 and 2012 (+ EUR 9,6 million), to the significant development of our activities in the air-cooled condensers (in Europe and China) as well as the growth of our activities in the BUs Cooling Systems and Air Pollution Control EMEA/Brazil in Asia (mainly India and Korea).

The increase of allocations on proposals, contracts and development projects has not been able to compensate for this increase and, as a result, net operating expenses increased significantly compared to 2011 (19% or EUR 10,9 million). Please note however that this growth is nevertheless lower than the one of revenue (19% versus 25%).

10. OTHER OPERATING INCOME/(EXPENSES)

The other operating income and expenses are broken down as follows:

in EUR '000'	2012	2011	2010
Dividends and other financial income	460	358	194
Profit/(loss) on disposals of assets	699	17	115
Exchange differences, net	(445)	(647)	(327)
(Impairment)/reversal of impairment of current assets	(592)	212	(1 104)
Other misc. operating income/(expenses)	667	122	(88)
Total	**789**	**62**	**(1 210)**

The net (positive) increase of other operating income and expenses mainly comes from:

- The proceeds from the sale of the previous Hamon offices in Seoul, Korea;
- The strong increase of insurance income as well as sub-lettings of installations (mainly office spaces and machines) included in other miscellaneous operating income;
- A lower loss on exchange difference.

This is partly compensated by some provisions and impairments on inventories and receivables in France and in the United States.

11. NON-RECURRING INCOME/(EXPENSES)

in EUR '000'	2012	2011	2010
Restructuring costs	**(1 123)**	**(885)**	**(308)**
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	*1 016*	*809*	*-*
Other	*(455)*	*160*	*-*
Other non-recurring items	**561**	**969**	**-**
Total	**(562)**	**(2 090)**	**2 574**

The Group did not have to support any impairment loss on other non-current assets in 2012. Impairment losses in 2011 and 2010 were related to two minority investments owned by the Group and classified as 'Assets available-for-sale', Ohl and Xylowatt. Ohl went into bankruptcy in July 2011. As a result, the financial asset, the receivables and the guarantees granted by the Group had been charged in income statement in 2011. Concerning the investment in Xylowatt, it has been accounted for using estimated fair value based on the values for under way fundraising operations in this company.

The gain on disposal of available-for-sale assets includes the income resulting from the exercise of our put option on 10% of the AIT shares. This income has been determined after reclassification in income statement of fair value adjustments (EUR 1.136 thousand) accounted for in reserves during the previous periods. The shares had been received by Hamon as a partial payment for the sale of Brown Fintube France (BFT) to this company in 2010.

Other non-recurring items include the costs linked to the liquidation of Ohl.

Restructuring costs, amounting to EUR 1.123 thousand are mainly due to the ongoing plan to restore the profitability of BU APC EMEA/Brazil.

12. NET FINANCE COSTS

The detail of net finance costs is as follows:

in EUR '000'	2012	2011	2010
Interest charges	(5 110)	(4 914)	(3 909)
Costs related to anticipated reimbursement	-	(194)	-
Other borrowing costs	(2 228)	(1 927)	(1 652)
Finance costs	**(7 338)**	**(7 035)**	**(5 561)**
Interest income	574	579	332
Interest income	**574**	**579**	**332**
Total	**(6 763)**	**(6 456)**	**(5 229)**

Interest charges on the debt of the Group increased in 2012 compared to 2011, mainly due to the increase of the gross average debt over the year, and this, despite the decrease of interest rates. This caption also includes the cost of carry coming from the setting-ups of Interest Rate Swaps and Cross Currency IRS (see note 36) and the pre-financing interests on factoring operations without recourse in 2011 and 2012.

The section "Other borrowing costs" includes, amongst other, the amortization of setting-up 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 as well as the utilization fees on the borrowings contracted under the "revolver" credit line of the last syndicated credit.

The average cost of the debt was 3,31% for 2012, (4,30% and 4,68% for 2011 and 2010) or 3,92% (5,46% and 5,77% for 2011 and 2010) if the amortized refinancing costs of the credit lines are included in the analysis.

Interest income was stable in 2012. The low return rates reflect the prudent management followed by Hamon in its investments in a low interest rate environment.

13. INCOME TAX

in EUR '000'	2012		2011		2010	
Components of tax (expense)/income	(4 172)		(1 308)		(7 709)	
Related to current year	(4 893)		(2 801)		(7 366)	
Related to past years	721		1 493		(343)	
Current tax	**(3 241)**		**(7 185)**		**(8 904)**	
Related to current year	(3 407)		(7 408)		(8 790)	
Related to past years	166		223		(114)	
Deferred tax	**(931)**		**5 877**		**1 195**	
Related to current year	(1 486)		4 607		1 424	
Related to past years	555		1 270		(229)	
Reconciliation of Group income tax charge						
Result before tax	2 571		5 414		20 888	
Share of the profit (loss) of associates	-		-		-	
Result before tax and before share of the profit (loss) of associates	**2 571**		**5 414**		**20 888**	
Domestic income tax rate	33,99%		33,99%		33,99%	
Group theoretical income tax charge	**(874)**	**-33,99%**	**(1 840)**	**-33,99%**	**(7 100)**	**-33,99%**
Utilisation of tax losses not previously recognised	460	17,89%	414	7,65%	324	1,55%
Effect of different tax rates of subsidiaries operating in other juridictions	(809)	-31,47%	(453)	-8,36%	(182)	-0,87%
Withholding tax on intra group dividend distribuition	(24)	-0,93%	-	0,00%	(19)	-0,09%
Deferred tax assets not recognised	(4 106)	-159,70%	(1 353)	-24,99%	(1 669)	-7,99%
Transactions exempt from taxes	335	13,03%	198	3,66%	1 361	6,52%
CVAE (*)	(421)	-16,37%	(437)	-8,07%	(488)	-2,34%
R&D tax credits	546	21,24%	670	12,37%	407	1,95%
Other movements	-	0,00%	-	0,00%	-	0,00%
Income tax expense related to current year	**(4 893)**	**-190,32%**	**(2 801)**	**-51,74%**	**(7 366)**	**-35,26%**

(*) Tax on added value of companies

The result before tax of the Group, amounting to EUR 2,6 million, being low, the effect of deferred tax assets not recognized in 2012 (EUR 4.106 thousand, increasing a lot compared to previous periods) on the tax rate of the Group for the current period was disproportionate (160%) and could not be compensated, even partly, by the R&D tax credits (France and US) and the utilization of tax losses not previously recognized during the past periods.

14. DISCONTINUED OPERATIONS

The results of discontinued operations are as follows:

in EUR '000'	2012	2011	2010
Dry & Wet NAFTA cooling activities sold to SPX	-	-	(22)
Others	-	(88)	-
Total	**-**	**(88)**	**(22)**

They are not significant for the last few years.
The impact of discontinued activities on the cash flow of the Group amounted, for the 2012 financial year, to EUR 0 thousand (EUR -88 thousand and EUR -22 thousand for the 2011 and 2010 financial years) (see note 20).
As of 31 December 2012, 2011 and 2010, assets and liabilities of discontinued activities amounted to zero.

15. CHANGES OF SCOPE

There was no change of scope (acquisition or sale of subsidiary) during fiscal year 2012.

Acquisition of control of subsidiaries

In 2011, Hamon had acquired, with effect as of 1 September, 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.

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 non-controlling shareholders.

Sale/loss of control

Hamon had disposed in 2010 of the control of 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'	2012	2011	2010
Net result (equity holders of the Company)	(2 525)	2 829	11 631
Weighted average number of ordinary shares during the year	7 191 472	7 191 472	7 191 472
Basic earnings per share (EUR/share)	-0,35	0,39	1,62

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 had no diluting impact as of 31 December 2010, 2011 and 2012 (see note 33).

Continued operations

The basic earnings per share coming from the continued operations is 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 did not change during the three last years. It amounted to 7.191.472 shares.

Discontinued operations

The basic and diluted earnings per share for the discontinued operations amounted to EUR -0,00 per share on 31 December 2012 (EUR -0,02 and EUR -0,00 per share on the 31 December 2011 and 2010), calculated on the basis of the net result of the discontinued operations of EUR 0 thousand in 2012 (EUR -88 and EUR -22 thousand in 2011 and 2010) and of the denominators detailed above.

17. CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations before taxes, at EUR 16,1 million is slightly improving compared to the two previous periods. Please note that the project execution cycles on the one hand and the typology of in-progress orders during a year on the other hand have a significant impact on this cash flow. The change in "product mix" of Hamon to large export business and/or including civil work and construction also had a swelling effect on the working capital. As mentioned under note 33, Hamon implemented a program to sell without recourse trade receivables for respectively EUR 30,0 million and EUR 15,9 million as of 31 December 2012 and 2011. The cash flow from operating activities mentioned here above takes those programs into account.

18. CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities amounted to EUR -8,7 million in 2012, significantly decreasing compared to 2011 (EUR -26,3 million) that had seen the acquisition of Deltak for EUR -19,5 million.
The investments of the year were mainly related to:

- the sale proceeds of 10% of our available-for-sale financial asset in AIT;
- the sale proceeds of our previous offices in Seoul, Korea;
- the major investments in Research and Development;
- the development of our air-cooled condenser production capabilities in China;
- the acquisition of civil engineering equipments for the building of natural draft cooling towers in the United States and in India;
- the investments for recurring replacements.

19. CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities amounted to EUR 4,9 million in 2012.

'Proceeds from new bank borrowings' (at EUR 21,7 million) mainly came from the issue of treasury bills, increased local financings in Brazil and in India and Coface pre-financings in France (see note 34).

'Repayment of borrowings' of EUR - 11,1 million mainly resulted from reimbursements in December 2012 of borrowings contracted under the "revolver" credit line of the syndicated credit (see note 34).
'Dividends paid to shareholders' resulted from the payment, on 10 May 2012, of the final dividend for the year 2011 (EUR 0,13 per share). The Group decided not to distribute in 2012 any advance dividend for the year 2012.

We invite you to consult note 12 for the information on interests received and paid during the year 2012.

20. CASH FLOW FROM DISCONTINUED ACTIVITIES

Nihil for 2012 (2011: EUR -0,1 million).

21. INTANGIBLE ASSETS

in EUR '000'	Patents and trade marks	Development costs	Total
As of 31 December 2009			
Acquisition cost	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 disposal of a subsidiary	(17)	-	(17)
Net carrying amount at closing date	**4 645**	**4 676**	**9 321**
As of 31 December 2010			
Acquisition cost	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 cost	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**
For the year ended 31 December 2012			
Exchange differences	(127)	(167)	(294)
Additions	1 316	1 912	3 228
Amortization charge for the year	(859)	(2 152)	(3 011)
Net carrying amount at closing date	**10 330**	**11 627**	**21 957**
As of 31 December 2012			
Acquisition cost	20 902	19 717	40 619
Accumulated amortization and impairment	(10 572)	(8 090)	(18 662)
Net carrying amount	**10 330**	**11 627**	**21 957**

Except for trademarks acquired through the acquisition of Deltak, all intangible assets have a finite utility period on which the assets are amortized. The amortization charge is included under "General & administration costs".

Deltak trademarks (EUR 5.381 thousand as of 31 December 2012) have a utility period that is not limited in time and the Group intends to keep them in use in the future. Impairment tests on Deltak trademarks are made together with impairment tests on goodwill (see note 22).

Patents and trademarks are mainly composed of Deltak trademark, patents and licence agreements acquired together with Enviroserv in 2010 as well as softwares and the name "Clean Flow".

The development costs include on the one hand, use rights on the softwares obtained through the Deltak acquisition 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 2009	
Acquisition 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	
Acquisition 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	
Acquisition cost	56 238
Accumulated amortization and impairment	(1 531)
Net carrying amount	**54 707**
For the year ended 31 December 2012	
Exchange differences	(1 897)
Entry / changes in consolidation scope	409
Net carrying amount at closing date	**53 219**
As of 31 December 2012	
Acquisition cost	54 750
Accumulated amortization and impairment	(1 531)
Net carrying amount	**53 219**

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 by the Deltak acquisition was 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 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 portion and the update of the value of the put option granted to the non-controlling shareholders of DGE and TS or J&C (CGU "Air Pollution Control 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.

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

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

in EUR '000'	2012	Value in use	Fair value less costs to sell
Cooling Systems	**6 650**		**x**
PHE	851		x
ACS	892	x	
Process Heat Exchangers	**1 743**		
Air Pollution Control EMEA/Brazil	**32 842**	**x**	
Air Pollution Control & Heat Recovery NAFTA	**11 615**		**x**
Chimneys	**369**		**x**
Total	**53 219**		

In the absence of signed transactions or data coming from an organized market, fair value less costs to sell is estimated based on the best information available to reflect the amount that an entity could obtain from the sale of an asset from a transaction in the conditions of normal competition. Hamon estimates those values on the basis of statistics of M&A transactions concerning comparable companies, derived from multiples on EBITDA, multiples 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, Hamon has retained for its activities a range of multiples between 4,5 and 6, that is in the lower part of the presented ranges. This multiple is applied to actual EBITDAs 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 EBITDAs. 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 2012. Those business plans are mainly based on the backlogs of the CGU and the lists of the expected bookings for the following years based on pending offers and projects in preparation with our regular customers. The expected order bookings have been comforted by the actual bookings that occurred between 01/10/2012 and 21/02/2013. After the projection period, Hamon uses a growth rate of 1,5%, being the half of the rate retained by the IEA for its investment perspectives in the energy sector. The WACC retained is 10,5%, based on the analyst reports that follow Hamon. Sensitivity analysis are performed on booking levels (-15%), growth rate (-1%) and the WACC (+ 1%). 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 2009						
Acquisition cost	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 differences	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 cost	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 differences	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 December 2011						
Acquisition cost	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**
For the year ended 31 December 2012						
Exchange differences	108	(40)	(307)	5	(96)	(330)
Additions	258	593	5 205	19	2 454	8 529
Disposals	(554)	3	(13)	-	(5)	(569)
Depreciation charge for the year	(1 102)	(466)	(2 556)	(50)	-	(4 174)
Transferred from an account to another	(48)	5	56	-	(13)	-
Net carrying amount at closing date	**20 550**	**1 816**	**17 302**	**271**	**3 609**	**43 548**
As of 31 December 2012						
Acquisition cost	29 499	5 440	39 361	1 103	3 607	79 010
Accumulated depreciation	(8 949)	(3 624)	(22 059)	(832)	2	(35 462)
Net carrying amount	**20 550**	**1 816**	**17 302**	**271**	**3 609**	**43 548**

The amount included under the ‘Land and buildings’ heading includes a net amount of EUR 8.846 thousand for assets under finance lease on 31 December 2012 (EUR 7.180 thousand and EUR 7.418 thousand respectively on 31 December 2011 and 2010).

The amount included under the ‘Plant, machinery and equipment’ heading includes an amount of EUR 495 thousand for assets under finance lease on 31 December 2012 (EUR 559 thousand on 31 December 2011 and EUR 624 thousand on 31 December 2010).

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

in EUR ‘000’	Non-current	Current
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**
For the year ended 31 December 2012		
Balance at opening date	3 900	6
Additions	-	178
Disposals	(1 616)	(178)
Exchange differences	67	-
Balance at closing date	**2 351**	**6**

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

Hamon sold in June 2012 the AIT shares obtained as a partial payment for the sale of Brown Fintube France (BFT) (2010). Hamon still owns some 9 % of the AIT shares. Hamon also sold its remaining shares in GEI during the third quarter 2011 (see note 11).

The impairment charges accounted for in 2011 were related to the investments in Xylowatt and in Ohl (see note 11).

Otherwise, Hamon owns also some available-for-sale financial assets at their fair value.

25. DEFERRED TAX

Deferred taxes per category in EUR '000'	Assets 31/12/12	Assets 31/12/11	Assets 31/12/10	Liabilities 31/12/12	Liabilities 31/12/11	Liabilities 31/12/10
Temporary differences						
Intangible assets and goodwilll	-	151	-	(2 502)	(1 503)	(1 457)
Property, plant & equipment	100	62	50	(921)	(271)	(182)
Construction contracts	1 916	971	969	(3 380)	(2 979)	(1 847)
Provisions	933	886	847	(530)	(608)	(431)
Finance lease contracts	-	-	-	(851)	(875)	(812)
Others	894	2 252	1 818	(420)	(653)	(301)
Total temporary differences	**3 843**	**4 322**	**3 684**	**(8 604)**	**(6 889)**	**(5 030)**
Tax losses and other tax credits	15 087	13 882	6 573			
Total deferred tax assets/liabilities	**18 930**	**18 204**	**10 257**	**(8 604)**	**(6 889)**	**(5 030)**
Compensation of assets and liabilities per tax entity	(4 372)	(4 925)	(1 847)	4 372	4 925	1 847
Total, net	**14 558**	**13 279**	**8 410**	**(4 232)**	**(1 964)**	**(3 183)**

Table of variation of deferred taxes in EUR '000'	2012	2011	2010
Net deferred taxes as of 1st January	11 315	5 227	3 647
Deferred tax income / (expense)	(930)	5 877	1 194
Exchange difference	(32)	211	269
Others	(27)	-	117
Net deferred taxes as of 31st December	**10 326**	**11 315**	**5 227**

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 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's strong performance in those same markets.

Almost all recognized deferred tax assets are not limited in time.

The Group did not recognize deferred tax assets for a total amount of EUR 33.337 thousand as of 31 December 2012 (respectively EUR 29.691 thousand and EUR 28.752 thousand on 31 December 2011 and 2010) and will review this situation during later financial years according to the profitability of the various tax entities.

26. INVENTORIES

in EUR '000'	31/12/12	31/12/11	31/12/10
Raw materials & consumables	9 447	8 899	5 820
Inventories and WIP - not related to construction contracts	2 249	1 903	3 036
Finished goods	4 199	4 204	5 325
Total	**15 895**	**15 006**	**14 181**

As of 31 December 2012, write-offs accounted for on inventories amounted to EUR 1.063 thousand (respectively EUR 1.016 thousand and EUR 1.020 thousand as of 31 December 2011 and 2010).

The net book value of the pledged inventories amounted to EUR 924 thousand, EUR 603 thousand and EUR 310 thousand for the three last periods.

27. CONSTRUCTION CONTRACTS

in EUR '000'	31/12/12	31/12/11	31/12/10
Contract costs incurred and recognised profits	652 884	549 873	294 924
Progress billings	(674 538)	(556 925)	(319 859)
Total	**(21 654)**	**(7 052)**	**(24 935)**
Amount due from customers for contract work	83 831	64 566	33 247
Amount due to customers for contract work	(105 485)	(71 618)	(58 182)
Total	**(21 654)**	**(7 052)**	**(24 935)**

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 considered projects, stood at EUR 5.919 thousand as of 31 December 2012 (respectively EUR 5.715 thousand and EUR 4.212 thousand on 31 December 2011 and 2010).

28. TRADE AND OTHER RECEIVABLES

in EUR '000'	31/12/12	31/12/11	31/12/10
Trade receivables	102 182	68 365	85 213
less : impairment of doubtful receivables	(2 553)	(2 833)	(3 358)
Trade receivables - net	**99 629**	**65 532**	**81 855**
Retentions	5 919	5 715	4 212
Prepayments	14 045	8 995	6 556
Cash deposits and guarantees paid	857	699	767
Receivables on related parties	3 005	2 866	1 372
Other receivables	21 050	11 926	11 517
Total	**144 505**	**95 733**	**106 279**
Non-current Trade and other receivables			
Cash deposits and guarantees paid	828	630	623
Other non-current receivables	1 896	1 801	2 112
Less: non-current receivables	**(2 724)**	**(2 431)**	**(2 735)**
Trade and other receivables - current	**141 781**	**93 302**	**103 544**

On 31 December 2012, 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 was EUR 30.000 thousand (EUR 15.948 thousand in 2011 and 3.188 thousand in 2010).
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%.

29. CASH AND CASH EQUIVALENTS

in EUR '000'	31/12/12	31/12/11	31/12/10
Credit Institutions	79 656	77 673	25 740
Cash in hand	76	143	838
Fixed income securities	-	-	37 422
Short term cash deposits	4 193	5 411	4 077
Cash and cash equivalents	**83 925**	**83 227**	**68 077**

On 31 December 2012, the amount of cash and cash equivalents that the Group could not dispose of freely stood at EUR 3.597 thousand (2011: EUR 3.440 thousand, 2010: EUR 3.798 thousand). Hamon has modified its policy of cash investment and now favors, given the decrease of the risks on the banks, investments towards credit institutions.
In 2010, the fixed income securities were composed of investments 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	31/12/12	31/12/11	31/12/10
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 2012, the share capital amounted 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.

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

Dividends

The Group has, for the three previous periods, paid the following dividends:

Dividend per share	Advance	Supplement	Total
Year 2010	0,25	0,35	**0,60**
Year 2011	0,12	0,13	**0,25**
Year 2012	0,00	0,00	**0,00**

31. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

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

'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 decrease of provisions for warranty due to the expiration of the warranty period 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 01 January 2010	**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**
Additions	754	892	45	245	1 936
Reversals	(20)	(1 557)	(28)	(1)	(1 606)
Use of provision	(629)	(797)	-	(11)	(1 437)
Exchange differences	-	(130)	(5)	(41)	(176)
Balance as of 31 December 2012	**612**	**3 748**	**535**	**1 896**	**6 791**
Of which non-current provisions	215	373	88	-	676
Of which current provisions	397	3 375	447	1 896	6 115

32. PROVISIONS FOR PENSIONS

The provisions for pension benefits amounted to EUR 4.155 thousand at the end of 2012. They are primarily made up of post-employment benefit in line with local practices.

Employee benefits

in EUR '000'	Provision for pension plan	Provision for retirement lump sum	Other long term benefits	TOTAL
As of 31 December 2009	**2 849**	**63**	**26**	**2 938**
Additions	737	10	4	751
Utilization	(305)	(6)	1	(310)
Entry / changes in consolidation scope	121	-	-	121
Exchange differences	114	-	5	119
Disposals	(98)	-	-	(98)
As of 31 December 2010	**3 418**	**67**	**36**	**3 521**
Additions	695	11	5	711
Utilization	(201	(10)	-	(211)
Others	(221)	-	1	(220)
As of 31 December 2011	**3 691**	**68**	**42**	**3 801**
Additions	675	14	33	722
Utilization	(327)	(5)	-	(332)
Others	(36)	-	-	(36)
As of 31 December 2012	**4 003**	**77**	**75**	**4 155**
of which current provisions	**39**	**-**	**-**	**39**
of which defined benefit plan obligation	**4 004**	**76**	**-**	**4 080**

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 provisions. The Group has no obligation beyond these contribution payments.

The contributions paid for these plans amounted respectively to EUR 809 thousand in 2012, EUR 948 thousand in 2011 and EUR 988 thousand in 2010. 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 amounted accounted for in these plans for the three last years as well as a forecast for the following year are the following:

in EUR '000'	31/12/12	31/12/11	31/12/10	31/12/13*
Service cost: employer	463	412	381	538
Interest cost	258	255	237	248
Expected return on plan asset	(51)	(49)	(43)	(56)
Amortisation of actuarial net losses/(gains)	(11)	35	18	28
Past service cost recognised this year	11	52	154	11
Losses/(gains) on curtailments/settlements	19	-	-	18
Net expense recognised - Defined benefit plans	**689**	**705**	**747**	**787**

* Amounts for next year are based on actuarial projections

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 amounted to EUR 11 thousand in 2012 compared to EUR 52 thousand in 2011.
The balance sheet amounts for the defined benefit plans are as follows:

Funding status

in EUR '000'	31/12/12	31/12/11	31/12/10
Funded plans - defined benefit obligations	2 154	1 683	1 403
Fair value of plan assets	(1 574)	(1 390)	(1 218)
Deficit of funded plans	**580**	**293**	**185**
Unfunded plans - defined benefit obligations	4 722	4 109	3 971
Deficit	**5 302**	**4 402**	**4 156**
Unrecognised actuarial gain/(losses)	(1 098)	(510)	(521)
Unrecognised past service cost	(124)	(135)	(150)
Net liability/(asset) in the balance sheet	**4 080**	**3 757**	**3 485**
Liability recognised in the balance sheet	4 080	3 757	3 485
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:

Changes in plan assets

in EUR '000'	2012	2011	2010
Fair value of plan assets at beginning of period	1 390	1 218	1 031
Actual return on plan assets	66	62	67
Actual Employer contributions	134	140	243
Actual Employee contributions	28	31	29
Acquisitions/(disposals)/(settlements)	19	-	-
Actual Benefits paid	(54)	(54)	(148)
Others	(9)	(7)	(4)
Fair value of plan assets at end of period	**1 574**	**1 390**	**1 218**

The movement of net obligations in 2012 was as follows:

Change in net liability/asset in EUR '000'	2012	2011	2010
Net amount at beginning of period	3 757	3 485	2 912
Net expense - defined benefit plan	689	705	747
Company contributions and direct benefit payments	(332)	(212)	(311)
Changes in consolidation scope	-	-	23
Others	-	(127)	114
Currency translation differences	(34)	(94)	-
Net amount at end of period	**4 080**	**3 757**	**3 485**

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

in EUR '000'	2012	2011	2010
Defined Benefit Obligation at beginning of period	5 792	5 374	4 585
Service cost: employer	463	412	381
Interest cost	258	255	237
Actual employee Contribution	28	69	29
Plan Amendment	19	-	191
Acquisitions/(Disposals)	-	-	(25)
Actuarial loss (gain)	592	(74)	99
Actual Benefits paid	(332)	(213)	(311)
Others	55	(31)	188
Defined Benefit Obligation at end of period	**6 875**	**5 792**	**5 374**

The actuarial loss of EUR 592 thousand in 2012 was mainly due to the discount rate decrease (EUR 530 thousand).

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

Actuarial assumptions	2012	2011	2010
Discount rate	3,0 - 8,18%	3,3 - 8,67%	3,3 - 10 %
Expected future salary increase rate	2,5 - 9%	2,5 - 10%	2,5 - 15 %
Underlying inflation rate	2 - 7%	2 - 7%	2 - 7 %
Expected return rate on plan assets	3,50%	3,90%	3,90 %

The interest rates used to discount the obligations have significantly decreased this year compared to previous years following market rates.
The number of employees covered by the plans in 2012 amounted to 634 (of which 22 were inactive) in comparison to 532 (of which 9 were inactive) in 2011 and 503 (of which 10 were inactive) in 2010. It increased in 2012, mainly due to the headcount increase of the Indian subsidiaries.

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 31/12/2012	31/12/2011	31/12/2010
ESOP 2008 (B+G)	Belgium and Germany	27/05/08	26/05/15	33,58	From 2012 to 2015, from 15/03 till 31/05 and from 15/09 to 15/11	17 050	17 050	17 050
ESOP 2008 (F)	France	6/10/08	26/05/15	29,71	In 2012 from 6/10 to 15/11 ; from 2013 to 2015 from 15/03 to 31/05 and from 15/09 to 15/11	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 benefits 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

	2012		2011	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Number of stock options as of 1st January	22 550	32,64	22 550	32,64
Stock options granted	0	0,00	0	0,00
Forfeitures of rights & options expired	0	0,00	0	0,00
Stock options exercised	0	0,00	0	0,00
Stock options expired	0	0,00	0	0,00
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

Volatility is based on historical volatilities on 50 and 500 days.
Taking into account the exercise price and the charges of the initial values accounted for in income statement, the stock option plan represents a cost of EUR 0 thousand (EUR 29 thousand in 2011 and EUR 45 thousand in 2010) calculated according to the Black & Scholes model.

34. FINANCIAL LIABILITIES

Detail of financial liabilities in Eur '000'	31/12/12	31/12/11	31/12/10
Bank borrowings	83 417	80 312	72 856
Bank overdrafts	9 557	1 215	1 746
Sub-total bank borrowings	**92 974**	**81 527**	**74 602**
Obligations under finance lease	3 266	3 778	4 480
Treasury notes	35 906	32 263	1 000
Other financial commitments	336	4 951	871
Sub-total other borrowings	**39 508**	**40 992**	**6 351**
Total	**132 482**	**122 519**	**80 953**
Of which:			
Current (due for settlement within the year)	72 616	50 596	19 216
mount due for settlement in the 2nd year	2 381	609	4 401
Amount due for settlement in the 3rd year	222	359	54 374
Amount due for settlement in the 4th year	56 017	8 917	579
Amount due for settlement in the 5th year and after	1 246	62 038	2 383
Sub-total non-current:	**59 866**	**71 923**	**61 737**
Total	**132 482**	**122 519**	**80 953**
Of which:			
Borrowings due for settlement within the year in			
EUR	54 683	33 670	8 451
USD	179	171	155
Others	17 754	16 755	10 610
Non-current borrowings in			
EUR	55 154	65 070	60 249
USD	708	905	1 042
Others	4 004	5 948	446
Total	**132 482**	**122 519**	**80 953**

Group bank borrowings as of 31 December 2012 (EUR 92.974 thousand) were mainly related to the syndicated credit facility of 4 July 2011 (EUR 56.992 thousand).

The facility still offers advantageous conditions for financing margins as well as for maturities. The "revolver" credit lines and bank guarantees have a maturity ending in 2016, with a single bullet repayment for the "revolver" credit part .

Otherwise, the Group has the ability to proceed to a new bank disintermediation on its debt, other than the one already realized thanks to the Belgian treasury notes program and to increase the bank guarantee line for the cancelled amount of the "revolver" credit line.

No guarantee has been granted to the bank syndicate.

Finally, the agreement 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 syndicated credit facility requires the compliance with the following ratios: Net Debt/EBITDA, EBITDA/Net Cash Interest Payable (minimum 2,50), Total Debt/Book Equity (maximum 2,00) and limits the amount of capital expenditures (EUR 25 million per year).

The Net Debt/EBITDA ratio should be lower than 3,00 except as of 31 December 2012 (3,50) and as of 30 June 2013 (3,25).
All those ratios are achieved by the Group.

The financing margins of the "revolverv" credit line vary between 1,1 % and 2,1 % depending on the Net Debt/EBITDA ratio.

The Belgian treasury notes program signed on 30 August 2010 with two dealers remains a real success among investors. The amount of treasury notes amounts to EUR 35.906 thousand as of 31 December 2012.

The average cost of the debt was 3,31% for 2012, (4,30 % for 2011) or 3,92 % (5,46 % in 2011) 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.

35. TRADE AND OTHER PAYABLES

in EUR '000'	31/12/12	31/12/11	31/12/10
Trade payables	90 032	56 924	55 183
Amounts due to related parties	2 179	2 602	1 909
Other advances received	3 887	4 210	2 760
Social security and other payables	14 209	15 600	13 394
Other (non income) tax payable	10 344	6 803	10 389
Other current liabilities	3 869	4 618	2 530
Accruals and deferred income	2 414	3 382	3 563
Total	**126 934**	**94 139**	**89 728**

Companies of the Group receive on average between 30 to 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 31/12/12	31/12/11	31/12/10	Fair Value 31/12/12	31/12/11	31/12/10
Cash flow hedge							
Forward currency contracts sales	Assets	3 107		4 341	31		59
	Liabilities		7 497	748		(368)	(11)
Forward currency contracts purchases	Assets						
	Liabilities						
Interests rate swaps		31 424			(1 177)		
Net investment hedge							
Cross currency swaps		11 424			(87)		
Total fair value					**(1 233)**	**(368)**	**48**
Fair value recognized in the hedging reserve in Equity					(1 264)		(16)

The part of profit or loss on the hedging instrument that qualifies as an effective cash flow hedge or a net investment hedge is booked directly in equity, respectively under the hedging reserves or under the currency translation reserves. The gain or loss relating to the ineffective portion is recognized in the income statement.

As of 31 December 2012, the fair values of forward currency contracts designated as 'cash flow hedge' had positive fair values amounting to EUR 31 thousand. Those were hedges against the Korean Won (KRW) for collections of USD 4.100 thousand (equivalent to EUR 3.107 thousand).

During the first half of 2012, the Hamon Group concluded several hedging contracts with a maturity of 5 years, interest rate swaps (IRS) in Euro and Cross Currency IRS (CCIRS) "fixed USD against floating EUR".

These last ones can be considered as synthetic transactions composed of a IRS in paying Euro on a fixed leg and a "fixed against fixed" CCIRS – paying on the USD leg and receiving on the EUR leg.

IRS (including those considered as components of synthetic transactions) pay on the fixed legs a rate of 1,335% and receive the 3-month EURIBOR. They are considered as effective hedges against fluctuations in interest rates of existing bank debts. The "fixed against fixed" CCIRS cover a portion of our net investment in the USA.

As of 31 December 2012, IRS (including those considered as components of synthetic transactions) of a notional amount of EUR 31.424 thousand and CCIRS of a total notional amount of EUR 11.424 thousand qualified respectively as cash flow hedge and net investment hedge and had negative fair values of respectively EUR 1.177 thousand and EUR 87 thousand.

Derivative financial instruments designated as «held for trading»

in EUR '000'		Notional or Contractual amount 31/12/12	31/12/11	31/12/10	Fair Value 31/12/12	31/12/11	31/12/10
Forward currency contracts sales	Assets			2 461			287
	Liabilities	40 024	17 150		(139)	(296)	
Forward currency contracts purchases	Assets		594	2 171		27	
	Liabilities	19 764	778		(69)	(6)	(59)
under "Unrealized exchange gains"					-	27	287
under "Unrealized exchange losses"					(207)	(303)	(59)
Fair value recognized in the income statement					**(207)**	**(276)**	**228**

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'	31/12/12	31/12/11	31/12/10	Hierarchy of fair values
Financial Assets				
Cash and cash equivalents	83 925	83 227	68 077	
Available-for-sale financial assets	2 357	3 906	6 632	Level 2
Loans and receivables	129 532	86 942	97 632	
Derivative financial assets	105 775	26 046	16 230	Level 1
Total	**321 589**	**200 121**	**188 571**	
Financial Liabilities				
Borrowings at amortized cost	132 482	122 519	80 953	
Other payables	107 690	71 914	66 551	
Derivative financial liabilities	107 215	26 690	16 101	Level 1
Total	**347 387**	**221 123**	**163 605**	

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 does thus 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 (if necessary) 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:

	31/12/12				31/12/11				31/12/10			
in EUR '000'	USD	GBP	Other currencies	TOTAL	USD	GBP	Other currencies	TOTAL	USD	GBP	Other currencies	TOTAL
financial assets	100 671	3 302	8 297	112 270	18 199	1 865	7 545	27 609	56 855	6 775	4 041	67 671
financial liabilities	(37 000)	(248)	(2 375)	(39 623)	(6 286)	(104)	(2 644)	(9 034)	(10 894)	(160)	(2 083)	(13 137)
Gross balance sheet exposure	**63 671**	**3 054**	**5 922**	**72 647**	**11 913**	**1 761**	**4 901**	**18 575**	**45 961**	**6 615**	**1 958**	**54 534**
Gross exposure from firm commitments	72 125	(687)	(722)	70 716	84 008	-	607	84 615	28 038	-	10 867	38 905
Derivative financial instruments	(46 063)	315	(3 139)	(48 887)	(16 295)	(309)	(6 723)	(23 327)	(7 531)	-	(8 604)	(16 135)
Net exposure	**89 733**	**2 682**	**2 061**	**94 476**	**79 626**	**1 452**	**(1 215)**	**79 863**	**66 468**	**6 615**	**4 221**	**77 304**

+ for incoming flow / ( ) for outgoing flow

As explained here above, the amount of net exposure to US dollar in 2012 increased compared to 2011. The Hamon Group has in its backlog, projects signed in USD. Projects that are, for some of them still included in the backlog while for some others, already on the balance sheet as trade receivables (financial assets) and for which, although an important part of the expenses linked to those projects are in US dollar, the Group is covered to date.
The main part of the derivatives that hedge the foreign exchange rate on US dollar are forward contracts, designated as 'cash flow hedge' (see note 37).

in EUR '000'	31/12/12	31/12/11	31/12/10
Sensitivity to market rates			
% variation EUR	10 %	10 %	10 %
Impact on current year P&L	7 265	1 858	5 453
Impact on future cash flows	9 448	7 986	7 730

Compared to its closing rate, an appreciation / depreciation of the Euro of 10% against all currencies used by the Group would result in a positive / negative impact of EUR 7.265 thousand (before income taxes) on the income statement of the current year and EUR 9.448 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 2012 results of the Group amounted to EUR 10.292 thousand on the revenue and to EUR 1.109 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 financing cost. Most of the cost of the Group debt is based on EURIBOR-3 months. It is the policy of the Group to limit its exposure to the interest rates volatility by using financial instruments which swap a variable interest rate into a fixed rate, in particular interest rate Swaps (IRS).

During the first half of 2012, Hamon Group concluded several hedging contracts with a maturity of 5 years, interest rate swaps (IRS) in Euro and Cross Currency IRS (CCIRS) "fixed USD against floating EUR" (see note 36).

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

	31/12/12		31/12/11		31/12/10	
in EUR '000'	Average rate	Principal	Average rate	Principal	Average rate	Principal
Fixed Rate						
Financial liabilities	6,50%	887	10,94%	5 620	7,02%	1 712
Variable Rate						
Financial liabilities	3,29%	131 595	3,98%	118 030	4,63%	80 893
	3,31%	**132 482**	**4,30%**	**123 650**	**4,68%**	**82 605**

in EUR '000'	2012	2011	2010
Sensitivity to market rate			
bp change	115	60	30
Impact on P&L	1 513	708	243
IRS hedging effect	(361)	-	-
Net Profit or (loss)	1 152	708	243

Calculation of the market interest rate sensitivity is based on a hypothetical variation of 115 basis points on the reference market interest rate (comparable with the variation of the EURIBOR- 3 month over the year 2012).

In the event of an increase or decrease of the market interest rates by 115 basis points, the gross impact on income would be EUR 1.513 thousand.

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

in EUR '000'	31/12/12	31/12/11	31/12/10
Interest on loans and bank overdrafts	(4 983)	(4 776)	(3 720)
Interest on finance leases	(127)	(138)	(189)
TOTAL interest expenses	**(5 110)**	**(4 914)**	**(3 909)**
Costs related to anticipated reimbursement	-	(194)	-
Credit facilities transaction costs (amortized cost treatment under IFRS)	(952)	(1 131)	(1 192)
Other financing costs	(1 276)	(796)	(460)
TOTAL other finance costs	**(2 228)**	**(2 121)**	**(1 652)**
TOTAL	**(7 338)**	**(7 035)**	**(5 561)**

Financial assets as well as trade payables of the Group do not generate important financial income or expense due to the historically low interest rates.

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 Saudi 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 over > 3 months	Due 2-3 months	Due 1-2 months	Current	Not due
As of 31 December 2012	129 532	12 587	4 063	6 435	43 124	63 324
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

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 2012, 2011 and 2010, as follows:

in EUR '000'	31/12/12	31/12/11	31/12/10
Balance at beginning of the year	**(2 833)**	**(3 358)**	**(2 299)**
Amounts written off during the year	(901)	(497)	(1 138)
Amounts recovered during the year	6	217	49
Other (forex, transfer,…)	1 175	805	30
Balance at end of the year	**(2 553)**	**(2 833)**	**(3 358)**
Net impairment on receivable in P&L	(895)	(280)	(1 090)

f) Liquidity Risk Management

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

The Group remained in a net debt position at the end of 2012.

in EUR '000'	31/12/12	31/12/11	31/12/10
Cash and cash equivalents	83 925	83 227	68 077
Total liquidity	**83 925**	**83 227**	**68 077**
Short term financial debt & current portion of long term financial debt	(72 616)	(57 188)	(19 216)
Long term financial debt	(59 866)	(65 331)	(61 738)
Total financial debt	**(132 482)**	**(122 519)**	**(80 953)**
Net liquidity	**(48 557)**	**(39 292)**	**(12 876)**

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 31/12/12

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	35 906	35 906	-	-	-	-
Loans from Banks	92 974	-	35 899	1 919	55 156	-
Obligations under finance leases	3 266	-	475	461	1 011	1 318
Other financial liabilities	336	-	336	-	-	-
Trade and other Payables	107 690	105 392	1 314	956	-	28
Derivative financial liabilities	1 471	-	1 471	-	-	-
Total	**241 643**	**141 298**	**39 495**	**3 336**	**56 167**	**1 346**

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**

g) Capital-linked Risk Management

The Group manages its capital in order to ensure its going concern while optimizing the ratio debt/equity. The Group's objective is to have sufficient flexibility to fund operating costs and capital requirements of a international diversified engineering group. The Group's overall strategy remains unchanged compared to 2011.

The capital structure of the Group consists of debt, which includes the borrowings disclosed under note 34, cash and cash equivalents as well as equity which includes share capital, reserves and retained earnings, disclosed in notes 29 and 30.

The Board of Directors regularly reviews the capital structure. As part of this review, our Directors evaluate the cost of capital and risks associated with each class of capital in order to balance the structure.

39. GUARANTEES ON THE GROUP'S ASSETS

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

The guaranteed financial assets are principally restricted bank accounts located in Korea and current assets in India.

Guaranteed property, plant and equipments are mainly lands and buildings in Korea and in India, as well as equipment necessary for the building of cooling towers in India. Guarantees on inventories are also located in India.

Those guarantees are granted consecutively to the installation of credit agreements and bank guarantees with Indian and Korean banks, so outside the bank pool (see note 34), without any guarantee from the mother company of Hamon Group.

in EUR '000'	31/12/2012	31/12/2011	31/12/2010
Inventories	924	603	310
Property, plant & equipment	9 408	8 489	7 753
Financial Assets	25 087	24 922	15 378
Total	**35 420**	**34 014**	**23 441**

As a reminder, the new syndicated credit facility signed on 4 July 2011 is not associated with any guarantee granted to the members of the bank syndicate (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 by additional "sales and lease back" on machinery and equipment for an amount of EUR 649 thousand 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		
	31/12/12	31/12/11	31/12/10	31/12/12	31/12/11	31/12/10
Amounts due for finance leases						
within one year	584	632	898	470	494	736
in the second to fifth years inclusive	1 701	2 131	2 673	1 479	1 830	2 249
after more than 5 years	1 473	1 646	1 697	1 318	1 454	1 495
Sub-total	**3 758**	**4 409**	**5 268**	**3 267**	**3 778**	**4 480**
Less: future finance charges	(492)	(631)	(788)	N/A	N/A	N/A
Present value of lease obligations	**3 266**	**3 778**	**4 480**	**3 267**	**3 778**	**4 480**
Less: Amounts due for settlement within one year				(470)	(494)	(736)
Non-current finance leases debts				**2 797**	**3 284**	**3 744**

The average lease term for the obligations on finance lease is 8,73 years. The average weighted interest rate is 5,95%. 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'	31/12/12	31/12/11	31/12/10
Minimum lease payments under operating leases recognized as an expense during the year	5 863	5 125	4 551
Minimum lease payments due for operating leases			
within one year	4 762	4 557	4 613
in the second to fifth years inclusive	9 301	9 735	9 747
after more than five years	1 663	1 300	210
Total	**15 726**	**15 592**	**14 570**

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 mainly explained by the contribution 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 issued on the Group credit lines:

in EUR '000'	31/12/12	31/12/11	31/12/10
Documentary credit / SBLC import	2 815	7 415	3 370
Bank guarantees	192 262	124 069	89 291
Insurance bonds	67 923	59 648	39 851
Total	**263 000**	**191 131**	**132 512**

The total amount of outstanding bank guarantees increased as of 31 December 2012 compared to 31 December 2011. 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 also opened some SBLC Import in order to improve payment conditions with some of its suppliers representing commitments for EUR 2.815 thousand as of 31 December 2012.

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'	31/12/12	31/12/11	31/12/10
Commitment of good project execution	182	482	482
Comfort letters to banks	1 286	2 570	2 570
Comfort letters to suppliers	-	4 080	4 080
Bank guarantees	89	328	730
Total	**1 557**	**7 459**	**7 862**

The commitments for which payment is probable are recorded as liabilities.

42. CONTINGENT LIABILITIES

No new significant litigation occurred in 2011 and 2012. The only outstanding litigations are as follows:

Bankruptcy of Hamon Research-Cottrell Italia (HRCI)

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

FBM Hudson Italiana

The Italian company FBM Hudson Italiana Spa, sold by Hamon Group in December 2005 has initiated proceedings against its former directors. FBM was dismissed and sentenced to pay legal expenses by the Court of Genoa. FBM appealed on the part of the judgment ordering the payment of damages and interests for reckless and vexatious procedure (EUR 100 thousand).

Asbestos

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

Other litigations

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

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 31/12/12

in EUR '000'	Purchases				Revenues			
	of goods	of services	lease of assets	management fees	Goods	Services	Royalties	Capital gains
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-	70	-	-	262	-		
Other shareholders with significant influence	-	-	-	5	829	-	442	-
Associates	-	294	-	-	128	60	-	-
Other related parties	-	-	-	-	-	-	-	-

Balance sheet as of 31/12/12
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	-	941	-	694
Other shareholders with significant influence	-	1 484	-	246
Associates	-	580	502	1 240
Other related parties	-	-	-	-

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		-		

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

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

Relations with related parties mostly include commercial relations (purchase / sale of goods and services, payment of management fees to shareholders, office space rental).

The Group has not issued any guarantee or off balance sheet commitment to related parties other than commitments towards associates, as described in note 34. 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'	2012 (3)	2011 (2)	2010 (1)
Short term benefits	371	334	318
Fixed remuneration	3 128	2 952	3 159
Variable remuneration	2 283	2 436	2 842
Subtotal	**5 782**	**5 722**	**6 319**
Long term benefits	371	351	340
Total	**6 153**	**6 073**	**6 659**

(1) full time quivalent of 8,25 persons in 2010
(2) full time quivalent of 8 persons in 2011
(3) full time quivalent of 8 persons in 2012

The total of gross emoluments granted to the non-executive directors during the year 2012 amounted to EUR 182 thousand (EUR 179 thousand and EUR 240 thousand during the two previous years). These emoluments are subject to the approval of the Annual General shareholders Meeting. There was no profit sharing allocation and the Company has not made any loans to the directors. The directors have also not made any special or unusual transactions with the Company.

45. STAFF

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

Average headcount per BU	2012	2011	2010
Cooling Systems	775	663	547
Process Heat Exchangers	221	218	232
Air Pollution Control EMEA/Brazil	312	268	220
Air Pollution Control & Heat Recovery NAFTA	254	182	124
Chimneys	53	55	53
Corporate & others	49	49	45
Total	**1 664**	**1 435**	**1 221**

The main variations are coming from the following Business Units:

- Cooling systems, following the development of our Dry Cooling team in Europe and China and the significant growth of our activities in Asia.
- 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 setting-up of a regional center for Asia in Seoul (Korea) and a detail engineering center for Asia in September 2012 and this, despite the reduction of personnel members in Western Europe.
- 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 in 2012 by the 25 main subsidiaries of the Group (considered in the part Corporate Social Responsibility – See part Report Parameters) amounted to EUR 596 thousand (respectively EUR 345 thousand and EUR 883 thousand in 2011 and 2010). They include:

- Research tax credits ("Crédit d'impôt recherche" - CIR) obtained by subsidiaries in the United States and in France;
- A reduction of tax withheld on salaries for one subsidiary due to its R&D activities;
- An aid of the European Union in the framework of the "Life + Project" for the valorization of plastic wastes, followed by our Arrou factory (France).

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 2012 amounted to EUR 783 thousand and are broken down as follows:

in EUR	2012	2011
Fees linked to financial statements audit	751 344	861 700
Other certification missions	0	4 000
Legal missions	0	2 600
Tax assistance missions	27 804	173 776
Other assistance	3 637	1 743
Total	**782 785**	**1 043 819**

Deloitte.

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Hamon & Cie (International) SA

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2012

To the shareholders

As required by law, we report to you on the statutory audit mandate which you have entrusted to us. This report includes our report on the consolidated financial statements as defined below together with our report on other legal and regulatory requirements.

Report 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. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, 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 principal accounting standards and other explanatory notes. The consolidated balance sheet shows total assets of 471.240 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 2.525 (000) EUR.

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

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

Statutory auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Deloitte.

Unqualified opinion

In our opinion, the consolidated financial statements of Hamon & Cie (International) SA give a true and fair view of the group's net equity and financial position as of 31 December 2012, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

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

In the framework of our mandate, our responsibility is to verify, for all significant aspects, the compliance with some legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify 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, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the context of our mandate.

Diegem, 22 February 2013

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 shareholders Meeting of 23 April 2013, 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 2012 annual accounts of Hamon & Cie (International) SA.

in EUR '000'	31/12/12	31/12/11	31/12/10
Fixed assets	**197 611**	**189 667**	**190 266**
I. Formation expenses	3 334	4 324	2 826
II. Intangible assets	2 039	1 659	1 572
III. Tangible assets	199	261	375
IV. Financial assets	192 039	183 423	185 493
Current assets	**55 230**	**45 730**	**17 716**
V. Amounts receivable after one year	678	0	0
VI. Stock and contracts in progress	0	0	0
VII. Amounts receivable within one year	53 945	45 096	17 407
VIII. Short term deposits	0	0	0
IX. Cash at bank and in hands	70	101	87
X. Deferred charges and accrued income	537	533	222
Total assets	**252 841**	**235 397**	**207 982**
Equity	**142 091**	**139 181**	**139 465**
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	113 005	110 095	110 378
Provisions and deferred taxes	**0**	**0**	**0**
Amounts payable	**110 363**	**96 216**	**68 517**
VIII. Amounts payable after more than one year	48 000	56 184	50 657
IX. Amounts payable within one year	62 211	39 424	17 738
X. Accrued charges and deferred income	152	608	122
Total liabilities and equity	**252 841**	**235 397**	**207 982**

SUMMARIZED INCOME STATEMENT AS OF 31 DECEMBER

in EUR '000'	2012	2011	2010
I. Operating revenues	**12 870**	**11 814**	**10 278**
A. Turnover	11 587	10 714	10 264
D. Other operating revenues	1 283	1 100	14
II. Operating expenses (-)	**12 015**	**11 495**	**11 538**
A. Cost of materials	0	0	0
B. Services and other goods	5 681	4 930	5 438
C. Remuneration, social security and pension costs	4 516	4 444	4 202
D. Depreciation and amortization	1 711	1 930	1. 680
F. Increase (decrease) in provisions for liabilities & charges)	0	0	0
G. Other operating expenses	107	191	218
III. Operating income	**855**	**319**	**(1 260)**
IV. Financial income	9 999	12 602	24 534
V. Financial expenses	(6 358)	(4 623)	(5 687)
VI. Net operating income before taxes	**4 496**	**8 298**	**17 587**
VII. Extraordinary income	1	1 965	87 905
VIII. Extraordinary expenses	(1 529)	(8 748)	(2 975)
IX. Net income before taxes	**2 968**	**1 515**	**102 517**
X. Income taxes	(58)	(1)	0
XI. Net income	**2 910**	**1 514**	**102 517**

ANNEXURES

Report Parameters

For the third 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 2012 fiscal year, namely the period from 1 January to 31 December 2012.
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 2011 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 25 main subsidiaries (subsidiaries with 2012 average headcount of at least 15 people), taken at 100% and over the twelve months of the 2012 fiscal year.
Together, these 25 subsidiaries represented 92% of the Group average headcount in 2012.
The perimeter used in 2011 was different; it included only 24 subsidiaries:

- Three subsidiaries were added in 2012: Hamon Corporation (our holding in USA), Hamon D'Hondt Middle East (plant in Saudi Arabia) and Hamon Research-Cottrell India, which grew significantly after the hiring of a large team in 2012.
- Two subsidiaries were removed in 2012: Hamon Environmental SARL, France (its headcount went down under the threshold of 15 people in 2012) and Hamon J&C Engineering (South Africa). This subsidiary will probably leave our perimeter of consolidation soon.

Subsidiaries included in the perimeter (CSR)	Country	Kind	2011 Social report	2011 Environmental report	2012 Social report	2012 Environmental report
Hamon & Cie (International) SA	Belgium	Offices	x		x	
Hamon Thermal Europe SA	Belgium	Offices	x		x	
Hamon Research-Cottrell SA	Belgium	Offices	x		x	
ACS Anti Corrosion Structure SA	Belgium	Plant	x	x	x	x
Hamon Thermal Europe (France) SA	France	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 UK Ltd	UK	Offices	x		x	
Hamon do Brasil Ltda	Brazil	Offices	x		x	
Hamon Corporation	USA	Offices			x	
Hamon Custodis Inc.	USA	Offices	x		x	
Hamon Deltak Inc.	USA	Plant	x	x	x	x
Hamon Research-Cottrell Inc.	USA	Offices	x		x	
Thermal Transfer Corporation	USA	Plant	x	x	x	x
Hamon J&C Engineering Pty Ltd	S. Africa	Workshop	x	x		
Hamon (South Africa) (Pty) Ltd	S. Africa	Offices	x		x	
Hamon D'Hondt Middle East Co. Ltd	Saudi Arabia	Plant			x	x
Hamon DGE (Shanghai) Co. Ltd	China	Offices	x		x	
Hamon Thermal & Environmental Technology (Jiaxing) Co. Ltd	China	Plant	x	x	x	x
Hamon Thermal (Tianjin) Co. Ltd.	China	Offices + plant	x	x	x	x
TS Filtration (Shanghai) Co. Ltd	China	Workshop	x	x	x	x
Hamon Korea Co. Ltd.	S. Korea	Offices	x		x	
Hamon Research-Cottrell India Pvt Ltd	India	Offices			x	
Hamon Shriram Cottrell PVT Ltd	India	Offices + plant	x	x	x	x
P.T. Hamon Indonesia	Indonesia	Offices	x		x	

x = included in the scope of analysis

In the section on Environmental Responsibilities we cover the subsidiaries with the greatest impact on the environment, namely the ten factories and workshops, with the exception of Hamon J&C Engineering, which has a small steel fabrication workshop.

For more information, see the table above listing the subsidiaries included in 2011 and in 2012.

Changes to the scope of the report

Compared to the previous fiscal year, there was no change to the scope of financial consolidation in this report (see notes 5 and 15 of the financial section).

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, share-holders, 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 headcount 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 the 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.

The GRI correspondence grid which follows shows where to find each of these key performance indicators in the annual report.

GRI correspondence grid

For our third 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	Party	36

Ref.	Indicator	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	113
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	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	22-23
	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	21
	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 yet established 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 2012.

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.

APC: Air Pollution Control.

Bank Guarantees: guarantees given by a bank for a certain amount and over a fixed period, when contracts are made (sold) and executed. Principal categories: advance payment bond, performance bond, and warranty bond.

Cooling System when referred to in the context of power generation: in a traditional power plant generating electricity, water is heated and transformed into high pressure steam. This turns a steam turbine connected to an alternator, which converts mechanical energy to electrical energy. At the exit of the turbine, the steam is cooled on a surface condenser through indirect contact between the steam and cold water running through the cooling circuit. This water is then sent to a cooling system, before it is re-injected into the cooling circuit.

deNOx: elimination of Nitrogen oxides, NOx in short form, from waste gases.

deSOx: elimination of Sulfur oxides, SOx in short form, from waste gases.

Dry cooling system or air-cooled steam condenser: used in the production of electricity, this system directly condenses steam at the exit of the steam turbine, in finned tube bundles cooled by the surrounding air.

EBIT: Earnings before interest and tax.

EBITDA: Earnings before interest, taxes, depreciation & amortization and non-recurring items.

EMEA: Europe, Middle East and Africa.

EPC (Engineering, Procurement and Construction): engineering firm.

ESP: Electrostatic Precipitator, an electrostatic filter that eliminates particles from the exhaust gases.

FRP: Fibre-Reinforced Plastic, used for example for exhaust gas ducts in chimneys.

GRI: Global Reporting Initiative: international body whose mission (at a worldwide level) is to provide to organizations of any size, any location and any area a reliable, credible and standardized framework for their reporting in sustainable development.

Group or Hamon Group: the name for Hamon and its subsidiaries in the sense of the Company Code, article 6, 2°.

Hamon: the name of the limited company (under Belgian law) Hamon & Cie (International) SA, with its head office at Axisparc, rues Emile Francis 2, 1435 Mont-St-Guibert, Belgium. The Hamon trade mark and logo (as it appears on the back cover of this report) are protected in most countries in which Hamon is established.

HRSG: Heat Recovery Steam Generator, used in combined cycle power plants to generate steam from the hot gas turbine exhaust.

Hybrid cooling system: combination of a wet cooling system and finned tube bundles that slightly heat the saturated humid air, in order to reduce the steam plume.

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 water from 30-40° C to 20-30° C. The cooling occurs via direct contact between the water and surface streaming air, with evaporation of a part of the water.

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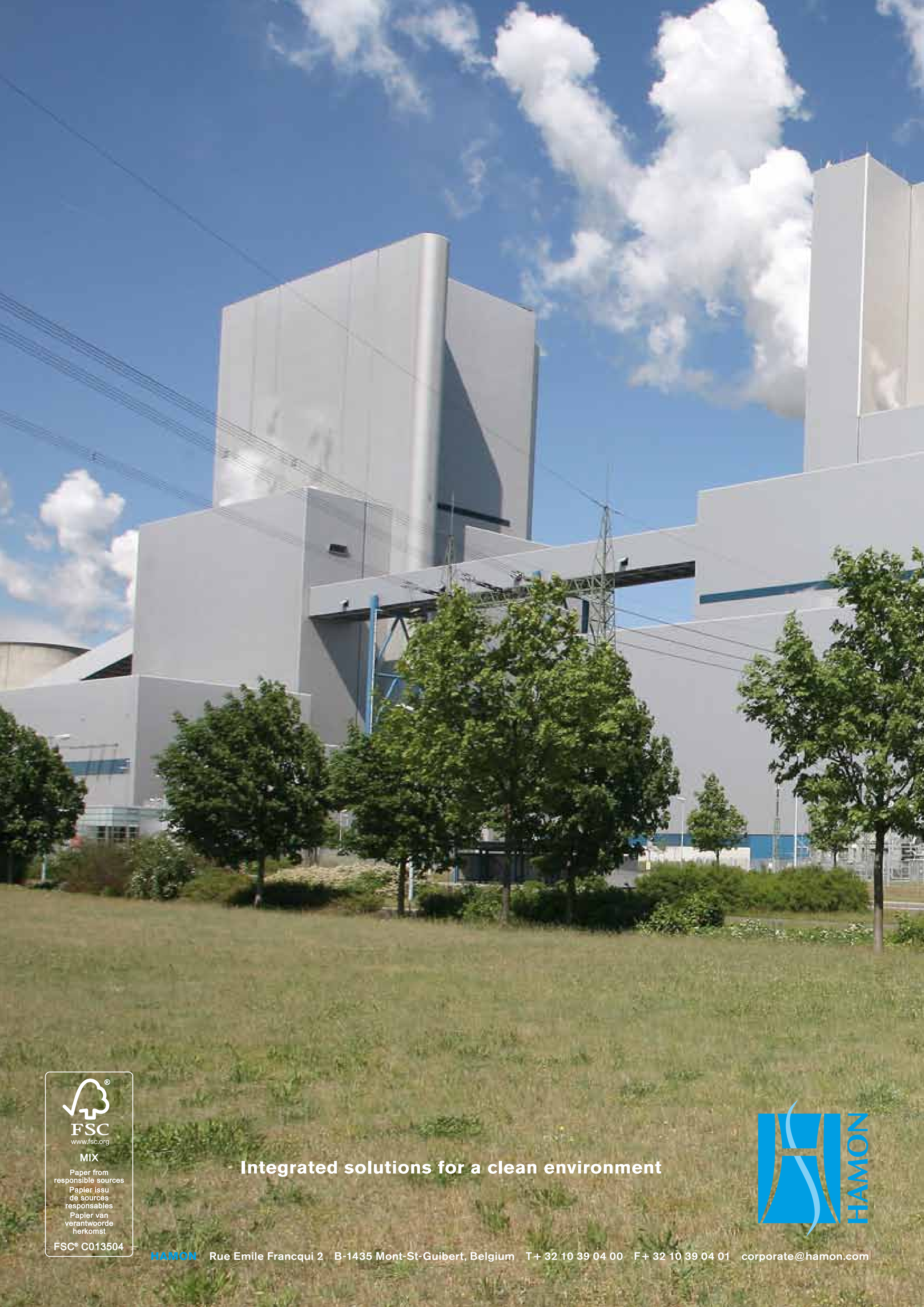
Ce rapport annuel est également disponible en français.



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