

HAMON 2015 ANNUAL REPORT



Integrated Solutions
for a Clean Environment





our group

The Hamon Group is a global player in the field of engineering and contracting (engineering, construction and project management). Its activities include the design and manufacture of key components, the installation and maintenance of **cooling systems, process heat exchangers, air pollution control** systems, heat recovery systems (HRSG) and **chimneys**, intended for the power generation, oil and gas sectors as well as certain other heavy industries such as steel, glassmaking and chemicals.



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key figures

+15%

INCREASE
IN TURNOVER

in EUR million	2015	2014
RATIOS		
EBITDA / revenue	3.6%	3.8%
ROCE ⁽¹⁾	16.6%	22.4%
Net financial debt / equity ⁽²⁾	163%	95%
Enterprise value / EBITDA ⁽³⁾	6.4	5.7
DATA PER SHARE (IN EUR/SHARE)		
Group's share of net result	(0.54)	0.11
Net result from continued operations	(0.54)	0.11
Equity (excluding non-controlling interests)	5.11	5.35
Gross dividend	0.00	0.00
P/E (share price as at 31.12) ⁽⁴⁾	–	88.9
Average number of outstanding shares	9,363,916	7,597,958
Number of outstanding shares as at 31.12	10,540,797	8,998,386
Number of shares issued as at 31.12	10,556,905	9,009,654
Market capitalization as at 31.12 (EUR million)	84.2	91.9
Share closing price as at 31.12	7.98	10.20
Year average share closing price	9.25	13.34
NEW ORDER BOOKINGS	447.8	613.7
ORDER BOOK (AS AT 31 DECEMBER)	581.1	794.1
INCOME STATEMENT		
Revenue	698.6	606.4
EBITDA ⁽⁵⁾	25.1	23.0
EBIT (result before interest and tax)	7.7	11.8
Result before tax (continued operations)	(3.4)	1.0
Net result from continued operations	(5.4)	0.9
Net result from discontinued operations	(0.0)	(0.0)
Group's share of net result	(5.0)	0.8
Cash flow ⁽⁶⁾	(45.0)	(2.7)

in EUR million	2015	2014
BALANCE SHEET		
Non-current assets	155,5	150,3
Current financial assets available for sale	0,1	0,0
Cash and cash equivalents	109,3	139,0
Other current assets	302,9	259,8
Total assets	567,8	549,1
Equity ⁽⁷⁾	52,0	43,4
of which non-controlling interests	4,2	2,7
Financial liabilities (current and non-current)	193,8	180,1
Non-current provisions	5,5	6,5
Other non-current liabilities	9,2	11,5
Current liabilities (excl. financial liabilities)	307,2	307,6
Total liabilities and equity	567,8	549,1
Net working Capital ⁽⁸⁾	(4,3)	(47,8)
Net financial debts ⁽⁹⁾	84,5	41,1
Capital employed ⁽¹⁰⁾	151,2	102,5
Average headcount (yearly)	1.777	1.695

(1) EBITDA / capital employed

(2) Net financial debts / equity (including non-controlling interests)

(3) Enterprise value = market capitalization as at 31.12 + non-controlling interests + net financial debts - investments in associated companies

(4) Share price as at 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 interests

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

(9) Financial liabilities - Cash and cash equivalents

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



MEETING WITH

Francis Lambilliotte

“Our business units
are responding to new
environmental challenges
affecting water and air.”

DID THE COMPLEX INTERNATIONAL ECONOMIC CONTEXT IN 2015 IMPACT SIGNIFICANTLY ON HAMON'S PERFORMANCES?

Francis Lambilliotte — The ups and downs of the international economic situation naturally impacted on our backlog. The fall in the price of oil products, which some of our customers export (causing a decline in their creditworthiness and investment expenditure) and the relative economic slowdown in the emerging countries (particularly in China last August) affected our orders booked in 2015: we noted a temporary fall in new orders to EUR 448 million. Fortunately, in most of these cases, our customers and potential customers simply deferred their investment decisions until the first half of 2016 (we recorded new orders amounting to over EUR 100 million in January/February 2016). This was the case, for instance, in our Air Quality Systems BU (AQS).

Equipment requirements, particularly in power plants, are higher than ever. Demand remains strong in the emerging countries and includes a significant water and air protection component. Countries like Vietnam, Indonesia and Thailand are prepared to invest massively in new clean power plants, which is a recent development. We have also recorded some fine successes with our regular French, German, Polish and English customers.

SO OVERALL, HAMON'S RESULTS ARE SATISFACTORY?

F.L. : In operational terms, yes, but not the bottom line. Our operating results are up (+ 9% EBITDA compared with 2014), thanks in particular to the increase in the relative share of equipment maintenance and upgrading. Gas-fired, nuclear and coal-fired power plants require regular maintenance to generate electricity under the best conditions and with optimal or even improved output. So our Cooling Systems Business Unit saw a considerable increase in its turnover and its EBITDA rose by 30%. Dry cooling is also profitable, with a sharp rise in EBITDA.

The erection of the cooling tower in Koźienice, Poland, was a great success — we built a concrete natural draft tower there. Our NAFTA BU continues to do well, recording good performances in particular with the implementation of our major ReACT™ project for the treatment of flue gases. Large-scale projects also started up in America, the Middle East and Europe. We are reaping the rewards of the diversification of our sales to other industrial sectors (apart from electricity). The AQS EBITDA also rose by 20%, with considerable progress in Asia.

Although the Group's EBITDA increased by 9% from one year to the next, including the negative operating results of EUR 10 million from the Process Heat Exchangers (PHE) BU, we have total extraordinary costs of EUR 7 million relating to restructuring costs and the impairment on a trade debt.





Francis Lambilliotte
CEO Hamon

50%

50% OF OUR NEW ORDER BOOKINGS CONSISTS OF CONTRACTS INVOLVING TECHNOLOGIES AND ON MARKETS WHERE WE DID NOT OPERATE FIVE YEARS AGO.

Finally, I would like to stress that our contracts in progress are being implemented well and we have a healthy backlog to start 2016.

IS THE TURNAROUND OF THE PROCESS HEAT EXCHANGERS BU BEARING FRUIT?

F.L. : In 2015 we put in place a new management team: general manager, financial manager and sales manager. They made an effective contribution to the implementation of a new global strategy. The Group's standards are applied there as regards financial management; the Hamon best practices are also observed. The workforce has been reduced. The results were, admittedly, still negative in 2015 further to the fulfilment of the old orders booked by the previous management team.

Orders booked in 2015 were at the same level as those in 2014, but at higher prices with provisions.

WHAT CONCRETE MEASURES HAVE RESULTED FROM THE 'STAR' PROJECT LAUNCHED IN 2014 TO INCREASE THE GROUP'S PROFITABILITY?

F.L. : The Group's best practices, put in place in the second half of 2014, in particular as regards the quote preparation procedure and order fulfilment, in order to gauge the risks linked to these projects have been applied by all the BUs. Moreover, this risk management is in line with the most recent version of the ISO 9001/2015 standards.

In addition, the internal audit function with an audit plan covering several years was put in place through co-sourcing with an external consultant. Finally, we intend to be particularly vigilant regarding the level of our general costs in 2016: we have decided to reduce them by 5%, resulting in the establishment of extraordinary provisions for the Group in 2015.

+15%

INCREASE IN OUR TURNOVER
IN 2015



TWO ELEMENTS ARE WORTH NOTING FOR 2015 AS REGARDS THE SOLVENCY AND DEVELOPMENT OF GROUP: A FURTHER CAPITAL INCREASE IN OCTOBER AND THE ACQUISITION OF THE 39% STAKE IN ESINDUS PREVIOUSLY HELD BY SOPAL, HAMON'S PARENT COMPANY.

F.L. : The first of these transactions enabled us to strengthen our equity and improve our ratios. The second brought us numerous commercial and structural synergies with Esindus. This Spanish company is particular efficient in its own region and on the Latin American markets where it holds an established strategic position.

It is worth noting that the increase in sales of EUR 92 million recorded in 2015 led to a rise in our working capital requirements. So to continue the Group's development, the Board decided to strengthen our equity in 2016, given the positive trend in our prospects for orders and sales.

DO COP21 AND DEVELOPMENTS IN ENVIRONMENTAL LEGISLATION FOR INDUSTRIAL COMPANIES OFFER NEW OPPORTUNITIES FOR HAMON IN ITS VARIOUS BUSINESS ACTIVITIES?

F.L. : Yes. The Group is well positioned to meet the current environmental challenges of air and water protection. Commitments were made at COP21, including by emerging countries, whose equipment

will have to meet increasingly stringent standards. Environmental issues have no borders. The recurring problems that Beijing experiences with air pollution, for instance, show that in the short term, existing power plants and those to be commissioned shortly need to have equipment to treat flue gases. Water has become a major issue for industries as well. Our dry cooling systems, which use little water, are a great solution for regions where this is a scarce commodity. We offer the ReACT™ system for the treatment of multi-pollutants, based on the use of activated carbon with thermal regeneration, which involves minimal use of water. Coal-, gas- or biomass-fired power plants, incinerators: Hamon develops a number of pollution control systems which are all opportunities for the years to come.

SO THE GROUP'S BUSINESS ACTIVITIES ARE EVOLVING WITH ITS MARKETS FROM DAY TO DAY?

F.L. : That's right. Our range of products and services in 2016 is broader than it was five years ago. And 50% of our backlog consists of contracts involving technologies and on markets where we did not operate five years

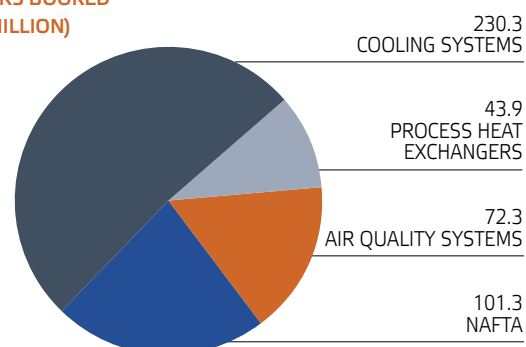
“Coal-, gas- or biomass-fired power plants, incinerators: Hamon develops a number of pollution control systems which are all opportunities for the years to come.”



ago. Hamon reinvents itself every day. We have developed competitive engineering in countries where labour costs are low. Our geographic diversification, with a good balance between the American continent, Europe, the Middle East and Asia, enables us to amortize the markets fluctuations linked to the local economic situation but also offer our wide range of products to a broader market and group together orders from the same customer on several continents. Hamon increasingly offers its customers total, tailored solutions adapted to their needs, in terms of repairs and upgrading as well as the installation of new equipment. Hamon's 'package' solutions, our constant research and development efforts, our price improvement policy and our range are the best guarantees of the Group's long-term future.

I'm pleased to be able to rely on the loyalty, motivation and enthusiasm of all the staff in the Group. I would like to thank them sincerely. I would also like to thank our commercial and financial partners who put their trust in us.

NEW ORDERS BOOKED
(EUR 448 MILLION)



Group Profile

Hamon ranks among the leaders in its niche markets related to energy and the environment.

POSITIONING

Hamon, an international engineering, procurement and construction company (EPC) is one of the world's leading players in the niche markets for which it supplies equipment and the related after-sales services:

- Cooling systems;
- Air quality systems;
- Heat recovery systems (and steam generators);
- Process heat exchangers;
- Industrial chimneys.

The end customers are mainly:

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

Hamon also sells its products and services to large 'lead contractor' engineering firms.

Hamon offers its customers innovative systems using the best technology at competitive prices thanks to strict cost control.

VISION

Hamon uses all its resources to provide its customers with the most advanced technologies and equipment to produce cleaner energy and maintain air quality.

MISSION

- The Group develops new processes and designs, installs and provides after-sales service for efficient installations for cooling systems, heat exchangers, air quality systems, heat recovery systems and chimneys.
- Hamon undertakes to improve its customers' performances in the energy, oil and gas sectors as well as other heavy industries, such as steel, glass and chemicals.
- Hamon ensures that its projects are carried out on schedule and within budget, in accordance with the customer's specifications.
- Finally, the Group strives to provide a high-quality service in all its areas of activity, ensuring the satisfaction and development of its staff and protection of the environment, while offering its shareholders adequate profitability.

VALUES

1. PROFESSIONALISM

Hamon attaches great importance to the rigour and efficiency of its services and the products it supplies to 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 its business activities.

4. RESPECT FOR CULTURAL DIVERSITY

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

ACTIVITIES

The Group's main activities include sales, research and development, design, the manufacture of key components, project management, procurement, on-site installation (sometimes including civil works), commissioning and after-sales service.



OUR VALUES:

PROFESSIONALISM RESPECT
FOR THE INDIVIDUAL

RESPECT FOR
THE ENVIRONMENT

RESPECT FOR
CULTURAL DIVERSITY



Hamon focuses on high added-value activities, such as **design**, whether this is thermal design (for cooling systems and heat exchangers), 'process' design (in particular for chemical treatment systems for flue gas emissions) or mechanical design for all our equipment. The design levels differ depending on whether we are in the preliminary phase, preparing the final quote or undertaking detailed engineering to fulfil orders.



Supply chain management is an integral part of the Hamon business activities. It includes assembly dates and site delivery schedules, logistics aspects, constraints linked to production in the Group's plants and purchasing from suppliers as well as quality control at every stage in the process. The Group also takes care of all the administrative processes: trade finance, customs clearance, tax, purchase order follow-up, etc. The management of these different and often complex tasks is essential for the success of our projects, particularly when, as is usually the case, they involve several countries or emerging countries. The Hamon supply chain comprises hundreds of suppliers, both local and global, from around the world. The Group is continuing to develop a global

sourcing approach, with internal teams of international buyers and a wide-ranging supplier network, in order to meet our supply needs with the best possible levels of quality, innovation, productivity and reliability, while maintaining optimal stock management. The STAR project, launched in 2014 and continuing today, aims among other things to improve the cost of manufacturing our products by globalizing the various services. These measures are part and parcel of the Hamon Group's continuous improvement philosophy. In 2015, purchases of materials and services amounted to a total of around EUR 519 million, or approximately 74% of the Group's turnover.



Research & Development activities, which are essential for the Group, enable Hamon to offer its customers ever more efficient cutting-edge systems. For further details on our R&D, see the end of the Corporate Social Responsibility chapter, section 5.4. Innovation/R&D.

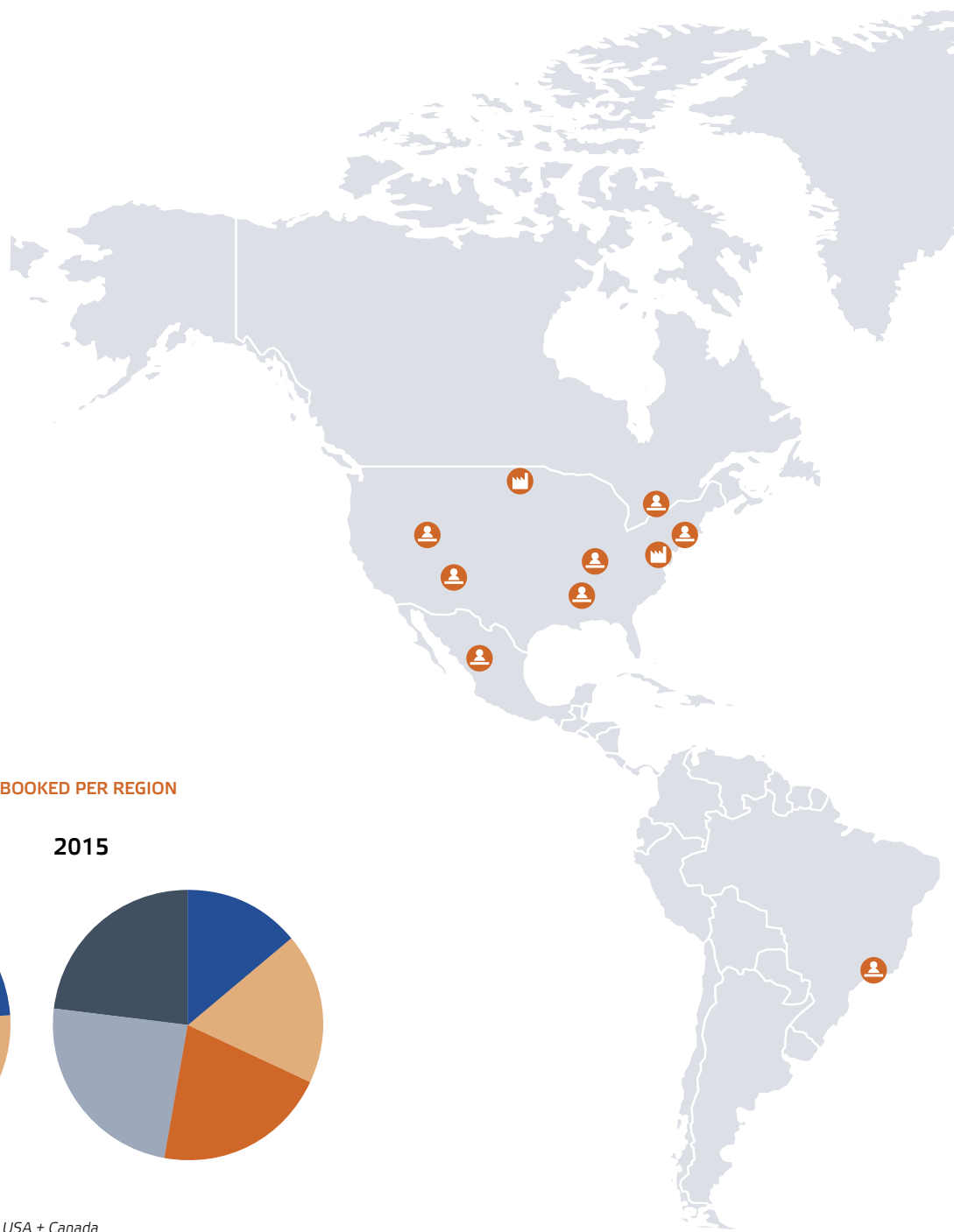
We are unable to give a detailed description here of all the Group's other activities, but they are all instrumental to our customers' satisfaction and to the success of our projects and of the Group.

HAMON IN THE WORLD

In 2015, Hamon employed on average 1,777 people in 24 countries on all five continents. None of these countries appears on the list of risk countries identified by the World Bank.

In addition, the Group employs several hundred subcontractors or people under fixed-term contracts for on-site installation.

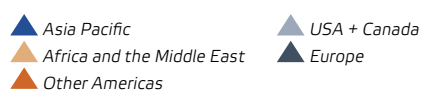
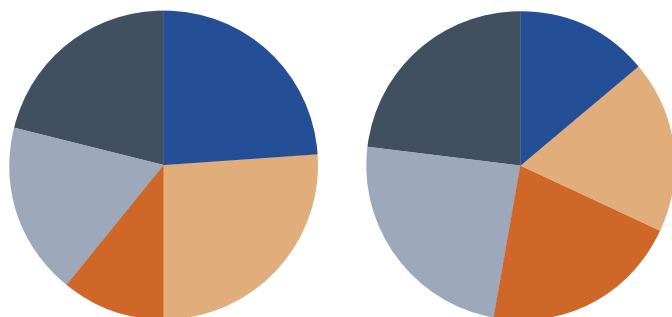
In 2015, the Group recorded a consolidated turnover of EUR 699 million.



BREAKDOWN OF NEW ORDERS BOOKED PER REGION

2014

2015



24

COUNTRIES

34

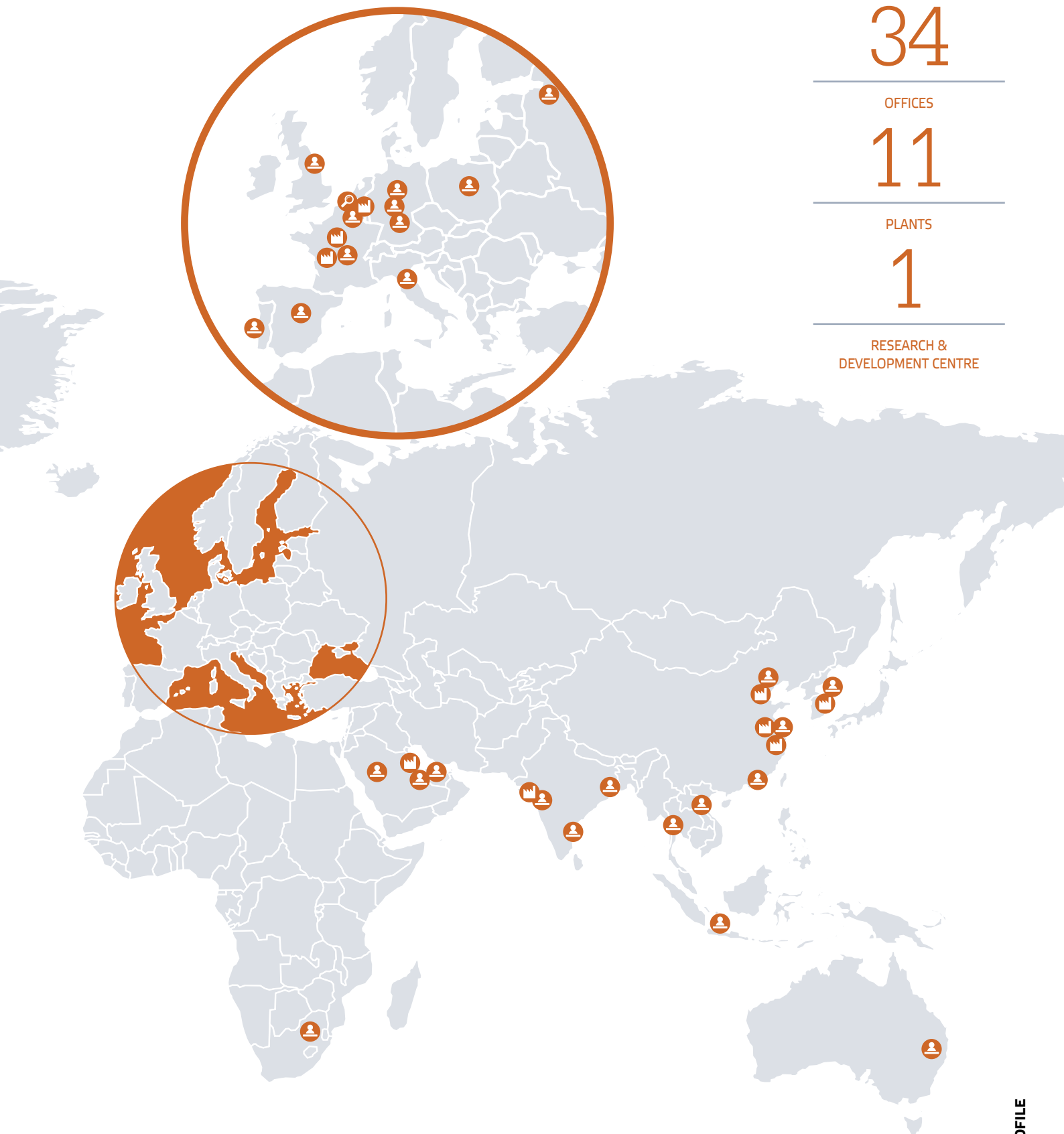
OFFICES

11

PLANTS

1

RESEARCH &
DEVELOPMENT CENTRE



Office



Plant



R&D Centre

Key events 2015

COMMERCIAL ACTIVITY

- Promising developments in Latin America, especially in Mexico.
- Sustained activity in the Middle East.
- NAFTA continues to obtain high booking levels thanks to the diversification of its products and its commercial presence in the after-sales market.
- Less activity in Asia in 2015 owing to deferral to 2016, confirmed by contracts concluded in early 2016.
- New orders in January and February 2016 in excess of EUR 100 million.

THE BACKLOG REPRESENTS REVENUE FOR MORE THAN THREE QUARTERLY TERMS

- The backlog is very diversified both geographically and in terms of products.
- The 2015 revenue was up 15% thanks to the excellent fulfilment of the backlog at the end of 2014 and new orders booked in 2015.

EBITDA OF EUR 25.1 MILLION, UP 9% COMPARED WITH 2014

- Excellent performance of the Cooling Systems Business Unit for both dry and wet cooling.
- The efforts made by the Process Heat Exchangers Business Unit are promising, even though this business unit is suffering mainly from the complications experienced in fulfilling old contracts.
- The Air Quality Systems Business Unit had a second positive year, with improved results compared with the previous year, confirming its good commercial and organizational strategy.
- Negative net result of EUR 5.4 million due mainly to non-recurring restructuring costs, impairments on non-trade receivables and the tax burden in the United States.
- The performance in the second half of the year was clearly up on the first six months of 2015 (EBITDA of EUR 15.5 million compared with EUR 9.6 million in H1 2015).

BALANCE SHEET

- As announced upon publication of the results as at 30 June 2015, Sopal International increased the capital of Hamon et Cie in October 2015 by almost EUR 15 million.
- The Hamon & Cie Board of Directors proposes to continue strengthening the Group's equity in the short and long term in line with its needs.

Inauguration of the shell of the natural draft tower at the Kozienice power plant in Poland.



1. COMMERCIAL ACTIVITIES

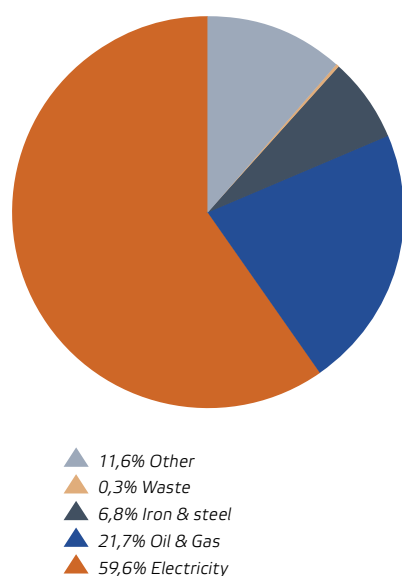
in EUR million	2015	2014
Orders booked	447.8	613.7
Order book	581.1	794.1

The backlog stood at EUR 581 million as at 31 December 2015, representing three quarterly terms of activities.

The strategy adopted by the Group over the past few years confirms the good geographic breakdown among the traditional markets (Europe and NAFTA) with 47% of new orders, while the Middle East/Africa and Asia-Pacific amounted to 18% and 14% respectively. However, the biggest rise was recorded in Latin America (21% compared with 11% in 2014).

The figures below do not include activities between BUs.

BREAKDOWN OF NEW ORDER BOOKINGS BY SECTOR (2015)



2. CONSOLIDATED INCOME STATEMENT

in EUR million	2015	2014
Revenue	698.6	606.4
Gross profit	90.2	90.5
EBITDA	25.1	23.0
<i>EBITDA/Revenue</i>	<i>+3.6%</i>	<i>+3.8%</i>
Recurring EBIT	15.4	14.5
Non-recurring gains and losses	-7.7	-2.7
Operating profit (EBIT)	7.6	11.8
Net finance costs	-7.9	-7.3
Share of profit (loss) of associates	-3.2	-3.5
Result before tax (continued operations)	-3.4	1.0
Income tax expenses	-2.0	-0.1
Net result from continued operations	-5.4	0.9
Net result from discontinued operations	0.0	0.0
Net result for the period	-5.4	0.9
Group share of net result	--5.0	0.8
Results in EUR per share		
Average number of outstanding shares	9,363,916	7,597,958
EBITDA per share	2.68	3.03
Earning per share (EPS)	-0.54	0.11

The growth in revenue (+15% compared with 2014) was achieved thanks to an excellent backlog at the start of the year, enabling the Group to increase its EBITDA in 2015 compared with 2014 despite performances that were less favourable than expected in the Process Heat Exchangers Business Unit (PHE), which is still in a recovery phase.

The non-recurring elements mainly comprise restructuring costs and impairments on non-trade receivables.

The tax burden comes chiefly from positive results in the United States.

3. CONSOLIDATED BALANCE SHEET

in EUR million	31/12/2015	31/12/2014
ASSETS		
Deferred tax assets	28.4	27.2
Other non-current assets	127.1	123.1
Stock and contracts in progress (assets)	116.6	103.5
Trade receivable	173.4	144.0
Cash and cash equivalents	109.3	139.0
Other current assets	13.0	12.4
Total assets	567.8	549.1
EQUITY	52.0	43.4
LIABILITIES		
Deferred tax liabilities	6.7	6.6
Non-current financial liabilities	2.3	96.4
Other non-current liabilities	8.0	11.4
Current financial liabilities	191.5	83.7
Contracts in progress (liabilities)	104.8	118.2
Trade payable	187.1	166.4
Other current liabilities	15.4	23.0
Total liabilities	515.8	505.7
Total liabilities and equity	567.8	549.1

Capital increases totalling EUR 15 million were booked in October 2015 by means of cash brought in on the one hand and the contribution of a stake held by Sopal International SA in the company Esindus on the other hand.

Standing at EUR 52 million, equity was impacted by these capital increases, by the result for the year and by translation adjustments resulting from the consolidation of subsidiaries in foreign currencies.

Net debt was up compared with the previous year further to the increase in working capital requirements linked to the growth in the Group's activity, late payments by some customers and progress with projects.

Substantial measures were taken to reduce the debt during the second half of the year. However, the equity level remains slightly too low to achieve a ratio to be respected under the terms of our financing contracts as at 31 December 2015. In these circumstances, the contractual provisions binding the Group to its

credit providers include the possibility of remediation by strengthening the Group's equity.

The Hamon & Cie Board of Directors therefore proposes to undertake a capital increase in the coming weeks.

The Group is also examining longer-term solutions to strengthen its equity.

4. POST BALANCE SHEET EVENTS

No post balance sheet events occurred.

5. PROSPECTS

In view of the general economic context, Hamon does not release any guidance as to its future results.

However, the Group remains confident about the 2016 financial year, given the very good new order bookings in January and February 2016.

1

ANNUAL STRATEGIC MEETING OF THE COOLING SYSTEMS BU

attended by the General Managers of companies operating in this field.



2

PHE BU STRATEGIC SEMINAR

organized by the new management team and attended by representatives of French, Korean, Saudi Arabian and American companies.



HAMON STAND AT THE POWER-GEN EUROPE TRADE FAIR IN AMSTERDAM

Hamon took part in various trade fairs: Power-Gen Russia, Europe, Asia, South Africa and Brazil as well as ICCI in Turkey and VGB in Austria. At the Power-Gen Asia trade fair which was held in Bangkok, a staff member from Hamon Enviroserv gave a lecture on the developments and applications for major CFB (CDS) FGD desulfurization projects.

3



4

SPEECH BY MS RODICA EXNER AT THE INAUGURATION OF THE SHELL OF THE NATURAL DRAFT TOWER AT THE KOZIENICE POWER PLANT IN POLAND



5

VISIT BY A DELEGATION FROM THE FRENCH SENATE TO THE HAMON D'HONDT PLANT IN FRESNES

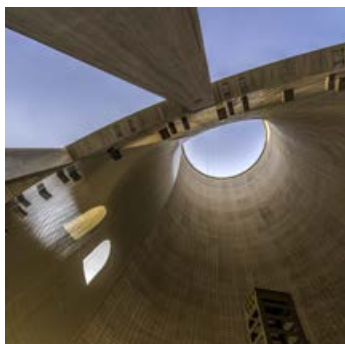
Mr Gérard Larcher, President of the Senate, Ms Valérie Létard, Senator and Chair of the Valenciennes Métropole conurbation committee, together with a delegation of senators were welcomed by Cédric Juliard, Chairman of the Business Unit, and Thierry Fontaine, Managing Director, who showed them the manufacturing process.



BUSINESS UNITS

The Hamon Group structures its activities in four business units: Cooling Systems, Process Heat Exchangers, Air Quality Systems and NAFTA, in 24 countries on all five continents.

COOLING
SYSTEMS



PROCESS HEAT
EXCHANGERS



AIR QUALITY
SYSTEMS



NAFTA







COOLING SYSTEMS

The Cooling Systems
Business Unit
supplies electric power plants
and industries, including the
chemicals, petrochemicals,
iron and steel, paper making
and sugar refining industries,
with equipment and related
services designed to cool water
or condense steam produced by
their processes.

COOLING SYSTEMS

CUSTOMIZED TECHNICAL SOLUTIONS

Hamon offers two types of technical solutions adapted to the needs of electricity producers, engineering companies and industries: wet cooling towers and dry cooling systems.

The wet cooling towers work by evaporating part of the water flow using different means of generating air flow (natural draft with a chimney or induced draft when fans are used). They cool down all kinds of water (from fresh water to waste water and salt water) and even acid solutions. They can also be equipped with a plume abating system.

Dry cooling systems (air-cooled condensers and indirect systems) are used to condense and cool down steam without evaporation and without releasing a plume. They therefore offer a solution to cooling problems in areas where water is scarce, such as in parts of continental China, South Africa or the Middle East.

REDUCING PRIMARY ENERGY CONSUMPTION

By ensuring that these cooling systems have just the right dimensions, more electricity can be generated for a given consumption of primary energy. Obtaining colder cooling water increases the output of a steam turbine. For each degree Celsius by which the temperature of the cold water is reduced, the electricity generated increases by approximately one per cent.

For the same level of electricity generation, the consumption of primary energy (coal, gas, etc.) falls and less CO₂ is released into the atmosphere.

In the other industries, good cooling system management also enables substantial savings. The use of a closed circuit system (with cooling tower) also avoids the heating of sea or river water caused by hot water discharged from the open circuit and thus prevents the destruction of their ecosystem.

AN INTERNATIONAL CENTRE OF EXCELLENCE

The unit's centre of excellence is located in Mont- St-Guibert (Belgium). The BU has a test and R&D centre in Drogenbos (Belgium) as well as in China and offices in various countries: South Africa, Germany, England, Saudi Arabia, Australia, Bahrain, Brazil, China, South Korea, United Arab Emirates, United States, France, India, Indonesia, Italy, Mexico, Poland, Russia and Thailand, as well as a network of agents. Critical components are designed by Hamon and manufactured by the Group's plants in France, India, China and the United States.

KEY FIGURES

EUR million	2015	2014
Orders booked	230.3	331.0
Revenue	311.8	267.1
Backlog 31/12	313.8	384.0
EBITDA	11.0	8.4
EBITDA/ revenue	3.5%	3.1%
Average workforce*	777	779

* Excluding installation on site.

SUCCESS STORY



THE SEP SABIC PROJECT



“A fan-assisted natural draft cooling tower.”

Rodica Exner,
Chairman of the
Cooling Systems BU

HOW IS THE SEP SABIC PROJECT STARTED BY HAMON THERMAL IN 2012 PROGRESSING?

Construction of the Hamon cooling tower was successfully completed at the end of 2015. This fan assisted natural draft cooling tower is part of the 'KEMYA – Elastomer' extension project started by SABIC in Jubail (Saudi Arabia) in 2012 and is scheduled to come into operation in 2016.

WHAT ARE THE SPECIFIC FEATURES OF THIS PROJECT?

The cooling tower has a flow rate of 25,200 m³/h. It stands 40 metres high, the diameter at the base measures 46 metres and it has 24 moto-fan units with an installed total mechanical capacity of almost 1500 kW.

WHAT ADVANTAGES WAS HAMON ABLE TO PUT FORWARD TO BE AWARDED THE CONSTRUCTION OF THIS TOWER?

Thanks to our operating references in fan-assisted natural draft cooling towers, including in Karlsruhe and Moorburg, the Korean EPC Daelim chose us for the turnkey construction of this tower on behalf of the Saudi company Saudi Basic Industries Corporation (SABIC)". SABIC is a leading international player in the manufacture of basic and by-products for the petrochemicals industry. Hamon was selected for its skills and its experience in the design and construction of cooling towers. The project management, site management and excellent cooperation between the various entities in the Hamon Group before and after this contract was awarded were decisive in the success of this turnkey project.

WHAT WERE THE MAIN CHALLENGES THAT HAMON FACED?

The initial technical requirements were very demanding, in particular the corrosion aspects, given that sea water is used for cooling. In addition, the tower was to be built in a confined space, so an optimized design was essential, and the completion deadline was very tight. As well as the engineering and the thermal, hydraulic, electromechanical and other more usual equipment, Hamon's mission also involved designing and producing civil engineering structures (shell, basin, pumping station), including the cathodic protection for concrete structures subject to sea water corrosion.



“Sales amounted to EUR 312 million, up on 2014, thanks to a record high backlog at the start of 2015.”

Despite a certain slowdown on the market in the Middle East and in China and the embargo in Russia, new orders booked by the Cooling Systems Business Unit amounted to EUR 230 million in 2015. These orders kept the backlog at a level equal to one year's activity. The BU has successfully penetrated new countries such as Mexico and has signed a number of contracts relating to new units as well as for aftermarket service activities in Europe, North America and Asia.

Revenue stood at EUR 312 million, up on 2014 (+ EUR 45 million), thanks to a record high backlog at the start of 2015.

The EBITDA of EUR 11 million represents a 30% increase compared with 2014 (and is more than four times higher than in 2013). This good performance is due mainly to a higher revenue, excellent project implementation (in both dry cooling and wet cooling) and strict control of structural costs with maximum internal synergies within the BU.

PROSPECTS FOR 2016

- The backlog should enable a high level of activity in 2016 and a further improvement in the BU's profitability.
- A revival in activities can be seen on Hamon's traditional markets such as Western Europe and India.
- The implementation of the STAR project is beginning to bear fruit thanks to the optimization of the supply and logistics systems.
- The constant improvement and development of our products to ensure that they can meet or even anticipate the needs of our markets and our customers remain among our priorities.
- We are improving our service range by expanding activities such as assembly, water treatment and turnkey systems. We aim to place our expertise at the disposal of our customers to simplify the integration of the cooling system into their process. In this context, we are intensifying our capacity to intervene on site, particularly in the Middle East and in Mexico.





+30%

EBITDA





PROCESS HEAT EXCHANGERS

The Process Heat Exchangers Business Unit offers various systems intended to cool or heat, usually at high pressure, liquids or gas causing variable degrees of corrosion, produced mainly by the chemical and petrochemical industries. The business unit also operates on the energy production market and in services with high added value for its customers, on site and in its workshops. It operates either directly with its industrial customers or indirectly through internationally renowned engineering firms.

PROCESS HEAT EXCHANGERS

REGULATING THERMAL EXCHANGES

This unit designs, manufactures and provides assistance for the assembly of thermal equipment, mainly process air coolers, as well as FRP components (fibre-reinforced plastic) such as ducts for the evacuation of flue gases or corrosion-proof storage tanks. It also offers an integrated aftermarket service including maintenance, rehabilitation, technical support and the sale of spare parts. In addition, the unit manufactures some components for other business units, such as tube bundles used for hybrid cooling systems.

OPTIMIZING GAS TRANSPORTATION

The heat exchangers designed by Hamon optimize performance in the oil and gas industries by obtaining the right temperature for the fluids that they process. For example, in the natural gas compression streams used for liquefaction, the gas is heated during the adiabatic compression phase. The heat exchangers, located between the different compression stages, facilitate the gradual extraction of the heat generated. This makes it possible to liquefy the gas and transport it by sea in this form. These exchangers are therefore an essential link in the gas liquefaction process and consequently the diversification of the energy supply.

AT THE HEART OF ELECTRICITY GENERATION

Backed up by its expertise in the energy sectors, Hamon designs and manufactures turnkey solutions intended for applications such as the cooling of turbines, engines, compressors and auxiliaries for electric power plants or household waste incineration plants.

The air coolers offered to our customers meet both API and non-API standards, responding perfectly to the reliability and performance needs required for electricity generation, whether from fossil fuels or renewables (solar power in particular).

FOUR OPERATING CENTRES

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

- Hamon D'Hondt, located near Valenciennes (France), accounts for most of the activities of this business unit. It takes care of the design, marketing and promotion, manufacture and aftermarket service of air coolers and the manufacture 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. It specializes in the manufacturing of air coolers and aftermarket service for the Persian Gulf market.
- ACS Anti Corrosion Structure, a Hamon subsidiary located in Seneffe (Belgium), produces components in FRP (fibre-reinforced plastic) such as ducts for the evacuation of flue gases from electric power plants or corrosion-proof storage tanks, both in its plant and on site. It also carries out certain activities as a subcontractor for Hamon D'Hondt, such as cutting steel sheets and assembling modules.
- The Process Heat Exchangers division of the Hamon Korea subsidiary focuses on air coolers for South Korean engineering firms active in South Korea and on the export market for the Group's international customers. This subsidiary is also active in Cooling Systems and Air Quality Systems; it has a plant that produces air coolers in Gunsan (South Korea).

SUCCESS STORY

THE SAKHALIN 2 PROJECT



**“Operating
in extreme
conditions”**

Cédric Juliard,
Chairman of the
Process Heat Exchangers BU

THE SAKHALIN 2 PROJECT IS A GOOD EXAMPLE OF INTRA-GROUP COOPERATION...

'Sakhalin 2' is a great technical achievement run jointly by the Hamon D'Hondt France and Hamon Korea teams who worked hard to put in place very advanced processes in response to particularly ambitious specifications.

HAMON EXPERTISE WAS ESSENTIAL TO THE SUCCESS OF THIS PROJECT OF EVERY EXTREME...

It involved manufacturing air coolers for the Exxon Neftegas site in the island of Sakhalin off Siberia. To cope with the rigours of the Russian winter, these devices are equipped with a recirculation system. In addition, they have to be able to withstand high pressure (320 bars) and are made of Duplex steel. These specificities forced us to adopt very particular welding techniques with long control times as they require radio control.

WERE THE HAMON TEAMS INVOLVED AT EVERY STAGE OF THE DESIGN AND MANUFACTURING PROCESS?

Hamon D'Hondt assisted the customer, Fluor U.S., including the integration of its piping. We worked in partnership so that our air coolers can be connected to their system as easily and quickly as possible. The collectors were designed and manufactured by us in France and the assembly took place in Korea.





RESULT 2015

The business unit's new order bookings stabilized compared with 2014 despite a complicated economic environment: the fall in the price of a barrel of oil below USD 30, geopolitical tensions mainly in the Middle East and the Russian and Brazilian crises.

In this particular context, the strategy put in place involves diversifying the activities both on the deferred cycle markets such as that of energy production and on markets with a high added value and a wide service range. Since the first signs of the success of this diversification emerged at the end of 2015, the management is confident about the positive impact that it will have in 2016.

“The diversification embarked upon by the business unit in 2015 in both the energy sector and services with the expansion of our range, on sites and in workshops, is expected to contribute towards growth in activity in all the geographic areas where the BU is established.”

Orders are divided among Europe, the Middle East, Asia and the United States.

The loss recorded in 2015 is due mainly to the deterioration of contracts booked in 2012 and 2013, the recent finalization of which weighed on the overall profitability.

PROSPECTS FOR 2016

The deployment of the new strategy for the business unit and the well-filled backlog combined with a sustained level of invitations to tender at the start of 2016 point to improved prospects for the years to come.

The air coolers market is expected to remain active in 2016, despite the tension regarding the price of a barrel of oil.

The diversification embarked upon in the business unit in 2015 in both the energy sector and in services, with the expansion of our range in particular (new product and service ranges with higher added value), on sites and in workshops is expected to contribute towards the growth of the activity in all the geographic areas where the BU is established (Europe, Middle East, Southeast Asia).

A new strategy combined with an integrated and matrix-based organization covers and supports all the operating processes in every subsidiary.



The industrial sites that make up the business unit have now been reorganized, structured and specialized around a skills centre that centralizes and deploys good practices, develops the future in R&D and designs the best solutions for our customers.

The commercial organization by geographic area should enable us to offer our customers both cultural proximity and the capacity to provide assistance thanks to production available on three continents.

The current prospects are therefore encouraging.

KEY FIGURES

EUR million	2015	2014
Orders booked	43.9	44.4
Revenue	46.4	44.2
Backlog 31/12	50.8	49.6
EBITDA	- 10.4	-12.4
EBITDA/revenue	- 22.4%	-28.1%
Average workforce	214	230





AIR QUALITY SYSTEMS

The business unit gives industries the means to limit the environmental impact of their processes.

As well as providing an integrated service, the unit designs, manufactures and installs flue gas treatment systems for different kinds of pollutants, thereby ensuring strict compliance with the environmental protection regulations in force.

AIR QUALITY SYSTEMS

A REPUTATION FOR EXCELLENCE

The Air Quality Systems Business Unit offers its customers tailored environmental solutions on its own or in partnership. It meets the demands of three markets: thermal electric power plants, industry (iron and steel, cement, glassmaking and petrochemicals) and heat recovery from waste (household, industrial, hospital, water purification sludge, biomass).

The BU's products portfolio implements internationally recognized technologies that can meet the specific needs of each market. This portfolio is divided into two groups based on their action: on the one hand, de-dusting (physical action) and on the other, the neutralization of acids, desulfurization, denitrification and the elimination of heavy metals (physico-chemical action).

The BU's activity is divided into two parts: on the one hand, the design and installation of new equipment for new plants or to bring existing plants up to standard and on the other, aftermarket services comprising in particular maintenance, consultancy and the supply of spare parts.

Flue gas purification is a complex business. Anticipating the technological risks calls for know-how, great experience and an in-depth knowledge of customers' processes. The business unit, which operates under the commercial names Hamon Research-Cottrell or Hamon Enviroserv, enjoys an excellent reputation on its target markets.

REDUCING RELEASES INTO THE ATMOSPHERE

The air pollution control systems marketed by Hamon make it possible to drastically reduce the quantities of dust, acid gases and other pollutants released into the atmosphere by heavy industries.

THE DRIVING FORCE IN ASIA

The business unit is continuing to develop around two main axes: Asia and Europe, in line with the evolution of its markets and the shift in their centre of gravity towards Asia.

Hamon's growing presence in Asia facilitates active participation in the various projects followed by 'EPC' engineering firms, mainly Japanese, Korean and Chinese, as well as direct access to users in the region.

The Group can rely on a management and commercial development centre in Hong Kong, an operational production unit in Shanghai (China), an engineering and service cluster in Chennai (India) and centres of excellence in Europe (Belgium and Germany) in the field of electrostatic precipitators and desulfurization as well as a regional centre in Korea.

The other branches and subsidiaries focus more on sales activities and project implementation (mainly Brazil, France, Italy and South Africa).

The development of the business unit in Asia has had a major impact on our competitiveness in all regions.

KEY FIGURES

EUR million	2015	2014
Orders booked	72.3	130.6
Revenue	130.7	124.5
Backlog 31/12	127.1	188.8
EBITDA	4.7	3.9
EBITDA/ revenue	3.6%	3.1%
Average workforce	400	308

SUCCESS STORY



BLUESORP TECHNOLOGY



“A unique design based on the fluid dynamics simulation software.”

Philippe Delvaux
Chairman of the
Air Quality Systems Business Unit

AIR POLLUTION IS A RECURRENT PROBLEM IN ASIA. WHY ARE THE DEVELOPING COUNTRIES SO BADLY AFFECTED BY THIS PHENOMENON?

Coal is still the main raw material used to generate electricity at an acceptable cost in Asia. The governments in China and India have put in place new regulations on gas emissions, which are stricter than those in Europe today. To meet these requirements, the technologies available have to be optimized.

WHAT ARE HAMON'S STRENGTHS IN THIS FIELD?

Our centres of excellence in Germany constantly improve Hamon's technology. The Bluesorp technology perfectly illustrates how constant investment in the development of well-known processes leads to the creation of new products.

The development of characteristics with a unique design based on the fluid dynamics simulation software has proved its worth in many installations.

WHAT WAS THE KEY TO SUCCESS IN HAVING THESE HAMON TECHNOLOGIES ADOPTED?

We aim to supply Hamon technology in partnership with strong local companies. Our passions are engineering and the supply of key elements that make it possible to meet the most stringent requirement in terms of emissions while the local partners provide elements that are not specific to Hamon. In countries that require maximum local participation, our model is particularly appreciated. Advanced technology combined with the intervention of local service providers enables value creation for our company.

“2016 is expected to be another record year for order bookings, particularly during the first six months.”

RESULT 2015

New orders (EUR 72 million) were temporarily poor as a result of the persistent economic uncertainty combined with the crisis on the financial and currency markets, which led to a number of major projects being delayed. However, the market was far more sustained in the second half of the year (EUR 47 million during the second six-month period compared with EUR 25 million in the first half of the year), with several contracts obtained in most of the regions where the BU operates.

2016 began extremely well for the BU, with new contracts worth over EUR 55 million obtained in January and February. In addition, numerous contracts in the energy sector are scheduled to be awarded over the next few months.

For the AQS BU and in terms of orders, the first half of the year 2016 could be the best six months in its history.

The backlog as at 31 December 2015 was equivalent to one year's turnover and in 2016 the backlog returned to the level reached at the start of 2015 thanks to orders booked in January and February.

EBITDA (EUR 5 million) continues to follow the positive trend recorded since the end of 2013 and clearly shows the success of the BU as regards the redefinition of its business model put in place before 2012 (centre of activity and engineering in Asia).

The increase in the workforce is due to the recruitment of workers on a temporary basis in order to fulfil contracts in Brazil. The number of staff employed on open-ended contracts remains stable.

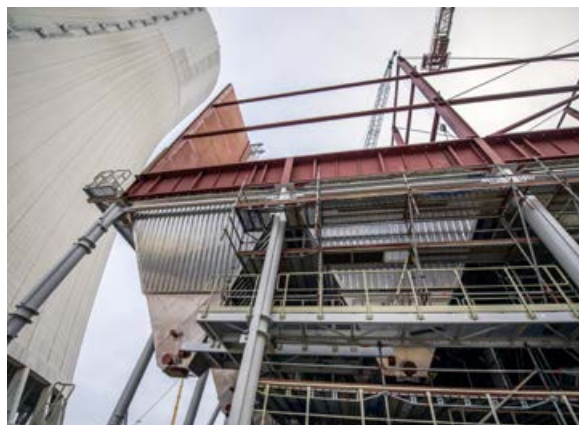
It is worth stressing that the more restrictive environmental standards recently implemented in some Asian countries in particular are expected to bring new and promising opportunities for the business unit, especially for fabric filters and gas treatment (desulfurization).

PROSPECTS FOR 2016

Our penetration of the desulfurization market is intensifying in Asia in particular and 2016 is expected to be another record year for orders booked, particularly during the first half of the year. At the start of this year, we witnessed an increase in the pace of decision making: major orders worth over EUR 50 million were booked in the first few months of 2016. Moreover, we are continuing with our investment plans in Southeast Asia and in India regarding the reinforcement of the local environmental standards referred to above. The continuation of the business model put in place four years ago will result in the strengthening of our centres of excellence in Europe and increased resources in Asia in terms of sourcing and engineering.

+20%

EBITDA







NAFTA

The Hamon Group offers its customers in North America a wide range of products. The systems designed by Hamon help power companies and heavy industries to control and limit their impact on the environment, in particular by means of air pollution control processes, heat recovery and chimneys. As well as supplying new equipment, Hamon offers its customers aftermarket services for existing installations, as well as maintenance and improvement services.

REDUCING THE IMPACT ON THE ENVIRONMENT

The BU is currently active, through the products it offers, in three fields:

AIR POLLUTION CONTROL:

- Elimination of flue gases using electrostatic precipitators and fabric filters;
- Wet gas scrubbing, an Exxon-Mobil process used for the combined elimination of sulphur (deSO_x), nitrogen oxides (deNO_x) and particles in chemicals and process plants;
- ReACT™ process used to capture SO_x, NO_x, particles, mercury and acid gases simultaneously with minimal use of water;
- U2A: a process used to transform urea into ammonia ('U2A'), a reagent used in the treatment by selective catalytic reduction of NO_x in flue gases.

HEAT RECOVERY:

- Heat recovery systems including recuperators, economizers and gas-to-gas exchangers;
- Heat recovery steam generators (HRSG) that enable combined cycle power plants to achieve very high efficiency levels;
- Other types of special boilers for specific industrial applications.

CHIMNEYS :

- Concrete industrial chimneys that can be up to 300 metres high;
- Steel stacks;
- Concrete silos.

The North American entities also operate in cooling systems (wet and dry). The figures relating to these activities are included in the results of the Cooling Systems BU.

Moreover, the BU also provides aftermarket services linked to the above product ranges.

PRESERVING AIR QUALITY

The NAFTA BU makes its contribution to society in the three fields in which it operates.

The Air Pollution Control systems offered by Hamon help drastically reduce the amounts of dust, acid gases and other pollutants released into the atmosphere by fossil fuel power plants and other heavy industries, which is highly beneficial for those living in the surrounding areas.

The heat recovery systems offer industrial customers the opportunity to limit their energy consumption by recovering the heat carried by some fluids. Lower amounts of fuel burnt means fewer greenhouse gases released into the atmosphere.

Chimneys provide a better dispersion of flue gases released into the atmosphere by heavy industry, to avoid exposing local people to poor air quality when atmospheric conditions are unfavourable. Chimneys have become an integral part of air pollution control systems, particularly in desulfurization systems (FGD).

KEY FIGURES

EUR million	2015	2014
Orders booked	101.3	107.7
Revenue	223.6	176.4
Backlog 31/12	85.8	171.4
EBITDA	16.0	21.0
EBITDA/ revenue	7.2%	11.9%
Average workforce	331	327

SUCCESS STORY



THE ReACT™ PROCESS



**“Treating
multi-pollutants
regeneratively.”**

Bill Dillon
Chairman of the
NAFTA Business Unit

HOW WOULD YOU DEFINE THE ReACT™ PROCESS?

ReACT™ involves regenerative technology used for the treatment of multi-pollutants. It uses activated carbon as an adsorbent and produces industrial-quality sulphuric acid. The ReACT™ technology is marketed by HRCUS under licence from J-Power, a Japanese electric group.

WHAT PROGRESS HAS BEEN MADE WITH THIS PROJECT LAUNCHED TWO YEARS AGO FOR THE WISCONSIN PUBLIC SERVICE?

The ReACT™ project at the 368 MW power plant on the Weston 3 site which Hamon Research-Cottrell is carrying out for the Wisconsin Public Service (WPS) is approaching completion. HRCUS is in charge of designing and supplying the equipment and constructing the project. The start-up is expected in the second quarter of 2016; this will be the high point of one of the largest contracts ever undertaken by Hamon Research-Cottrell.

WHAT CONTRIBUTION DOES THIS TECHNOLOGY MAKE TO PRESERVING THE ENVIRONMENT?

This technology enables a reduction in SO_x, NO_x and Hg emissions. When WPS is operational, this will be the first ReACT™ system to come into service in the United States. Weston 3 will then rank among the cleanest public electric power plants in the country.



“The NAFTA BU continues to record sound results despite the difficult coal market in North America.”

A POWERFUL ANCHORAGE

The North American entity comprises four main subsidiaries:

- Hamon Research-Cottrell, which specializes in the design and installation of new air pollution control units;
- Thermal Transfer Corporation (TTC), which manufactures adapted heat recovery systems and electrodes for electrostatic precipitators;
- Hamon Deltak, which specializes in the design and manufacture of heat recovery steam generators and other industrial boilers;
- Hamon Custodis, centre of excellence for chimneys; the company also operates through regional offices strategically located throughout the United States.

SOUND RESULTS

The NAFTA BU continues to record sound results despite the difficult coal market in North America.

New order bookings remain in line with the level reached in 2014 and each market segment is booking new contracts across many product lines, such as convectors/recuperators, heat exchangers, boilers, after-sales service.

The backlog fell compared with the previous year owing to the forthcoming completion of the ReACT™ project. However, it remains sound for 2016.

The EBITDA fell but remains high (7.2 % of revenue).

As regards both Deltak boilers and the ReACT™ process which does not use water, the prospects are good for exports to regions such as Mexico, Asia, etc., where new standards are prompting our American subsidiaries to enter this market.

PROSPECTS FOR 2016

The backlog for the first quarter of 2016 is encouraging but the economic outlook remains difficult.

However, thanks to a broad mix of products adapted to investments in coal-fired, natural gas and nuclear power plants, Hamon is well placed to offer its customers optimal solutions to meet their needs in terms of energy that is clean, reliable and sufficient, using a safe and socially responsible process.

EBITDA
7,2%
IN REVENUE



Corporate Social Responsibility

Hamon, an industrial and engineering firm, has always sought to integrate sustainable development into its sectors of activity. Hamon's approach consists of analyzing, measuring and taking its share of responsibility to society.

1. INTRODUCTION

The Group models its approach on the ISO 26000 international guidelines on corporate social responsibility adopted by around a hundred countries in 2010. The aim is to bring Hamon's strategy and business conduct into line with these principles and the related fields of action. The main aspects covered are:

- organizational governance;
- human rights;
- labour relations and working conditions;
- environmental protection;
- fair operating practices;
- consumer issues;
- community involvement and local development.

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

The methodology takes account of several types of information:

- general information, such as: the strategy of the organization, its profile, the reporting scope, governance, etc.;
- information specific to the company and the sustainable development issues of its areas of activity: the company explains its management approach to this here and reports on key performance indicators.

Readers will find the information they are seeking in the correspondence grid, the standard table of contents of the GRI, given at the end of this report.

The reporting method developed by the GRI covers three main information categories:

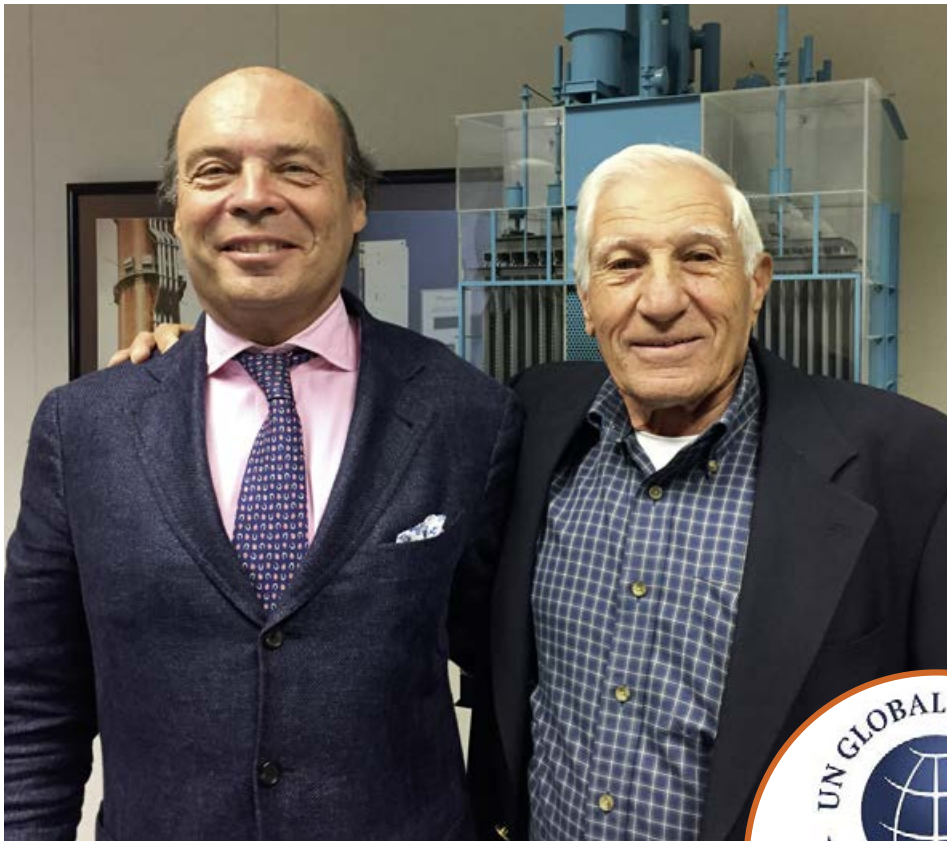
- economic performance (detailed in other parts of this annual report);
- environmental performance;
- social performance:
 - employment and decent labour practices;
 - human rights;
 - society;
 - product liability (less relevant for Hamon as it does not sell consumer goods).

This report is based on the latest version of the guidelines, known as G4 (already adopted for the 2014 annual report). The information available focuses mainly on that deemed relevant by Hamon's management and its stakeholders as regards its day-to-day business activities.

According to the GRI G4 guidelines, there are two possible reporting levels. Hamon has opted to report '**in accordance**' using the '**core criteria**'.

Hamon has also signed the **UN Global Compact** and has been an associate participant since September 2013. As such, the Group ensures compliance with the ten principles of the Global Compact.

This undertaking requires the issuing of an annual report on the progress made on these ten principles (COP - Communication On Progress). There are two levels of reporting. Hamon has opted for the '**GC Active**' level.



Francis Lambilliotte with the Group's longest-serving staff member: Mr Michaël Jannone, who has worked at Hamon Research-Cottrell US for 60 years.



This chapter constitutes our communication on progress with regard to these ten principles. It is also available on the Global Compact and GRI websites. The correspondence grid attached to this report sets out the elements relating to each of these principles.

The GRI and the Global Compact, as well as the ISO 26000 (Corporate Social Responsibility), ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health & Safety) standards are the key charters, principles, standards and other initiatives to which the Group adheres.

However, not all the Group's subsidiaries are ISO 9001 & 14001 and OHSAS 18001 certified.

Hamon does not serve on any governance body, participate in projects or committees or provide any major financing beyond simple contributions to national or international lobbying associations or organizations, with the exception of the following two subsidiaries:

- Hamon Thermal Europe (France), one of the active members of the Bureau National des Plastiques et de la Plasturgie (BNPP - Plastics and plasturgy standardization bureau), which contributed towards the drafting of the French standards on plastic products; it is also an active and influential member (for instance as regards certain projects or committees) of the organizations Eurovent, Plastalliance and SYRTA (Syndicat du Retrait et du Traitement de l'Amiante);
- Moreover, Hamon Thermal Europe (Belgium) is an active and influential member of the CTI (Cooling Tower Institute).

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

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

"I am pleased to confirm that Hamon has supported the ten principles of the United Nations Global Compact in the field of human rights, working conditions, the environment and the fight against corruption since September 2013. Our Communication On Progress contains details of the concrete measures taken by the Group to further align our strategy, our culture and our day-to-day operations with these ten principles. We are also committed to sharing this information with our stakeholders and to promoting the Global Compact and its ten principles. "

FRANCIS LAMBILLIOTTE, Hamon Group CEO



3. SOCIAL RESPONSIBILITY

3.1. WORKFORCE

Hamon pays particular attention to its staff in the broadest sense: employees, trainees, consultants, temporary workers, etc. who work for the Group. Hamon focuses on:

- the recruitment of highly motivated staff with technical and interpersonal skills;
- the training, career prospects and development of the potential of these staff members;
- remuneration;
- performance reviews based on specific and measurable objectives;
- health and safety in the workplace;
- the elimination of all discrimination in respect of employment and occupation.

More specifically, the strategy on the recruitment of new talent in the Group is in line with our 'Think globally, act locally' ethos. While our markets are growing on a global scale, our employees are open to other cultures and show creativity to enable continuous improvement and promote change while respecting local values and regulations. Hamon recruits highly qualified men and women with leadership skills and a sense of responsibility and offers them the opportunity to develop in their career within the Group. Hamon seeks to recruit local talent who are experts in their respective fields with strong problem-solving skills and a focus on customers and business.

TOTAL WORKFORCE BY TYPE OF CONTRACT

As at 31 December, the total workforce (in the broadest sense) by type of contract was as follows:

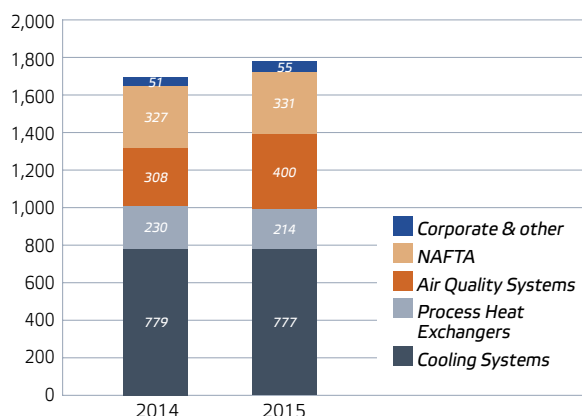
Situation as at 31 December	31/12/14		31/12/15	
	Number of people	% total	Number of people	% total
Employment contract (or similar)	1,734	87.9%	1,737	94.4%
Consultants, temporary staff or trainees	238	12.1%	103	5.6%
Total	1,972	100.0%	1,840	100.0%

Note: workforce figures calculated on the basis of the number of people, not in terms of full-time equivalents.

In addition to the above, Hamon also employs several hundred local temporary workers, mainly on its building sites, whose number are constantly changing. They are scattered among our areas of operation around the world and usually work on these projects for a few months.

In the graphs below, only those with an employment contract or similar (1,737 people at the end of 2015) are taken into account. The number of consultants, temporary workers or trainees has fallen sharply in one year (-57%). This illustrates the Group's wish to reduce its overheads, as recommended by the STAR project in mid-2014.

DEVELOPMENT OF THE AVERAGE NUMBER OF EMPLOYEES PER BUSINESS UNIT



Notes :

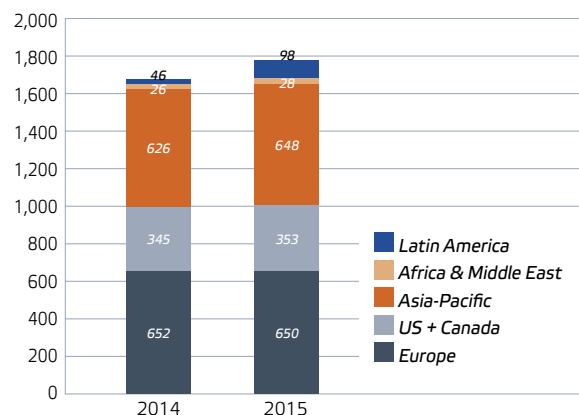
- The graph above indicates the average over the 12 months of the year, as does the graph below.
- The figures include only companies consolidated by global integration.
- The 2015 scope was identical to that of 2014.

Globally, the Group's average workforce increased slightly from 1,695 people in 2014 to 1,777 people in 2015 (+82 people, up 5%).

The figures per BU remained fairly comparable to those of 2014, with the exception of the Air Quality System BU, where the average workforce increased by 30%. This rise (+92 people) may be attributed mainly to the strong growth recorded in our Brazilian subsidiary, where the workforce more than doubled, and to the growth in India (+23%).

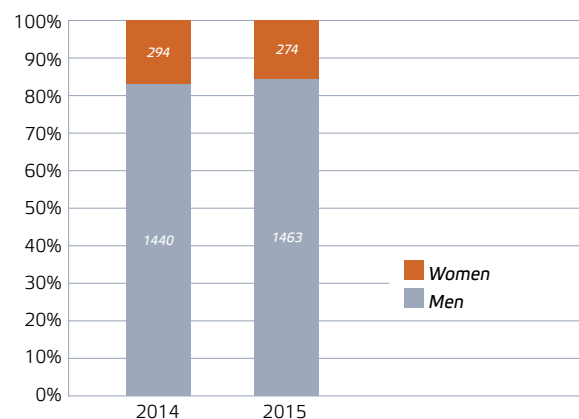
The increase in these countries is due a high volume of activity.

DEVELOPMENT OF THE AVERAGE NUMBER OF EMPLOYEES PER REGION



The workforce per region changed little in 2015, with the exception of Latin America, where the number of staff members more than doubled. This variation is due to the fact that the workforce at the Brazilian subsidiary doubled in 2015.

DEVELOPMENT OF THE NUMBER OF EMPLOYEES PER GENDER AS AT 31 DECEMBER



The number of female employees was slightly down as at 31 December 2015. Our female colleagues now account for just 15.8% of the total staff.

As regards the social dialogue and worker representation, as at 31 December 2015, 30% of the staff were covered by a collective agreement.

3.2. CULTIVATING TALENT

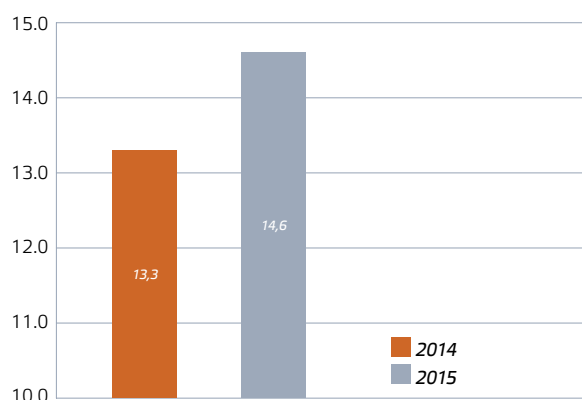
The ongoing qualification and training of our staff are essential elements for the development of Hamon.

The challenges linked to Hamon's business activities and changes in the social context (the realities of our customers' business environment, technological performance and environmental protection, competition in our markets, etc.) require us to consolidate and strengthen our expertise. Hamon staff are pivotal to

our success. It is important that we constantly increase their level of versatility and competence in each business unit.

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

HOURS OF TRAINING PER EMPLOYEE PER YEAR



In 2015, Hamon staff members were able to follow approximately 28,000 hours of training, which represents an average of approximately 14.6 hours per year, per person (against 13.3 hours in 2014). This figure stood at 11.1 hours/year for female staff and 15.2 hours/year for male staff in 2015. The training courses covered subjects such as IT, English, accounting, health & safety, etc.

3.3. HEALTH AND SAFETY

Hamon works in an industrial environment and operates eleven plants or workshops. The risks inherent in our activities, although well known, are many. It is essential that this matter receives constant attention. The health and safety of our employees in their workplaces remains a priority, whether in plants, on building sites or in our offices. The construction sites present specific risks for the workers operating there, linked to a changing environment.

Hamon constantly strives to improve its performance. Even though 'zero risk' is impossible, every incident or accident is one too many as it impacts on the physical and emotional well-being of our workers. That is why particular attention has been paid to this issue at Group level for a number of years, among other things

by means of an annual questionnaire that every entity employing at least 15 people has to fill in (see list of subsidiaries in the Parameters section of the report). Hamon also recommends that its main subsidiaries obtain OHSAH 18001 certification. At the end of 2015, four subsidiaries held this certification and four were SCC certified** (SHE Contractor Checklist) or equivalent.

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

It should be noted that there may be differences between the measurement methods and criteria used by the different countries and subsidiaries (as each country has its own social regulations).

These figures only concern staff recorded as people employed by the Group in 2015 (that is excluding consultants and temporary workers).

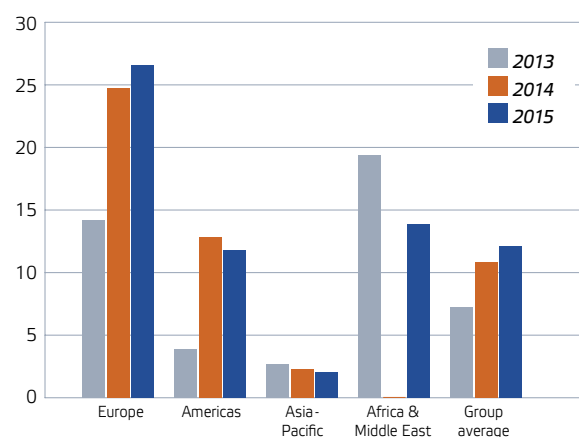
The scope in 2015 was the same as that in 2013 and in 2014.

Of the 26 subsidiaries included in this analysis, two are not fully consolidated (Hamon Shriram Cottrell in India and Hamon D'Hondt Middle East in Saudi Arabia which, together, employed 198 people in 2015). They are, however, included in the analysis. The remaining 24 subsidiaries employed 1,716 people (average staff numbers in 2015), or 97% of the Group's workforce. See the Parameters section of the report for more details on this subject.

Hamon does not have this information for contractors working on construction sites.

Hamon has not implemented a global action plan at Group level for health and safety; however, many entities have a local action plan.

FREQUENCY RATE OF OCCUPATIONAL ACCIDENTS PER REGION (NUMBER OF ACCIDENTS / MILLION WORKING HOURS)





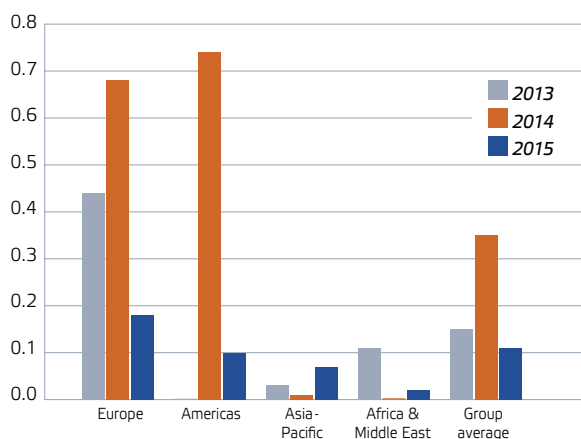
In total, there were 43 occupational accidents in 2015, compared with 41 in 2014, an increase of 5%. The number of occupational accidents rose slightly in Europe (28 compared with 27), and increased from 0 to 2 in Africa & Middle East. Most of these accidents occurred in our plant in northern France.

The number of working hours fell by 6%, from 3,785 million hours in 2014 to 3,549 million in 2015.

This explains why the accident frequency rate rose slightly from 10.8 accidents / million hours in 2014 to 12.1 accidents / million hours in 2015.

There were no deaths due to occupational accidents in 2015.

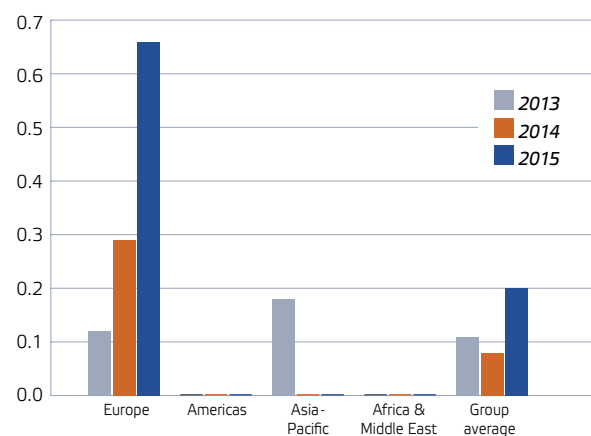
DEGREE OF SEVERITY OF OCCUPATIONAL ACCIDENTS PER REGION (NUMBER OF DAYS LOST/THOUSANDS OF WORKING HOURS)



Altogether, 385 working days were lost due to occupational accidents in 2015, compared with 1,339 in 2014. The number of days lost, both in Europe and in the United States, fell sharply for 2015. So there were more accidents in 2015, but they were less severe.

The degree of severity therefore fell from 0.35 in 2014 to 0.11 in 2015 (down 69%).

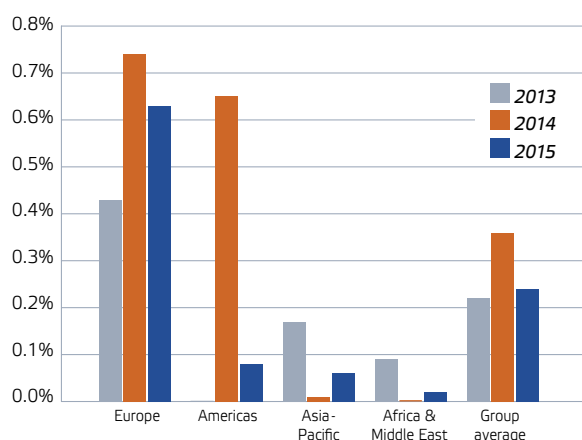
OCCUPATIONAL DISEASES RATE PER REGION (NUMBER OF DAYS LOST / THOUSANDS OF HOURS WORK)



Having fallen sharply in 2013-2014, the rate of occupational diseases rose in 2015 (0.20 days per thousand hours in 2015, compared with 0.08 in 2014).

In total, 698 working days were lost owing to occupational diseases in 2015, compared with 319 in 2014. All these days lost concern our plant in northern France.

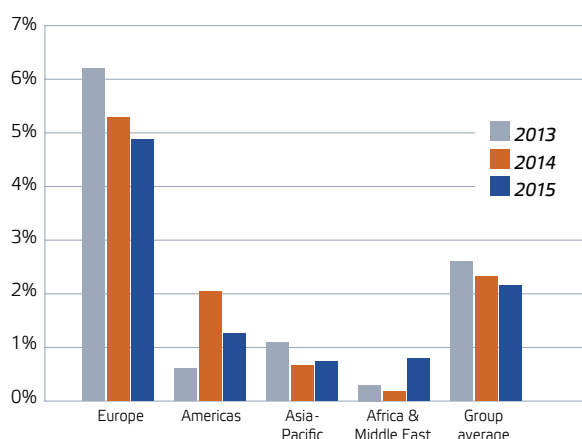
PROPORTION OF WORKING DAYS LOST DUE TO OCCUPATIONAL ACCIDENTS AND DISEASES PER REGION



In total, 1,083 days were lost owing to occupational accidents and diseases in 2015, compared with 1,658 in 2014. The increase in the number of working days lost owing to occupational diseases was more than offset by the sharp fall in the number of working days lost due to accidents.

Compared with the number of working days (450,766 in 2015 compared with 465,471 in 2014), this represents a ratio of 0.24%, as against 0.36% in 2014.

RATE OF ABSENTEEISM PER REGION



Notes :

- Includes days lost due to occupational accidents and diseases.
- In the U.S. subsidiaries, days of absenteeism are not counted as staff members have a holiday quota which includes days absent.

The total number of days lost through absenteeism fell from 10,810 in 2014 to 9,690 in 2015, down 10%. Over 3,700 days were due to 18 staff members on long-term sick leave, primarily in Belgium, France and Brazil.

Per region, the rate is down in Europe and in the Americas. At Group level, it amounted to 2.15% in 2015, compared with 2.32% in 2014.

Excluding the number of days lost due to occupational accidents and diseases, the number of days lost fell from 9,152 in 2014 to 8,607 in 2015, down 6%. This may partly be attributed to a decline in the number of working days (450,766 in 2015 compared with 465,471 in 2014).

3.4. HUMAN RIGHTS

As a signatory to the United Nations Global Pact, Hamon is committed to respecting and ensuring that all its employees and partners respect human rights in their business relationships. This commitment reflects the values that the Group strives to convey on a daily basis.

Hamon put in place an official code of conduct (Group policy) on human rights at the end of 2014; this document has been integrated into its Code of Ethics.

In 2015, Hamon continued to promote ethics and respect for human rights, which lie at the heart of its business relationships, specifically:

- through its participation in the United Nations Global Compact;
- through its commitment to observe the Universal Declaration of Human Rights;
- through its commitment not to employ children;
- through its commitment not to use compulsory or forced labour; greater attention has been focused on this point since 2014.

Hamon upholds a number of other human rights issues, such as the fight against discrimination in employment and occupation.

Through a questionnaire sent to the Group's main subsidiaries at the end of every financial year, Hamon seeks to raise awareness of respect for human rights and ensure that each one fully upholds the points included in the Universal Declaration. In 2015, the 26 subsidiaries included in the reporting scope outlined in the Parameters section of the report observed this Declaration (to the extent permitted by the legislation in the respective countries).

PROHIBITING CHILD LABOUR

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

- internally: for our subsidiaries located in emerging countries, particularly those with plants in India or China;
- externally: as regards our suppliers located in emerging countries (and in particular plants that manufacture components).

The Group policy on respect for human rights, added to our Code of Ethics at the end of 2014, specifically states that Hamon rules out all forms of child labour.

This point is also included in the annual questionnaire sent to the main subsidiaries. In 2015, two of the 26 subsidiaries consulted employed people under 18 years of age: these are our two plants in France, which employed four trainees aged 16 or 17.

As regards our suppliers, our general terms and conditions of purchase, which are being applied increasingly systematically by the Group's subsidiaries, contain a number of clauses on respect for the social

regulations in force and in particular the ban on employing children. They were also adapted at the end of 2014 to further stress the need for our suppliers to pass on these concerns throughout their supply chain.

New suppliers or recurring suppliers of a significant size are assessed by means of a qualifying questionnaire and are regularly audited.

PREVENTING ALL FORCED LABOUR

As with child labour, Hamon prohibits any form of forced or compulsory labour and remains vigilant in this matter in all the regions where the Group operates and in particular in the plants in emerging countries (India and China).

Similarly, outside its direct scope of operation, as far as possible Hamon remains vigilant with regard to its suppliers located in emerging countries and particularly those with plants that manufacture certain components for the Group.

The Group's human rights policy, disseminated via our Code of Ethics as reviewed at the end of 2014,



specifically prohibits forced or compulsory labour.

The annual questionnaire sent to the Group's main subsidiaries asks them to be vigilant in their field of operation.

In 2015, no incidents of this nature were reported by Hamon's subsidiaries.

Hamon has also ensured that this requirement is included in its general terms and conditions of purchase.

The Group's new suppliers or recurring suppliers of a significant size are assessed and audited in this respect.

Hamon seeks to raise awareness of the issues of both child labour and compulsory labour, not only among its own suppliers but also among all parties involved further up its supply chain.

GRIEVANCES CONCERNING HUMAN RIGHTS VIOLATIONS

In the event of any dispute concerning human rights violations involving the Group's activities and its relations with other companies (for example in our supply chain: customers or suppliers), staff members or other individuals, an alarm is sounded.

For Hamon, this is a key performance indicator.

This issue is included in the questionnaire sent by the Group's Legal Department to all large subsidiaries in order to check whether they have been involved in any dispute of this nature over the past financial year.

In 2015, no human rights grievances were filed, investigated or settled via official grievance settlement mechanisms:

- no grievances filed;
- no grievances investigated;
- no grievances previously filed and settled in 2015.

3.5. FIGHT AGAINST CORRUPTION

The Hamon Group manages its affairs transparently and ethically. It adopts a zero tolerance policy towards corruption.

This is clearly stated in the Code of Ethics, drafted in 2009 and reviewed at the end of 2014. A specific chapter is dedicated to this issue.

This Code has gradually been shared with all the Group's subsidiaries, which circulate it among all their employees. At the end of 2015, all the employees of the 26 subsidiaries included in the reporting scope had received or had access to this Code of Ethics. The entire Hamon & Cie Board of Directors as well as the members of the Executive Committee have also received it. In many of the subsidiaries, newly recruited employees receive it along with a copy of the internal working regulations.

No cases of corruption were noted in the Group in 2015.

3.6. MANAGING PERFORMANCE

In 2015, the Group's Human Resources department developed a new skills assessment tool to enable our managers to identify executives with great potential. This department has also developed a succession planning instrument for the main positions.

A new performance management system ('Hamon Talent') was devised in 2015. It is to be implemented as of 2016, firstly in Belgium and then, as for the other tools, its use will gradually be extended to the Group as a whole.

3.7. DONATIONS

Through its various subsidiaries, Hamon strives to support local communities. Hamon & Cie has sponsored the Mont-St Guibert Volleyball Club for several years, along with the occasional equestrian event in Belgium. Since 2013, the Group has supported the United Nations Global Compact. Donations and the various sponsorships undertaken by the Group in 2015 amounted to a total of approximately EUR 26,000.

4. RESPECT FOR THE ENVIRONMENT

Environmental protection lies at the heart of Hamon's business. Thanks to increasingly efficient heat exchange and flue gas treatment systems, the Group helps its customers to reduce the impact of their activities on the environment.

In addition, Hamon seeks to limit the environmental impact of its plants and equipment at its customers (energy consumption, noise, visual impact, etc.).

Hamon also raises awareness among its suppliers by means of assessment questionnaires and audits, asking them to comply with the environmental regulations in force.

Hamon ensures that it applies the precautionary principle. The lack of precise information or uncertainty about the environmental impact of certain factors (for example, the impact of greenhouse gases on the climate) must not be used as a pretext to ignore or defer the implementation of concrete measures to protect the environment.

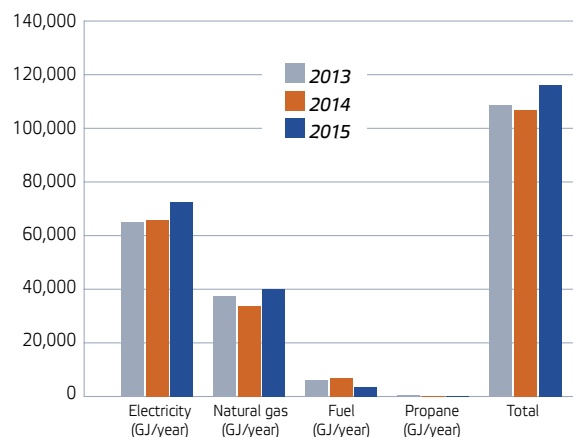
Hamon promotes ISO 14001 certification among its subsidiaries. At the end of 2015, three of them (out of the 26 in the reporting scope) had obtained this certification.

4.1. REDUCING ENERGY CONSUMPTION

The Group's plants use large quantities of energy. High-consumption activities included the thermoforming of heat exchange surfaces (manufactured for the cooling towers) and the heating of the furnaces (fixing fins on air-cooled condenser tubes). The measurement and analysis of our energy consumption is therefore focused on our eleven plants. The use of energy (natural gas, electricity, fuel, etc.) has an impact on the environment, for instance, by emitting greenhouse gases. We therefore strive to measure and minimize our energy consumption per unit manufactured.

Hamon measures the energy consumption of its plants and conducts a survey by means of an annual questionnaire. Actions to decrease consumption are left to the initiative of the individual plants.

ENERGY CONSUMPTION PER SOURCE, IN GJ/YEAR



Total consumption increased slightly, from 107,001 GJ in 2014 to 116,142 GJ in 2015 (+8.5%). The energy mix did not change a great deal. Electricity still accounts for approximately 62% of total consumption and natural gas for about one-third.

Compared with the number of hours of work carried out in our eleven plants, the ratio rose significantly (from 60 MJ/h in 2014 to 71 MJ/h in 2015). This general factor should be viewed with caution, however, as the hourly energy consumption of the plants differs widely depending on their type of activity.

We are unable to distinguish what proportion of electrical energy is generated using renewable sources. The other sources of energy (natural gas, fuel, propane, LPG) are not renewable.

In 2015 our plants did not buy any heat, steam or cooling. Likewise, they did not sell any electricity, heat, steam or cooling.

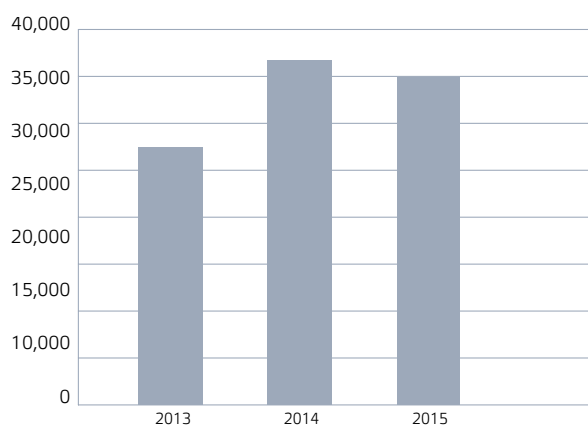
4.2. MINIMIZING WATER CONSUMPTION

The Hamon plants use a large quantity of water, for instance for sanitary facilities, to cool certain machines and for hydrostatic tests. Water consumption (and the wastewater generated) impacts on the environment. We therefore strive to measure and minimize our water consumption.

As with energy consumption, Hamon measures the water consumption of its eleven plants by means of an annual questionnaire. Each plant puts in place measures on a case-by-case basis to reduce this consumption or its impact.



TOTAL MAINS WATER CONSUMPTION (M³/YEAR)



All the water used was city water. Having risen sharply in 2014, water consumption fell slightly in 2015, from 36,728 m³ in 2014 to 34,939 m³ in 2015, down 5%. This can be attributed mainly to the drop in production in our plants, as the number of hours worked decreased by 8%.

4.3. LIMITING THE ENVIRONMENTAL IMPACT OF PRODUCTS

When used by our customers, Hamon products have an impact on the environment:

- energy consumption (for example, the motors powering the fans to circulate the cooling air);

- noise emissions (falling water in the cooling towers, motor noise, etc.);
- visual impact (structures that are sometimes fairly high, impacting on the landscape);
- water consumption and/or release of a steam plume (such as evaporative cooling systems or wet flue gas treatment systems);
- impact of end-of-life waste when dismantling the system or replacing certain components (for instance, electrostatic precipitator collecting plates).

The Hamon Group takes steps to improve the performance and reduce the environmental impact of its systems, often right from the design stage. These measures increasingly cover the entire life cycle of our products.

In 2015, several action plans were implemented. These included:

- the installation of acoustic hoods to attenuate the noise made by fabric filter cleaning systems;
- the reduction in the electricity consumption of some of our installations (electrostatic precipitators, fabric filters) thanks to more efficient control systems;
- the systematic installation of oil collection trays under transformers (electrostatic precipitators).

Hamon strives to limit the environmental impact of its plants. In addition to aspects relating to energy and water consumption (covered in the previous points), certain other measures were taken:

- thermal insulation of storage facilities in one of our French plants;
- full recycling of the waste from filters cut in our fabric filter manufacturing workshop in China;
- implementation of a manganese pollution prevention plan in one of our plants in the United States;
- establishment of a plan to install a ventilation and air filtration system in the grinding workshop for FRP components at our plant in India.

5. SUSTAINABLE ECONOMY

5.1. RELIABILITY AND SAFETY OF OUR EQUIPMENT

Our equipment is used by our customers in complex industrial processes: electric power plants, refineries, steelworks, cement works, etc. They account for only a small percentage of the total investment made to build these plants. Nevertheless, should one of our installations break down, this could result in the shutdown of the plant and significant loss of earnings.

In certain extreme cases (such as the cooling towers for nuclear power plants), the consequences could be far more harmful (even though, in this specific case, a number of other back-up cooling systems are in place). In the oil and gas sector, a leak in one of our heat exchangers could cause an explosion or a fire with serious consequences.

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

Hamon continuously seeks to improve its equipment thanks to:

- ever more accurate design and the use of increasingly powerful tools and software;
- stringent quality control during the design phase, when purchasing components from suppliers, assembly at the site, manufacturing in the plant and during commissioning and acceptance tests. This also involves ISO 9001 certification for many subsidiaries. For instance, at the end of 2015, 20 of the 26 subsidiaries included in the reporting scope were ISO 9001 certified;
- staff training and, in many cases, end-user training. Hamon also seeks to provide customers with accurate, detailed user and maintenance manuals.

Our customers usually take care of displaying safety pictograms and preparing safety manuals.

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

As we have provided thousands of systems around the world in the past few decades, we are unable to gather and compile information on the reliability and safety of our equipment. Apart from the problem of identifying the right person to contact at the customer's and making an accurate and comparable analysis regardless of the type of equipment, this sort of information also presents confidentiality issues. This is why we do not provide any performance indicators for this aspect.

5.2. HIGH-PERFORMANCE PRODUCTS

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

In some cases, such as cooling towers, more efficient installations would offer our customer a direct economic benefit. For instance, colder cooling water helps electricians improve the thermodynamic efficiency of their steam turbines and therefore generate more electricity using the same amount of primary energy.

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

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

- our Research & Development activities;
- our design methods and tools, helping to further optimize our equipments;
- stringent quality control (see previous point);
- licensing or partnership agreements concluded, enabling us to market cutting-edge technologies (for example the ReACT™ technology – see Review by Business Unit, NAFTA).

As with the analysis of the reliability and safety of our equipment, we are unable to gather, compile or disclose this kind of data.

However, two of our subsidiaries, one in Belgium and one in France, have introduced a means by which customers can assess our systems (satisfaction survey).

5.3. COMPLIANCE WITH SPECIFICATIONS

Compliance with the specifications received from our customers during the tendering process is an important factor in customer satisfaction as well as for our financial performance in each project. This may concern:

- technical specifications (temperatures, pollutant levels, pressure loss, etc.);
- delivery schedules and lead times;
- various constraints or requirements stipulated by our customers (concerning the origin of certain components, logistics considerations, etc.);
- the price.

If necessary, corrective measures are taken, for instance when preliminary or final acceptance tests show that our systems do not fully meet the customer's specifications, to avoid any warranty claims.

Hamon complies strictly with its customers' specifications. This requires perfect cooperation and flawless work by the many parties involved in the implementation of the project, both internally and with the customer and our suppliers. One person plays a key role here: the project manager. Hamon ensures that projects are allocated to project managers based on their skills and the degree of complexity involved in the project.

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

- between the customer and Hamon: for instance, if Hamon fails to meet certain customer requirements;
- between Hamon and the customer: for instance, if the customer changes the specifications during the project;
- between Hamon and its suppliers.

The scale of these claims can vary greatly. Some are settled very quickly, while others can lead to legal proceedings. Hamon takes every possible measure to manage this type of complaint quickly.

Bearing in mind that hundreds of projects are managed worldwide every year and given the diversity of this kind of action, Hamon is unable to measure its performance in this area.

5.4. INNOVATION

Innovation and research & development are vital for the long-term future of our activities:

- to constantly improve our existing products and services;
- to develop new products.

This enables us to maintain our technological leadership and meet our customers' requirements to an ever greater extent.

In practical terms, R&D is managed by each business unit within the Group.

The Cooling Systems BU has an R&D centre attached to the Electrabel power plant in Drogenbos (Belgium). This centre carries out many developments and tests, for instance on new types of exchange surface. Developments for dry cooling systems are also made in our Chinese plant.

As regards the other BUs, developments are mainly carried out locally in the various subsidiaries. This includes the development of new software to enable more precise design.

Certain technological licensing agreements are also concluded, such as that signed for the ReACT™ technology a few years ago.

In our view, the most relevant performance indicator is the ratio between our R&D investments and our consolidated revenue. The table below shows the trend in this ratio:

En millier EUR	2014	2015
Capitalized R&D expenditure	1,030	720
R&D expenses in the profit and loss account	1,875	2,830
Total R&D expenditure	2,905	3,550
Revenue	606,381	698,627
R&D expenditure as % of revenue	0.5%	0.5%

Having fallen slightly in 2014, our R&D expenditure rose by 22% in 2015.



Statement of Corporate Governance

I. CORPORATE GOVERNANCE

1. GENERAL CONSIDERATIONS

1.1 REFERENCE CODE

Hamon has adopted the **2009 Belgian Code of Corporate Governance** as its reference, in accordance with the provisions of the act of 6 April 2010, intended to reinforce corporate governance in listed companies and the Royal Decree of 6 June 2010 on the designation of the corporate governance code to be followed by listed companies. This code is available for consultation on the website of the Corporate Governance Commission, www.corporategovernancecommittee.be.

The Hamon **Corporate Governance Charter** sets out in detail the governance structure of our company as well as the related policies and procedures. This Charter is published on our website, www.hamon.com, and can also be consulted simply upon request at the head office of the company.

This **Statement of Corporate Governance** provides information about corporate governance events that occurred in 2015.

1.2 EXEMPTIONS FROM THE BELGIAN CODE OF CORPORATE GOVERNANCE

Hamon meets all the provisions of the Code apart from the fact that the Audit Committee does not necessarily meet four times a year, as recommended by the Code. In fact, Hamon only publishes financial information twice a year, so the number of Audit Committee meetings is adapted accordingly. The Committee meets to examine the annual and half-year accounts of the Group. The Audit Committee also meets on other occasions if this is deemed advisable.

2. GOVERNANCE STRUCTURE

Hamon is governed by a Board of Directors which, in accordance with Articles 14 ff. of the articles of association, has extensive powers.

The Board of Directors is a collegial body whose actions must be presented in an annual report to the general meeting.

The Managing Director provides all the information relating to the business and finances of the company required to ensure the smooth running of the Board of Directors.

The non-executive directors discuss the strategy and key policies put forward by the executive management in an analytical and constructive manner and contribute towards their development. They carry out a thorough evaluation of the performance of the executive management in attaining agreed objectives.

In June 2005, the Board of Directors set up specialized committees to help it in a number of specific areas: Audit, Remuneration and Nomination Committees.

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

Hamon is divided into operational business units.

The general shareholders' meeting exercises the powers assigned to it by law and by the articles of association.

The working methods of the various bodies referred to above are laid down in the Corporate Governance Charter, which is available on the Hamon website.

The structure of the company's shareholding body is presented in the section entitled 'Relations with our shareholders and other stakeholders', below.

3. BOARD OF DIRECTORS

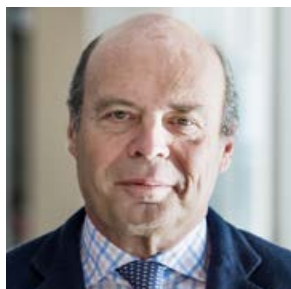
3.1 APPOINTMENT

Article 14 of the articles of association stipulates that the Board of Directors must comprise at least five directors, at least half of whom must be non-executive and at least two 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 appointed by the general shareholders' meeting. If it becomes necessary to replace one of the directors, the new director will be chosen from among the candidates presented by the shareholder having proposed the outgoing director.

Directors whose term of office expires remain in position until such time as the general meeting has approved a replacement. The general meeting has the power to dismiss a director at any time.

MEMBERS OF THE EXECUTIVE COMMITTEE

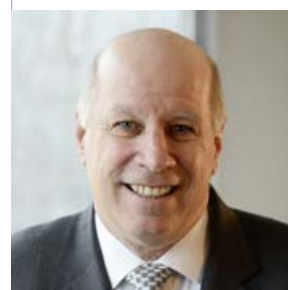
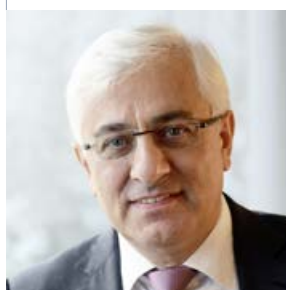


Francis Lambilliotte
CEO, Managing Director,
Chairman of the
Executive Committee

Philippe Delvaux
Chairman of the
Air Quality Systems
Business Unit

William Dillon
Chairman of the
NAFTA Business Unit

Rodica Exner
Chairman of the
Cooling Systems
Business Unit, Vice-
Chairman of the
Executive Committee



Christian Leclercq
Financial Director
of the Group



Gerda Clocheret
Human Resources
Director of the Group



Michèle Vrebos
Secretary General
and Legal Director of
the Group

Moreover, outgoing directors are eligible for re-election subject to the application of Article 526 ter of the Company Code which stipulates that independent directors may not be appointed for more than three consecutive terms and that the total duration of their appointment may not exceed twelve years. No age limit is set on the mandate of directors.

3.2 COMPOSITION

The composition of the Board of Directors was modified by the general meeting on 28 April 2015; this modification comes further to the new shareholders' agreement signed on 8 October 2014 between Sopal International SA and the Walloon Region,

replacing the agreement of June 2005 as amended on 28 August 2007 and 22 July 2013. This new agreement stipulates that the Board of Directors of Hamon & Cie (International) will henceforth be made up of ten directors, five of whom will be presented by Sopal International and two by Sogepa; Ms Aline Lambilliotte was presented by Sopal International SA and Mr Gutt by the Walloon Region; the latter is now represented by Ms Valérie Potier. Moreover, further to the resignation of Mr Jean Hamon on 3 September 2015, the extraordinary general meeting held on 7 October last appointed Mr Alexandre Grosjean as an independent director.

The Hamon Board of Directors therefore consists of four independent directors, within the meaning of Article 526 ter referred to above: Baron Philippe Bodson and Baron Philippe Vlerick, Mr Martin Gonzalez del Valle and Mr Alexandre Grosjean. All the directors are non-executive, with the exception of the Managing Director, Mr Francis Lambilliotte.

In accordance with the provisions of the Code, the terms of the directors appointed and/or renewed by a future general meeting will last a maximum four years unless a substantiated exception is made.

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

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2015:

Name	Position	Start/Renewal of mandate	End of mandate
Baron Philippe Bodson *	Chairman, independent director	28.04.2015	28.04.2020
Mr Jacques Lambilliotte *	Honorary Chairmen, director	22.04.2014	26.04.2016
Mr Francis Lambilliotte	Managing Director	28.04.2015	28.04.2020
Ms Aline Lambilliotte*	Director	28.04.2015	23.04.2019
Mr Bernard Lambilliotte *	Director	22.04.2014	24.04.2018
Mr Olivier Gutt*	Director	28.04.2015	23.04.2019
Sogepa SA represented by Ms Valérie Potier*	Director	22.04.2014	26.04.2016
Mr Martin Gonzalez del Valle *	Independent director	22.04.2014	25.04.2017
Baron Philippe Vlerick *	Independent director	28.04.2015	23.04.2019
Mr Alexandre Grosjean*	Independent director	07.10.2015	26.04.2016

* Non-executive directors.

Baron Philippe Bodson, Chairman of the Hamon Board of Directors and independent director since May 2008, is a civil engineer (ULg) and holds an MBA (INSEAD - Fontainebleau - France). After having held executive positions in a number of companies (Glaverbel, Tractebel and others) and served as chairman of the FEB, Baron Bodson is currently chairman of the Board of Directors of Exmar and Floridienne and the investment 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 trained as a civil engineer.

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 representative with the finance department of Hamon Paris from 1965 to 2000. He trained as a civil engineer and has a degree in mathematics. Mr Jean Hamon submitted his resignation to the Board on 3 September 2015.

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 fund (based in London), which he founded. He is also a director of Kapitool S.A. He previously held various financial positions at Pictet & Cie, Swiss Bank Corporation and Drexel Burnham Lambert.

Martin Gonzalez del Valle, independent Director since June 2005. He is co-founder and partner of Realza Capital, one of the largest private equity firms in Spain. Prior to that, for twelve years he worked in the private equity sector as a partner and CFO of Investindustrial in Spain and as Senior Director and member of the Executive Committee of Mercapital. He was previously general manager of Crédit Agricole Indosuez in Madrid and held various positions in capital goods and sanitary goods companies.

He is chairman of the board of directors of Esindus (non-executive mandate) 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, has been a Director since September 2011. He was appointed a director in a personal capacity at the general meeting of 28 April 2015, presented by Sogepa.

Mr Gutt is a lawyer who graduated from the ULB. He then studied further at the Solvay Business School (taking a post graduate degree in business management), before returning to the bar and practising as a lawyer for six years. In 1980, he turned to banking, joining the Crédit à l'Industrie (SNCI), where he remained for twelve years - including a stint in an office of the Walloon Department of the Economy. In 1992, he returned to the bar with the firm Lallemand before becoming a magistrate at the Commercial Court of Namur and Chairman of the Competition Council. Mr Gutt is Vice-President of Sogepa which he joined in 2002.

Baron Philippe Vlerick, independent Director since 6 December 2011, holds a Bachelor's degree in Philosophy, a law degree and a Master's degree from the Vlerick School of Management as well as an MBA (Indiana University, Bloomington-USA). Baron Vlerick, who heads the Vlerick Group (Uco, B.I.C. Carpets, Vlerick Vastgoed, etc.) is the chairman of Pentahold, vice-chairman of the boards of directors of KBC Groep, Spector Photo Group and Corelio and a director of several companies, including Besix Group, Etex and Exmar.

Aline Lambilliotte was appointed as a director at the general meeting of 28 April 2015. She has a degree in Economic Sciences from the ULB as well as a Master of Arts in Corporate Communication from the City University of New York.

Her professional experience lies mainly in project management and editorial work. She is a director of Air Industrie Thermique and Esindus.

Valérie Potier was appointed as Sogepa representative by the general meeting of 28 April 2015. She therefore represents the interests of the Walloon Region on the Board. She has a degree in Commercial Sciences from HEC Liège (General and International Management with financial options) and has worked as a financial analyst at SWIFT and then as a manager at Ernst & Young, company auditors. She joined Sogepa in 2011 as a consultant. She is currently Consultant and Head of Finance, Budget and Accounting.

Alexandre Grosjean was appointed by the extraordinary general meeting of 7 October 2015 further to the resignation of Mr Jean Hamon as an independent director. He is a commercial engineer

(Solvay Business School). He has worked in the banking sector since the start of his career, with various institutions: Kredietbank, Crédit Lyonnais, Duménil-Lebblié, Caisse Privée Banque where he was a member of the Management Committee and a director and finally ING where he was a Consultant, Private and Corporate banking (family business). He is currently Senior Adviser in the Intuitae Group. He is also chairman and managing director of the Galeries Royales Saint- Hubert, director and member of the Audit Committee of N.V SCR-Sibelco and a director of various companies, including Immoklaar, Floriges and others.

3.3 ACTIVITIES

The Board of Directors met seven times in 2015.

The main subjects discussed were:

- (i) the approval of the results of the Group, forecast results, annual budgets and the strategic plan;
- (ii) monitoring of business and the financial situation of the Group and some of its subsidiaries;
- (iii) the review of the investment projects in the context of the Group's development strategy;
- (iv) monitoring of the financial situation of Hamon D'Hondt;
- (v) the capital increases at Hamon & Cie (International);
- (vi) the appointment of two new directors.

All the directors attended the five Board meetings, with the exception of:

- Jean Hamon, unable to attend on 26 February, 28 April and 2 July 2015;
- Jacques Lambilliotte, unable to attend on 3 September and 5 October 2015;
- Bernard Lambilliotte, unable to attend on 5 October 2015;
- Philippe Vlerick, unable to attend on 28 April 2015.

4. COMMITTEES

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

4.1 AUDIT COMMITTEE

4.1.1 Composition

Since 28 April 2015, the composition of this committee has been as follows:

Members of the Audit Committee	Position
Baron Philippe Vlerick (*)	Chairman
M. Martin Gonzalez del Valle (*)	Member
Sogepa représentée par Madame Valérie Potier (**)	Member

(*) independent directors

(**) replaced Mr Bernard Lambilliotte further to a Board decision of 28 April 2015.

4.1.2 Activities

The Audit Committee met three times during the 2015 financial year, together with the auditor.

The main subjects discussed in the Audit Committee were:

- (i) the closing of the accounts as at 31 December 2014;
- (ii) the closing of the accounts as at 30 June 2015;
- (iii) the analysis of the impairment tests on the book value of some assets;
- (iv) the implementation of the internal audit.

All the members attended the Audit Committee meetings with the exception of Bernard Lambilliotte who was unable to attend the meetings in January and February 2015.

4.2 REMUNERATION COMMITTEE

Since 1 January 2011, the Remuneration Committee has been made up mainly of independent directors within the meaning of Article 526 *ter* of the Company Code and one non-executive director:

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

(*) independent directors.

The members of the Remuneration Committee have the necessary expertise with regard to remuneration policy, as can be seen from their professional careers, detailed above.

The Managing Director attends the Remuneration Committee meetings at which the remuneration of members of the Executive Committee and senior management is discussed.

The Remuneration Committee met once in 2015; all the members attended this meeting.

The main subjects discussed were:

- (i) the remuneration package for the members of the Executive Committee and senior management;
- (ii) the establishment of variable remuneration packages for senior management;
- (iii) the contents of the remuneration report.

4.3 THE NOMINATION COMMITTEE

Since 1 January 2011, the Nomination Committee has been made up mainly of independent directors within the meaning of Article 526 *ter* of the Company Code and one non-executive director:

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

(*) independent directors.

The Nomination Committee met once in 2015 further to the resignation of Jean Hamon on 3 September 2015, to appoint Alexandre Grosjean as an independent director.

5. EXECUTIVE COMMITTEE

The Board of Directors set up an Executive Committee, mainly to assist the Managing Director. This committee is not a Management Committee within the meaning of Article 524 *bis* of the Company Code.

As at 31 December 2015, the members of this Committee were as follows:

Members of the Executive Committee	Position
Francis Lambilliotte	Managing Director, Chairman of the Executive Committee
Rodica Exner	Chairman of the Cooling Systems Business Unit, Vice-Chairman of the Executive Committee
William Dillon	Chairman of the NAFTA Business Unit
Philippe Delvaux	Chairman of the Air Quality Systems Business Unit
Christian Leclercq	Financial Director of the Group
Michèle Vrebos	Secretary General and Legal Director of the Group
Gerda Clocheret	Human Resources Director of the Group

The day-to-day management of the company is in the hands of Mr Francis Lambilliotte in his capacity as Managing Director of the company.

6. REMUNERATION REPORT

In accordance with Article 526 *quater* of the Company Code, the Remuneration Committee prepared a remuneration report in compliance with Article 96 of the Company Code.

PROCEDURE

The Remuneration Committee, in consultation with the managing director, called upon the services of an external Human Resources consultant specializing in this field so as to (i) draw up a policy on the remuneration of the directors and members of the Executive Committee and (ii) set the individual remuneration of the above persons. This consultant reported to the Remuneration Committee on market practices in the Group's sectors of activity for companies of comparable size, both in Belgium and abroad, bearing in mind in particular the international composition of the Group's Executive Committee. Market practices are reviewed annually and discussed each time in the committee which may decide to revise certain elements.

There was no significant change in the remuneration compared with the previous year. The remuneration policy for the next two years should not differ significantly from the current policy.

REMUNERATION AND BENEFITS FOR THE ADMINISTRATIVE AND MANAGEMENT BODIES

DIRECTORS' REMUNERATION

All the directorships are remunerated with the exception of that of Managing Director Francis Lambilliotte, in accordance with the decision of the general 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 amount and an attendance fee per meeting at which they are present. The Chairman receives a higher annual fixed amount in consideration of his advice and experience.

The fees paid to non-executive directors are subject to a proposal made by the Board of Directors to the general shareholders' meeting. These fees were last revised at the general meeting of 27 April 2010, which decided to allocate, effective as of 1 January 2009, a remuneration (fixed sum and attendance fees) to the directors for the performance of their duties of a maximum overall amount of EUR 240,000 per year (to be indexed annually on the basis of the consumer prices index of the month of January each year compared with its level in January 2008). The Board of Directors is responsible for determining the distribution of this overall amount among its members every year.

In 2015, the remuneration of these mandates amounted to EUR 271,600 within the limits of the above sum of EUR 240,000, indexed.

The non-executive directors do not benefit from share options or bonuses linked to the company's results.

GROSS REMUNERATIONS AND OTHER BENEFITS GRANTED TO THE NON-EXECUTIVE DIRECTORS

in EUR	As a member of the Board of Directors	As a member of specialized committees	Total
Baron Philippe Bodson	52,600	7,000	59,600
Jacques Lambilliotte	10,000		10,000
Bernard Lambilliotte	26,000		26,000
Martin Gonzalez del Valle	27,000	8,000	35,000
Sogepa	27,000	5,000	32,000
Baron Philippe Vlerick	26,000	9,000	35,000
Olivier Gutt	25,000		25,000
Alexandre Grosjean	24,000		24,000
Aline Lambilliotte	25,000		25,000

REMUNERATION OF THE CEO

The remuneration of Mr Francis Lambilliotte, CEO, was made up as follows in 2015 (figures in EUR):

Gross basic remuneration	957,000
Variable remuneration	741,000
Pension (defined contribution)	180,800
Other remuneration components (benefits in kind/health insurance/death benefit, disability allowance/guaranteed income/company car)	155,173

These figures represent the full company costs for the CEO (including social security charges, etc.)

The Hamon & Cie articles of association state that company managers may be granted a variable remuneration without applying the constraints laid down in Article 520 *ter*, al 2 of the Company Code.

Furthermore, no agreement has been entered into or extended with the CEO since 3 May 2010 providing for any severance payment. No agreement will therefore be submitted for approval at the next general meeting.

REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

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

The fixed sum is in line with international market practices for the various functions involved.

The purpose of the variable remuneration is to assure Executive Committee members that they are paid based on the performance of the Group on the one hand and their personal performance on the other. The variable remuneration is therefore related to the results of the business units and the Group and to the achievement of personal goals; the percentage of the variable amount compared to the fixed remuneration depends on the importance of the function in terms of its contribution to the results of the business units and the Group. This percentage may be up to 200% of the fixed remuneration for certain positions and in certain 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. This analysis of the performance of Executive Committee members and senior management is discussed by the Managing Director in the Remuneration Committee.

The remuneration and other benefits granted to Executive Committee members (apart from Francis Lambilliotte) in 2015 were as follows (figures in EUR):

Basic remuneration	2,086,285
Variable remuneration	1,230,408
Pension (defined contribution)	318,232
Other remuneration components (benefits in kind/health insurance/death benefit/disability allowance/guaranteed income/company car)	223,224

Note : These figures represent the total company costs (including social security charges).

The Hamon & Cie articles of association state that company managers may be granted a variable remuneration without applying the constraints laid down in Article 520 *ter*, al 2 of the Company Code.

Furthermore, no agreement providing for severance payment has to be submitted for the approval of the general meeting of 26 April 2016.

STOCKS OPTIONS

Among the long-term incentives, the Executive Committee members, the Managing Director and other Belgian and foreign executives in the Group received stock options granted during the 2008 financial year.

Details of the 22,550 options to be exercised granted to them in 2008 are given in Part 3, Financial Statements, Note 31, of this annual report. This option plan was submitted for the approval of the general meeting of 27 May 2008. The duration of this option plan was set at seven years and it consequently terminated in May 2015. None of the options was exercised.

TOTAL REMUNERATION OF SENIOR MANAGEMENT

In 2015, the total amount of remunerations and benefits in kind allocated to the Managing Director and members of the Executive Committee of the company further to their positions in the company, its subsidiaries and its associated companies amounted to EUR 5,892,122. For more details, see note 43 of the consolidated financial statements.

7. AUDITOR

The company accounts and consolidated accounts of the financial year ended on 31 December 2015 were audited by Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL, Berkenlaan 8B, 1831 Diegem, represented by Mr Pierre-Hugues Bonnefoy.

The auditor's mandate was renewed by the general meeting of 22 April 2014 for three years, until the next general meeting of 25 April 2017.

8. APPROPRIATION OF THE PROFIT

The company did not pay a dividend for the 2014 financial year and will not pay a dividend for the 2015 financial year.

9. CODE OF CONDUCT

The Group had drawn up a Code of Ethics for all its employees covering various aspects including (i) compliance with the legal provisions on insider trading, (ii) prevention of conflicts of interest with the Group, (iii) observance of confidentiality in the exercising of their functions, (iv) correct and proper conduct in the management of business, (v) the fight against corruption, (vi) respect for human rights.

This Code aims to increase awareness among employees regarding the need to respect a code of conduct when exercising their professional duties and ensure that all staff members carry out their activities ethically and in compliance with the regulations in force. The Code reflects the Group's determination to maintain a relationship of trust and professionalism with all its stakeholders.

This Code of Ethics was updated on 1 December 2014 and is available on the company website, <http://www.hamon.com/en/corporate/about-us/corporate-social-responsibility/>

The Corporate Governance Charter published on the Hamon website includes a section specifically on insider trading.

10. CONFLICTS OF INTEREST

The procedure laid down in Article 523 of the Company Code on conflicts of interest was not implemented in the course of 2015.

11. COMPLIANCE WITH THE RULES ON MARKET ABUSE

The Board of Directors has drawn up a set of rules governing transactions and the public disclosure of transactions involving shares in the company, derivatives or other financial instruments linked to them. The transaction regulations specify which information concerning these transactions must be disclosed to the market. The transaction regulations are laid down in the Corporate Governance Charter.

12. ELEMENTS LIKELY TO IMPACT ON ANY PUBLIC TAKEOVER BID

Article 5 *bis* of the Hamon & Cie articles of association states that the Board of Directors is authorized to increase the company capital once or on several occasions up to the sum of EUR 2,157,441.60. This authorization is limited to five years; it can be renewed once or on several occasions for a maximum period of five years each time, by the general meeting. Capital increases decided upon further to this authorization may be effected in cash or in kind, or by the incorporation of available or unavailable reserves or share premiums, with or without the creation of new shares, whether preferential or not, with or without voting rights and with or without subscription rights. This authorization was renewed by the ordinary general meeting of 22 April 2014 for a period of five years, i.e. until the general meeting of 23 April 2019.

In the context of the authorization granted to it by the articles of association, the Board may decide to issue bonds, subscription rights or option rights, just as it may also cancel or limit the preferential rights of existing shareholders in the interests of the company and in accordance with the legal conditions, including in favour of one or more specific individuals or members of staff of the company or related companies.

The extraordinary general meeting of Hamon & Cie also expressly authorized the Board of Directors, in the event of a public takeover bid for the shares of

the company, to increase the capital by contributions in kind or in cash, limiting or cancelling, if need be, the preferential rights of shareholders, including those in favour of one or more specific individuals.

The extraordinary general meeting of 22 April 2014 renewed this authorization for a three-year period until the general meeting of 25 April 2017.

The Hamon & Cie articles of association also stipulate that the company is authorized to buy its own shares on the stock market without necessarily making an offer of acquisition to shareholders. The Board of Directors is authorized to dispose of company shares through the stock market or in any other way in the cases provided for by law without the prior authorization of the general meeting. The Board is also authorized by the extraordinary general meeting to acquire or dispose of company shares to avoid any serious or imminent damage to the company, in accordance with the law. The extraordinary general meeting of 22 April 2014 renewed this authorization for a three-year period until the general meeting of 25 April 2017.

Furthermore, the shareholders' agreement signed in June 2005 between Sopal International and the Walloon Region represented by Sogepa, as amended on 28 August 2007 and 22 July 2013, was replaced by a new shareholders' agreement dated 8 October 2014. This agreement states that the Board of Directors of Hamon & Cie (International) will henceforth consist of ten directors, five of whom will be presented by Sopal SA and two by Sogepa. The independent directors are appointed upon presentation by Sopal, after approval by Sogepa. The agreement further states, as in the past, (i) that the parties will inform one another of their intention to reduce or increase their respective holdings in Hamon & Cie, (ii) that a pre-emptive right exists in favour of the two parties and a right to buy in favour of Sogepa should Sopal wish to sell its securities, and (iii) that a put option exists for Sogepa and a call option for Sopal International. This is the framework in which the appointment of two new directors was proposed to the general meeting of 28 April 2015.

II. INTERNAL AUDITING AND RISK MANAGEMENT SYSTEMS IN THE COMPANY

1. INTRODUCTION

The law of 6 April 2010 on strengthening corporate governance stipulates, in the context of the implementation of a European directive, that the declaration on corporate governance must contain **a description of the main characteristics of the internal auditing and risk management systems of the company as part of the process of preparing financial information.**

In compliance with the provisions of the Code, the elements relating to risks other than those associated with the process of drawing up financial statements are also described.

At the proposal of the Audit Committee, the Hamon Board of Directors approved the use as an initial reference of the proposal drafted by the working group set up by the Corporate Governance Commission of the Federation of Belgian Businesses, the FEB, made up of representatives of listed companies, the *Institut des Réviseurs d'Entreprises*, and the *Institute of Internal Auditors Belgium* (IIANet).

Moreover, the Board of Directors requested the Audit Committee to report to it every six months on the implementation of this reference framework and improvements to be made to it.

Hamon has organized its internal auditing and risk management by defining the audit environment (general framework), identifying and classifying the main risks to which it is exposed, analyzing its level of control of these risks and organizing an 'audit of the audit'. The company also focuses particular attention on the reliability of the reporting and financial communication process.

2. THE AUDIT ENVIRONMENT

1. ROLES AND VALUES OF THE COMPANY

- i. A Sustainable Development Charter – included in our 2009 annual report – sets out the basis on which Hamon intends to develop its business, with respect for the environment, human rights, the local communities among 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 Vision, Mission and Values sections in the Group Profile part of this report.
- ii. A Corporate Governance Charter – available for consultation on the website – was drawn up and validated by the Board of Directors. This charter clearly defines the role of the various management

bodies, their working method and their composition. It should be remembered that Hamon has a Board of Directors and specialized committees: an audit committee, a remuneration committee and an appointment committee, while the day-to-day management is undertaken by the CEO, assisted by an executive committee.

- iii. A Code of Ethics, drawn up for the attention of all employees, as described in Section 9. Code of Conduct on page 32.
- iv. An internal audit charter was also drawn up at the start of 2016.

2. RISK CULTURE

Hamon adopts a cautious approach. The company manages large-scale projects in various fields of activity, integrating innovative systems that boast cutting-edge technology and effectively meet its customers' needs, while applying stringent cost control. The projects undergo an in-depth risk analysis right from the quote preparation phase to ensure that they will continue to create value in the long term.

3. CLEAR MISSIONS

- i. The Hamon structure is based on its business units (BUs), which fulfil a very clear role both in terms of product portfolio and as regards organization and results.
- ii. The internal organization is set out in 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 the IT, Legal, Corporate Finance, Treasury and Human Resources departments of the parent company.
- iv. Control functions:
 - Compliance is undertaken by the General Secretary.
 - The CFO is responsible for organizing risk management and directly supervises the Controlling Team, in charge of the Group management control.
 - The BU managers are responsible for monitoring the industrial risks.

4. COMPETENT TEAMS

i. DIRECTORS:

The directors are selected for their experience and have the necessary skills and qualifications to fulfil their responsibilities, in particular with regard to technology, finance, accounting, investment and remuneration policy.

ii. MANAGEMENT AND STAFF:

Hamon staff undergo recruitment processes in line with the profiles sought and benefit from appropriate training, in accordance with the job descriptions.



3. RISK ANALYSIS

The Group faces a series of risks associated with its activities and the extent and types of markets on which it operates. Hamon regularly performs an audit to identify and evaluate its risks. The Executive Committee meets with the Managing Director to assess any special business risks. The risks that the company has to deal with are mapped out. A formal action plan is drawn up for risks for which the control level is deemed to be inadequate. The implementation of this action plan is monitored by the Audit Committee.

The main risks are as follows:

1. STRATEGIC RISKS

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

2. RISKS ASSOCIATED WITH THE GROUP'S ACTIVITIES

- i. Customer risks: dependency on certain customers and customer credit risks.
- ii. Supplier risks: this may include unsatisfactory products which do not meet the specifications or delays in delivery.
- iii. Technical risks relating to the design or proper implementation of certain projects.
- iv. Risks linked to guarantees given on projects.
- v. Risks linked to the environment, for example on Hamon customers' sites or in its plants.

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

- vii. Risks related to raw material prices.

3 FINANCIAL RISKS

- i. Interest rate risks.
- ii. Exchange risks.
- iii. Liquidity risks.

4 SUPPORT RISKS

- i. Human resources risks, that is the company's capacity to provide the skills and resources necessary for the fulfilment of its contracts.
- ii. IT risks linked to the availability and safeguarding of IT facilities and data required to achieve the Group's objectives.
- iii. Risks relating to disputes in which the Group is involved, the liquidation of Hamon Research-Cottrell Italia or guarantees given in the framework of asset disposals.
- iv. Internal financial risks such as the possibilities of using deferred tax losses, impairments (impairment test) to be recorded on the book value of certain assets, liquidity risks or credit risks.

4. CONTROL MEASURES PUT IN PLACE

Hamon takes steps to keep control of these risks as well as possible by means of an adequate risk management policy based on its project activities:

- i. Implementation of an adequate internal control framework at Group level.
- ii. Analysis of technical, financial and implementation risks based on a check list that is tailored to the different business units; this analysis is undertaken prior to submitting quotes to our customers and is based on a system of delegation of authority.
- iii. Monthly follow-up through business meetings of the progress of various Group projects.
- iv. Monthly and quarterly reporting on management, disputes and the cash position.
- v. Robust management control system for the Group to supervise the progress of projects and activities within the Group and guard against or issue warnings should a problem arise.
- vi. Quarterly review by the Executive Committee of the state of business, disputes and risks.

As regards covering monetary risks, Hamon has put in place a risk management policy for interest rates, exchange rates and counter party risks:

- i. Interest rate risks: these are managed by using interest rate swaps (IRS) when the long rates exceed certain limits set by the Group.
- ii. Exchange risks: the positions in foreign currencies resulting from the fulfilment of our construction contracts are covered by derivatives (forward exchange rate contracts, swaps, NDF) when they exceed the limits set by the Group.
- iii. Counter party risks: cash deposits and investments must comply with certain safety and liquidity criteria and only then with return criteria.

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

5. FINANCIAL INFORMATION AND COMMUNICATION

The process of gathering financial information is organized as follows:

1. A schedule is drawn up of the tasks that have to be carried out as part of the company's monthly, quarterly, half-year and annual closings and those of its subsidiaries, along with their deadlines.
The Group has a check list of actions to be followed by the financial department. In addition, each subsidiary draws up its own check list to enable it to meet its specific needs.
2. The local teams produce the accounting figures under the supervision of the financial managers at the subsidiaries. The books are kept either by the Group ERP – JD Edwards - or, depending on the roll-out programme or the size of the subsidiary, using software programs purchased locally and backed up by appropriate support contracts, or for the smallest entities, by external service providers. It should be noted that Hamon has a 'disaster recovery' plan and a 'business continuity' plan, the steps of which are validated by IT safety auditors.
3. The Controlling team of the subsidiary checks the validity of the figures and produces the reports. The figures are checked using the following procedures:
 - i. consistency tests by means of comparisons with past or budget figures;
 - ii. spot checks on transactions and depending on their materiality.
4. At central level, the consolidation is carried out using a software package - SAFRAN - in which the input is undertaken locally by the subsidiaries. The consolidation and reporting team prepares the consolidated figures and uses spot 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 various Hamon employees is adapted to the size of the company. It is based mainly on the different press releases and sending internal messages by e-mail, business meetings or verbal communication between management and staff.
6. To ensure rapid communication and the equal treatment of shareholders, Hamon publishes the agenda and the minutes of general meetings, half-year and annual financial results, press releases, the articles of association, the Corporate Governance Charter and the annual report on its website.

6. PARTIES INVOLVED IN THE MONITORING AND EVALUATION OF THE INTERNAL AUDIT

The quality of the internal audit is assessed during the course of the financial year:

1. by means of the Group management control, as part of its quarterly reviews of each business unit and regular audits carried out at the subsidiaries during which all the activities and key internal checks relating to contracts are reviewed.
2. by the Audit Committee. During the financial year, the Audit Committee undertook a review of the half-year closures and specific accounting treatments. It reviewed the disputes and put all the questions it deemed relevant to the Auditor and the Group Controller or to the senior management in the company.
3. by the Auditor as part of his review of the half-year and annual accounts. During the financial year, the Auditor put forward recommendations concerning the keeping of the financial statements.
4. occasionally by the Financial Services & Market Authority.
5. The Board of Directors oversees the fulfilment of the tasks of the Audit Committee, mainly by means of the reports submitted to it by this Committee.

The management of the Group – with the consent of the Audit Committee – has decided to reintroduce a specific internal auditing function reporting directly to the Audit Committee. This role will involve carrying out audits on the basis of a plan approved by the Audit Committee and coordinating the required procedures and internal audits at Group level.

III. RELATIONS WITH OUR SHAREHOLDERS AND OTHER STAKEHOLDERS

1. RELATIONS WITH OUR SHAREHOLDERS

HAMON SHARES

Hamon shares are listed on the regulated Euronext Brussels market, on the continuous market, in trading group C (ISIN code: BE 0003700144).

The main data relating to Hamon shares are summarized below:

in EUR/action	2014	2015
Average closing price	13.34	9.25
Maximum closing price	16.84	11.38
Minimum closing price	8.70	7.07
Closing price as at 31 December	10.20	7.98
Average daily trading volume (number share / day)	3,899	3,773
Total number of shares issued as at 31 December	9,009,654	10,556,905
Total number of outstanding shares as at 31 December	8,998,386	10,540,797
Average number of outstanding shares	7,597,958	9,363,916
Stock market capitalization as at 31 December (EUR million)	91.9	84.2

The total number of shares issued as at 31 December 2015 and the average number of shares issued rose in 2015 further to the capital increases of 7 October 2015 (see below).

The own stock repurchase programme put in place as part of a liquidity contract in 2013 is still in force. Own shares held are not taken into account in the number of outstanding shares. A total of 40,042 shares were purchased and 35,202 shares were sold in 2015, resulting in a net purchase of 4,840 shares.

The Hamon share price fell by 21.8%, while the BEL20 rose by 12.6% in 2015.

Since 1 January 2008 and the abolition of bearer securities effective as of the end of 2013, Hamon shares have been represented either by nominative inscription in the company share register or by inscription in a dematerialized securities account with a financial institution. The 1,253 bearer securities whose holders did not come forward by 31 December 2014 were sold on Euronext Brussels before 30 November 2015 in accordance with the applicable legal provisions and the sum was deposited with the Deposit and Consignment Office. Shareholders still in possession of securities are invited to reclaim the proceeds of the sale corresponding to the bearer shares that they own from the Deposit and Consignment Office.

Hamon confirms that it has correctly applied the law in carrying out the dematerialization process and that it has received confirmation of this from the Auditor.

CAPITAL INCREASES

Hamon carried out two capital increases on 7 October 2015 amounting to a total of EUR 14,916,954 with a view to increasing its equity, reducing its debt and purchasing the 39% stake held by Sopal International SA in Esindus.

The extraordinary general meeting of 7 October 2015 therefore issued 991,695 new shares at a price of EUR 10 per share to remunerate the contribution in kind of the stake held by Sopal International SA in Esindus; the Sopal International SA holding in Hamon & Cie therefore increased to 64.98%.

Moreover, at its meeting of 7 October 2015, in the context of the authorized capital, the Board of Directors issued 555,556 new shares at a price of EUR 9 per share in the context of the authorized

capital excluding the preferential right in favour of Sopal International SA, thus taking the latter's holding to 66.82%.

COMPOSITION OF THE HAMON & CIE SHAREHOLDING BODY

In conformity with article 9 of the statutes of Hamon & Cie (International) as amended on 27 May 2008, shareholders whose stake exceeds 2%, 3%, 4%, 5%, 7.5%, 10% and thereafter every multiple of 5% are required to inform the company and FSMA (Financial Services & Market Authority) of this in accordance with the legal provisions on this matter.

In accordance with the terms of the Royal Decree of 14 February 2008 on the public disclosure of major shareholdings, Hamon & Cie has received notifications of the following holdings, which indicate the composition of the shareholding body as at 31 December 2015:

Shareholder	31/12/2014 Shares	31/12/2014 in %	31/12/2015 Shares	31/12/2015 in %
Sopal International SA ⁽¹⁾	5,507,246	61.13%	7,054,497	66.82%
Walloon Region, represented by the <i>Société Wallonne de Gestion et de Participation SA</i> (Sogepa)	1,009,091	11.20%	1,009,091	9.56%
Esindus SA	303,506	3.37%	303,506	2.87%
Own shares held by the company	11,268	0.13%	16,108	0.15%
Other public	2,178,543	24.17%	2,173,703	20.59%
Total	9,009,654	100%	10,556,905	100%

(1) Acting in concert with the Walloon Region.



Hamon Enviroserv team taking part in the Businesses Race in Essen.

FINANCIAL CALENDAR

The statutory date of the general meeting was changed by the extraordinary general meeting held on 27 May 2008; since then, it has taken place on the fourth Tuesday in April.

General shareholders' meeting 2016
26.04.2016

Publication of quarterly review Q1 2016
26.04.2016

Publication of first half-yearly results 2016
7.09.2016

General shareholders' meeting 2017
25.04.2017

RELATIONS WITH INVESTORS AND FINANCIAL COMMUNICATION

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

All financial information, including annual reports and press releases, is also available on our website: www.hamon.com.

2. RELATIONS WITH OUR OTHER STAKEHOLDERS

Our development depends on our **customers**. We do our utmost to ensure that they are fully satisfied, as stated in our Corporate Governance Charter (see Vision, Mission and Values sections in the Group Profile part).

We are always eager to listen to them, be it via our sales staff, our project managers, those working on site or on a day-to-day basis through our participation in industry meetings, our website or other means of communication. We pay particular attention to their pre-selection criteria in order to meet their requirements for preferred suppliers: criteria relating to economic aspects, quality, certification, health, safety, the environment and ethics.

We seek to listen to them so as to promote best practices across the entire value chain of our products and services and in particular by passing them on to our suppliers.

Our **employees** are at the core of our performance. They represent our most valuable resource. It is from their commitment, their know-how, their experience, their professional and human values that Hamon derives its added value. The 'Corporate Social Responsibility' part of this report gives details of our commitments in this area.

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

We audit several suppliers on an annual basis. In addition to an audit in the strict sense of the term, this also provides an opportunity to exchange points of view and to hold detailed and constructive talks with them.

Lastly, the **financial community** helps us to develop:

- the banks for our financial needs (loans and guarantees as well as other commercial banking tools).
- financial analysts who assess our performance. Several times a year, we organize analyst meetings to present the Group's development and enable them to interact with us directly.
- the financial markets.

Hamon is aware that the contribution of each stakeholder adds to its success and performance. Establishing a permanent dialogue in order to improve our understanding of their expectations is the first step towards assuming our corporate social responsibility.

For this reason, we welcome comments, wishes and other contributions from all our stakeholders:

- from our staff: via the personnel department, the works councils (for the larger subsidiaries), the line management or the Compliance Officer.
- from our other stakeholders: via their contacts at Hamon, our website, www.hamon.com, or their contacts indicated in the General Information section at the end of this report.

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1. CONSOLIDATED INCOME STATEMENT

in EUR '000'	Note	2015	2014
Revenue	8	698,627	606,381
Cost of sales		(608,419)	(515,886)
Gross profit		90,208	90,495
Sales & marketing costs	9	(18,725)	(15,672)
General & administrative costs	9	(57,626)	(58,668)
Research & development costs	9	(2,830)	(1,875)
Other operating income / (expenses)	10	4,341	228
Operating profit before non-recurring items (REBIT)		15,369	14,508
Restructuring costs	11	(2,234)	(1,409)
Other non-recurring items	11	(5,407)	(1,266)
Operating profit (EBIT)		7,728	11,833
Interest income	12	205	357
Interest charges	12	(8,138)	(7,703)
Share of the profit (loss) of associates & joint-ventures	5	(3,176)	(3,473)
Result before tax		(3,382)	1,014
Income taxes	13	(2,031)	(141)
Net result from continued operations		(5,413)	872
Net result of discontinued operations		(9)	(3)
Net result		(5,421)	870
Equity holders of the company		(5,048)	831
Non controlling interests		(374)	38
EARNINGS PER SHARE	15		
Continued and discontinued operations			
Basic earnings per share (EUR)		(0.54)	0.11
Diluted earnings per share (EUR)		(0.54)	0.11
Continued operations			
Basic earnings per share (EUR)		(0.54)	0.11
Diluted earnings per share (EUR)		(0.54)	0.11

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR '000'	2015	2014
Net result	(5,421)	870
Other comprehensive income	0	0
Items that may be reclassified subsequently to result	0	0
Reclassification of previously recognized changes in fair value of available-for-sale assets to net result	0	0
Change in fair value of hedging instruments	306	(145)
Changes in currency translation reserve	(1,433)	3,033
Items that may not be reclassified subsequently to result	0	0
Actuarial gains/loss on defined benefit plan	731	(597)
Taxes	(226)	
Other comprehensive income, net of taxes	(622)	2,291
Comprehensive income	(6,043)	3,161
Equity holders of the company	(7,572)	2,363
Non controlling interests	1,529	798

3. CONSOLIDATED BALANCE SHEET

in EUR '000'	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Intangible assets	19	24,401	23,897
Goodwill	20	48,449	48,997
Property, plant & equipment	21	36,759	41,080
Investment in associates & joint-ventures	5	12,484	3,755
Deferred tax assets	23	28,448	27,185
Available-for-sale financial assets	22	2,181	1,980
Trade and other receivables	26	2,794	2,963
Derivative financial assets	34	-	407
		155,516	150,263
Current assets			
Inventories	24	9,959	13,765
Amount due from customers for contract work	25	106,599	89,728
Trade and other receivables	26	173,416	143,981
Derivative financial assets	34	5,203	5,953
Cash and cash equivalents	27	109,337	138,987
Current tax assets		7,704	6,414
Available-for-sale financial assets	22	55	-
		412,272	398,828
Total assets		567,788	549,091
EQUITY			
Share capital	28	2,555	2,188
Reserves		45,722	33,823
Retained earnings		(452)	4,668
Equity attributable to the equity holders of the company		47,825	40,680
Non controlling interests		4,168	2,672
Total equity		51,993	43,352
LIABILITIES			
Non-current liabilities			
Financial liabilities	32	2,297	96,438
Provisions for pensions	30	5,467	6,157
Provisions for other liabilities and charges	29	57	323
Deferred tax liabilities	23	6,726	6,579
Other non-current liabilities		2,486	4,958
		17,032	114,456
Current liabilities			
Financial liabilities	32	191,535	83,685
Amount due to customers for contract work	25	104,768	118,249
Trade and other payables	33	187,057	166,364
Current tax liabilities		675	1,291
Derivative financial liabilities	34	11,258	16,771
Provisions for other liabilities and charges	29	3,471	4,923
		498,763	391,284
Total liabilities		515,795	505,739
Total equity and liabilities		567,788	549,091

4. CONSOLIDATED CASH FLOW STATEMENT

in EUR '000'	Note	2015	2014
Cash flows from operating activities	16		
Cash received from customers		654,315	735,231
Cash paid to suppliers and employees		(694,274)	(731,062)
Cash generated from operations before taxes		(39,959)	4,169
Other financial expenses and income (paid)/received		672	84
Income taxes paid		(3,663)	(5,524)
Other cash received / (paid)		-	-
Net cash from operating activities		(42,950)	(1,271)
Restructuring costs		(2,072)	(1,439)
Net cash from operations after restructuring		(45,022)	(2,710)
Cash flows from investing activities	17		
Dividends received		228	221
Proceeds on disposal of subsidiaries (net of cash disposed)		-	-
Proceeds on disposal of PP&E		6,654	146
Proceeds/(Purchase) of available for sale financial assets		(249)	-
Acquisition of Subsidiaries (net of cash acquired)		(1,965)	-
Acquisition of PP&E		(4,727)	(4,662)
Increase/(decrease) of government grants		-	-
Disposal/(purchase) of other intangible assets		(2,477)	(1,619)
Capitalized development costs		(720)	(1,030)
Net cash from investing activities		(3,256)	(6,944)
Cash flows from financing activities	18		
Dividends paid to shareholders		(74)	(1)
Dividends paid to non controlling interests		-	(26)
Capital Increase		5,000	20,000
Proceeds from issuance of shares to non controlling interests		-	662
Interest received		183	353
Interest paid		(7,010)	(4,729)
Proceeds from bond issue		-	55,000
Proceeds from new bank borrowings		13,095	19,474
Repayment of borrowings		-	(72,155)
Net cash from financing activities		11,194	18,578
Other cash flow movements			
Other variations from discontinued operations		-	(3)
Net cash on acquisition of subsidiaries		-	-
Other net cash flows		-	(3)
Net variation of cash and cash equivalents		(37,083)	8,922
Cash and cash equivalents at beginning of period		138,987	120,133
Impact of translation differences		7,433	9,932
Cash and cash equivalents at end of period		109,337	138,987
Net variation of cash and cash equivalents		(37,083)	8,922

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR '000'	Share capital	Legal reserve	Share premium	Retained earnings	Own shares	AFS reserve	Share-based payments	Hedging reserve	Defined benefit pension plans	Currency translation reserves	Equity - Attributable to equity holders of the parent	Non controlling interests	Total equity
Balance at 1 January 2014	1,892	671	14,550	3,837	(92)	4	153	(757)	(350)	(1,277)	18,631	4,475	23,106
Comprehensive income				831		-		(145)	(597)	2,274	2,363	798	3,161
Capital increases	545		19,455								20,000	955	20,955
Dividends paid to shareholders				-							-	(26)	(26)
Scope exit											-	(3,521)	(3,521)
Other movements	(249)				(65)			-			(314)	(9)	(323)
Balance at 31 December 2014	2,188	671	34,005	4,668	(157)	4	153	(902)	(947)	997	40,680	2,672	43,352
Balance at 1 January 2015	2,188	671	34,005	4,668	(157)	4	153	(902)	(947)	997	40,680	2,672	43,352
Comprehensive income				(5,048)		-		306	505	(3,335)	(7,572)	1,529	(6,043)
Capital increases	367		14,453								14,820	-	14,820
Dividends paid to shareholders				(72)							(72)	-	(72)
Other movements					(43)			-		12	(32)	(32)	(64)
Balance at 31 December 2015	2,555	671	48,458	(452)	(200)	4	153	(596)	(443)	(2,325)	47,825	4,168	51,993

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 RESPONSABILITY

The consolidated financial statements were approved by the Board of Directors on 29 February 2016.

We declare that to our knowledge:

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

29 February 2016.

Francis Lambilliotte
Managing Director

Christian Leclercq
CFO

3. PRINCIPAL ACCOUNTING STANDARDS

3.1. PRINCIPAL ACCOUNTING STANDARDS

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

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

Standards and Interpretations that became applicable in 2015

The accounting policies used for the preparation of the condensed consolidated financial statements are consistent with those used in the 2014 consolidated financial statements with the exception of the following new standards which are both in effect from annual periods beginning on or after 1 January 2015:

• IFRIC 21 – Levies

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

The Group has decided not to anticipate the application of revised or new standards and interpretations. The application of these revised or new standards and interpretations should have no significant impact on the consolidated financial statements. (IFRS 9 – Financial instruments – IFRS 15 – Revenue from Contracts with Customers and IFRS 16 – Leases are currently under review) .

3.2. CONVERSION OF FOREIGN CURRENCIES OPERATIONS

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

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

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

3.3. CONSOLIDATION PRINCIPLES

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

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

The Company re-assesses whether or not it controls an investor if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investor, it has power over the investor when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investor unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights to an investor's is sufficient to give it power, including:

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

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

Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share

of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

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

Put options on non-controlling interests

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

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

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

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

3.4. INTANGIBLE ASSETS

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

Patents, Trademarks and Similar Rights

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

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

Development Costs

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

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

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

Other internally generated intangible assets

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

Goodwill

Recognition of goodwill

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

● *Business combinations carried out prior to 1 January 2010*

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

The initial accounting for business combinations is not restated.

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

● *Business combinations carried out after 1 January 2010*

Goodwill is measured as the excess of the aggregate of:

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

Goodwill recognized on the acquisition date is not subsequently adjusted.

Measurement of goodwill

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

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

3.5. TANGIBLE ASSETS

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

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

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

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

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

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

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

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

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

3.6. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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

If an asset does not generate cash flows independently of those other assets, the Group makes an estimate of the recoverable value of the Cash Generating Unit to which the asset belongs. The recoverable value is the highest of either the fair value less costs to sell or the value in use. If the recoverable value of an asset (cash generating unit) is lower than its carrying amount, an impairment loss is immediately recognized as an expense in the income statement either in "Other Operating Expenses" or in impairment loss on non-current assets.

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

3.7. LEASE

Agreements Capital Leases

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

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

Operating Leases

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

3.8. FINANCIAL ASSETS AND LIABILITIES

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

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

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

There are four categories of financial assets:

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

There are two categories of financial liabilities:

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

Subsequently,

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

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

Trade and Other Receivables (Payables)

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

Cash and Cash Equivalents

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

Equity Instruments

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

Loans & borrowings

Loans and borrowings are initially recognized at fair value, plus or minus transaction costs. They are subsequently measured at amortized cost using the effective interest method. Any subsequent change in value between the fair value and the settlement value (including the redemption premium to be received or paid) is recognized in the income statement over the period of the borrowing (effective interest rate method). The borrowing issuance costs related to mixed facilities including debt and bank guarantee lines agreement are prorated between the different lines and presented in deduction of the financial liabilities on the balance sheet. Those costs are amortized on the duration of the borrowing. Regularly the revolving facility is completely utilized. 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 derivative financial instruments qualifying as cash flow hedges are immediately deferred in equity. Gains or losses relating to the ineffective portion are recognized in the income statement.

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

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

b) Derivatives which do not qualify for hedging

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

c) Derivatives qualifying for accounting treatment through the work in progress account (WIP)

If a derivative financial instrument hedges variations in cash flow relating to a recognized liability, a firm commitment or an expected transaction in the frame of a contract (mainly forward purchases of raw materials, or foreign exchange purchases or sales), a documentation of the cash flow hedge relationship as described in section a) here above will not be prepared. Any gain or loss resulting from the derivative financial instrument is recognized in the income statement as a financial income or expense.

These instruments are however submitted to a test of efficiency based on the same methodology as utilized for hedge accounting.

The effective part of any gain or loss on the financial instrument is recognized as a cost of the contract and is deferred into a work in progress account (WIP).

This element is however not considered for determining the percentage of completion of the contract.

d) Derivatives qualifying for net investment hedge

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

Stock options

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

3.9. INVENTORY

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

3.10. POST-EMPLOYMENT AND OTHER LONG TERM EMPLOYEE BENEFITS

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

Defined Contribution Plans

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

The Group Hamon offers defined contribution pension plans with a minimum return guaranteed to the Belgian affiliates. Therefore those plans are defined benefit plans and have been reclassified as such in this annual report.

For more details, please refer to note 30.

Defined Benefit Plans

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

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

Cost of defined benefits include cost of services and net interest on the net liability (asset) recognized in net results (respectively in cost of goods sold distribution and marketing expenses, general and administration expenses and R&D expenses for the cost of services, and as financial expenses (income) for the net interests), as well as the revaluations of the net liability (asset) recognized in other comprehensive income.

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

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

Other long-term employee benefits

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

The actuarial calculations of post-employment obligations and other long-term employee benefits are performed by independent actuaries.

3.11. PROVISIONS FOR LIABILITIES AND CHARGES

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

Provisions for guarantee are recognized upon delivery of the product, on basis of the best estimate of the expenditure necessary for the extinction of the Group's obligation. Those provisions take into account the specific risks related to the contract, the market, the technical constraints and results from an agreement between technical, business and financial managers.

Provisions for restructuring are recognized only after the Group has adopted a detailed formal plan that has been publicly announced to the parties involved before the closing date.

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

3.12. INCOME

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

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

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

3.13. CONSTRUCTION CONTRACTS

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

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

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

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

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

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

3.14. OPERATING PROFIT BEFORE NON-RECURRING ITEMS (REBIT)

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

For the Group, those items are:

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

3.15. GOVERNMENT GRANTS

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

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

Repayable government grant are transferred to financial liabilities.

3.16. INCOME TAXES

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

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

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

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

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

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

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

3.17. DISCONTINUED BUSINESS

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

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

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

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

3.18. BORROWING COSTS

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

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

4. KEY ASSUMPTIONS AND ESTIMATES

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

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

Estimates are used in:

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

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

IMPAIRMENT TEST OF GOODWILL

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

Further details are provided in note 20.

CONSTRUCTION CONTRACTS – EXPECTED PROFIT AND PERCENTAGE OF COMPLETION ESTIMATE

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

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

- the time to be spent by employees (and sometimes subcontractors) to finish the contracts;
- The cost of material, equipment and other;
- miscellaneous expenses still to be ordered;
- exchange rate to be used for purchase orders (from customers and / or suppliers) in foreign currencies; and

- the risk of penalties charged by customer(s) in case of delay or lower than contractually guaranteed performance.

Direct costs are allocated to the contracts and indirect costs are allocated based on timesheets.

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

DEFERRED TAX ASSETS

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

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

More details can be found in note 23.

5. CONSOLIDATED ENTITIES

The following table mentions the list of subsidiaries owned by the Group as of 31 December 2015 and 2014.

Subsidiary	Country	% Group interest	
		2015	2014
1. Subsidiaries consolidated by full integration method			
Hamon & Cie (International) SA	Belgium	Parent company	
Hamon & Cie (International) Finance SCS	Belgium	Wound up	100%
Hamon Thermal Europe SA	Belgium	100%	100%
Hamon Research-Cottrell SA	Belgium	100%	100%
ACS Anti Corrosion Structure SA	Belgium	100%	100%
Compagnie Financière Hamon S.A.	France	99.95%	99.1%
Hamon Thermal Europe (France) S.A.	France	99.95%	99.1%
Hamon D'Hondt S.A.	France	99.95%	99.1%
Hamon Research-Cottrell S.A.R.L.	France	99.95%	99.1%
Hacom Energiesparsysteme GmbH	Germany	100%	100%
Hamon Thermal Germany GmbH	Germany	100%	100%
Hamon Research-Cottrell GmbH	Germany	100%	100%
Hamon Enviroserv GmbH	Germany	100%	100%
Hamon UK Ltd.	Great Britain	100%	100%
Hamon Dormant Co. Ltd	Great Britain	100%	100%
Hamon (Nederland) B.V.	Netherlands	100%	100%
Hamon Polska Sp. z.o.o.	Poland	100%	100%
Hamon Esindus Latinoamerica SL	Spain	69.4%	50%
Hamon Research-Cottrell do Brazil	Brazil	100%	100%
Hamon Do Brazil Ltda.	Brazil	100%	100%
Hamon Custodis Cottrell (Canada) Inc.	Canada	100%	100%
Hamon Esindus Latinoamerica Limitada	Chile	69.4%	50%
Hamon Esindus Latinoamerica SA de CV	Mexico	69.4%	50%
Hamon Corporation	United States	100%	100%
Hamon Custodis Inc.	United States	100%	100%
Hamon Deltak Inc.	United States	100%	100%
Hamon Research-Cottrell Inc.	United States	100%	100%
Thermal Transfer Corporation	United States	100%	100%
Research-Cottrell Cooling Inc.	United States	100%	100%
Hamon Holdings Corporation	United States	100%	100%
Hamon (South Africa) (Pty) Ltd.	South Africa	74%	74%
Hamon Australia (Pty) Ltd.	Australia	100%	100%
Hamon Thermal (Tianjin) Co., Ltd	China	100%	100%
Hamon Research-Cottrell (Shanghai) Co., Ltd	China	60%	60%
TS Filtration Environmental Protection Products (Shanghai) Co., Ltd	China	60%	60%
Hamon Thermal & Environmental Technology (Jiaxing) Co. Ltd	China	69.8%	65.9%
Hamon Trading (Jiaxing) Co.,Ltd.	China	69.7%	62.8%
Hamon Asia-Pacific Ltd	China (Hong Kong)	100%	100%
Hamon Research-Cottrell (HK) Ltd.	China (Hong Kong)	60%	60%
Hamon India PVT Ltd.	India	100%	100%
Hamon Research-Cottrell India PVT Ltd.	India	100%	100%
P.T. Hamon Indonesia	Indonesia	99.6%	89.7%
Hamon Korea Co Ltd.	South Korea	99.6%	89.7%
Hamon Korea Youngnam Ltd.	South Korea	50.8%	45.8%
Hamon Malaysia SDN. BHD.	Malaysia	100%	100%
Hamon - B.Grimm Ltd	Thailand	49.2%	49.2%
Hamon Termal ve Çevre Sistemleri Sanayi ve Ticaret A.Ş.	Turkey	99.6%	99.6%

Subsidiary	Country	% Group interest	
		2015	2014
2. Subsidiaries consolidated by equity method			
Esindus SA	Spain	38.89%	0%
Hamon D'Hondt Middle East Company Ltd	Saudi Arabia	39.6%	39,6%
Hamon Shriram Cottrell PVT Ltd (1)	India	50%	50%
Hamon Cooling Towers Company FZCo	United Arab Emirates	50%	50%

6. EXCHANGE RATES USED BY THE GROUP

Exchange rates for 1 EUR		Period-end rate		Average rate	
		2015	2014	2015	2014
UAE Dirham	AED	3.9988	4.4593	4.0759	4.8761
Australian Dollar	AUD	1.4897	1.4829	1.4834	1.4748
Brazilian Real	BRL	4.3117	3.2207	3.6971	3.1109
Canadian Dollar	CAD	1.5116	1.4063	1.4207	1.4661
Chilean Peso (100)	CLP	7.7315	7.3742	6.6419	6.9601
Chinese Yuan	CNY	7.0608	7.5358	6.9669	8.1882
Pound Sterling	GBP	0.7340	0.7789	0.7261	0.8054
Hong-Kong Dollar	HKD	8.4376	9.4170	8.6030	10.2997
Indonesian Rupiah (100)	IDR	150.3999	150.7610	148.9231	157.5192
Indian Rupee	INR	72.0215	76.7190	71.2052	81.0613
South Korean Won (100)	KRW	12.8078	13.2480	12.5608	13.9740
Mexican Peso	MXN	18.9145	17.8679	17.6270	17.6539
Malaysian Ringgit	MYR	4.6959	4.2473	4.3267	4.3454
Polish Zloty	PLN	4.2639	4.2732	4.1845	4.1890
Saudi Riyal	SAR	4.0841	4.5555	4.1628	4.9796
Thai Baht	THB	39.2480	39.9100	38.0308	43.2073
Turkish Lira	TRY	3.1765	2.8320	3.0254	2.8996
U.S. Dollar	USD	1.0887	1.2141	1.1098	1.3071
South African Rand	ZAR	16.9530	14.0353	14.1589	14.3627

7. INFORMATION BY SEGMENT

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

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

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

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

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

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Quality System	NAFTA	Non allocated	Elimination	Total
For the period ended 31 December 2014							
Revenue third party	266,851	41,965	121,493	176,415	(343)	-	606,381
Inter-segment revenue	270	2,250	3,033	30	403	(5,986)	-
Total revenue	267,121	44,215	124,526	176,445	60	(5,986)	606,381
Operating profit before non-recurring items (REBIT)	4,667	(13,562)	3,199	19,280	924	-	14,508
Non-recurring items	(1,309)	(239)	(1,131)	(19)	23	-	(2,675)
Operating profit (EBIT)	3,358	(13,801)	2,068	19,261	947	-	11,833
EBITDA	8,418	(12,371)	3,899	21,023	2,024	-	22,993
Interest income	-	-	-	-	357	-	357
Interest charges	-	-	-	-	(7,703)	-	(7,703)
Share of the profit/(loss) of associates	-	-	-	-	(3,473)	-	(3,473)
Result before tax	-	-	-	-	-	-	1,014
Income taxes	-	-	-	-	(141)	-	(141)
Net result from continued operations	-	-	-	-	-	-	872
For the period ended 31 December 2015							
Revenue third party	311,482	45,243	130,571	212,405	(1,074)	-	698,627
Inter-segment revenue	249	1,162	105	11,239	1,266	(14,021)	-
Total revenue	311,731	46,405	130,676	223,644	192	(14,021)	698,627
Operating profit before non-recurring items (REBIT)	7,255	(12,158)	3,819	13,971	2,483	-	15,369
Non-recurring items	(1,128)	(5,465)	(405)	36	(679)	-	(7,641)
Operating profit (EBIT)	6,127	(17,624)	3,415	14,007	1,804	-	7,728
EBITDA	11,005	(10,405)	4,685	16,015	3,815	-	25,115
Interest income	-	-	-	-	205	-	205
Interest charges	-	-	-	-	(8,138)	-	(8,138)
Share of the profit/(loss) of associates	-	-	-	-	(3,176)	-	(3,176)
Result before tax	-	-	-	-	-	-	(3,382)
Income taxes	-	-	-	-	(2,031)	-	(2,031)
Net result from continued operations	-	-	-	-	-	-	(5,413)

OTHER ELEMENTS OF THE INCOME STATEMENT

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Quality System	NAFTA	Non allocated	Total
For the period ended 31 December 2014						
Depreciation and amortization	(3,751)	(1,191)	(700)	(1,743)	(1,100)	(8,485)
Impairment of goodwill	-	-	-	-	-	-
(Impairment) / reversal of impairment on inventory	(27)	235	-	-	-	208
(Impairment) / reversal of impairment on trade receivables	(975)	(295)	(261)	-	(406)	(1,937)
(Increase) / decrease in provisions	(323)	(236)	60	66	-	(433)
For the period ended 31 December 2015						
Depreciation and amortization	(3,750)	(1,738)	(866)	(2,044)	(1,332)	(9,730)
Impairment of goodwill	-	-	-	-	-	-
(Impairment) / reversal of impairment on inventory	-	(83)	-	-	-	(83)
(Impairment) / reversal of impairment on trade receivables	(179)	(470)	(44)	(14)	-	(708)
(Increase) / decrease in provisions	(781)	(202)	308	(194)	-	(869)

BALANCE SHEET INFORMATION

in EUR '000'	Cooling Systems	Process Heat Exchangers	Air Quality System	NAFTA	Non allocated	Total
As of 31 December 2014						
Total assets	139,499	56,647	94,865	63,244	194,836	549,091
Total liabilities	135,457	31,049	72,714	51,139	215,379	505,738
Capital expenditures	2,750	919	959	1,189	-	5,817
As of 31 December 2015						
Total assets	181,878	49,693	86,010	74,667	175,540	567,788
Total liabilities	152,873	20,433	72,007	45,363	225,118	515,795
Capital expenditures	2,343	2,485	529	788	2,052	8,197

All assets and liabilities (except for cash and cash equivalent, financial debts and current/deferred tax assets and liabilities) are allocated to reportable segments. The analysis of Group's revenue per type of activity is indicated in note 8.

The split of revenue and non-current assets per régions or countries is as follows:

Revenue - in EUR '000'	2015	2014
Belgium	6,634	8,032
France	47,713	42,339
Germany	34,976	32,757
Great Britain	15,594	23,580
Other Europe (incl. Russia)	38,248	67,674
Total Europe	143,525	174,383
Canada	5,372	5,927
USA	230,269	187,346
Total USA + Canada	235,641	193,273
Brazil	9,765	14,648
Mexico	23,392	3,108
Dominican Republic	18,816	13
Other Latin America	6,084	14,061
Total Latin America	58,057	31,829
Saudi Arabia	86,387	62,833
South Africa	4,009	4,611
Other Middle East & Africa	30,143	15,397
Total Middle East & Africa	120,540	82,841
China (incl. Hong Kong)	50,104	71,866
India	6,207	2,764
South Korea	33,354	17,424
Thailand	4,303	7,913
Other Asia-Pacific	46,895	24,087
Total Asia-Pacific	140,864	124,054
Total World	698,627	606,381

Non current assets*- in EUR '000'	2015	2014
Belgium	17,846	18,203
Brazil	7,069	9,512
China	18,080	17,777
South Korea	2,827	6,302
United States	40,319	37,727
France	15,775	16,437
India	396	379
Others	7,298	7,636
Total	109,609	113,973

(*) Excluding financial and deferred tax assets.

8. REVENUE

Group's revenue (excluding discontinued operations) increased by 15%.

US dollar appreciation impacts the revenue by EUR 27 million or 4.4% of the consolidated turnover. The revenue of

the NAFTA Business Unit increases accordingly but also thanks to the good execution of contracts. The Cooling Business Unit volume increases thanks to a high backlog.

The breakdown by type of activities is as follows:

in EUR '000'	2015	2014
Construction contracts & manufacturing	693,912	600,714
Spare parts & services	4,643	3,313
Royalties	72	2,354
Total	698,627	606,381

in EUR '000'	2015	2014
Cooling Systems	311,797	267,121
Heat exchangers	46,405	44,216
Air Quality Systems	266,226	211,701
Energy recovery	67,026	59,794
Chimney	27,829	38,085
Elimination	-20,655	-14,535
Total	698,627	606,381

9. OPERATING EXPENSES

in EUR '000'	2015	2014
Gross remuneration	96,217	86,805
Employer's contribution for social security	13,463	13,089
Other personnel costs	5,296	3,834
Charges/costs of the personnel	114,976	103,728
Depreciation & amortization	9,730	8,485
Other operating expenses	44,102	47,097
Total gross operating expenses	168,808	159,310
Costs allocation ⁽¹⁾	(89,628)	(83,095)
Total net operating expenses	79,180	76,215
Sale & marketing costs	18,725	15,672
General & administrative costs	57,626	58,668
Research & development costs	2,830	1,875
Total net operating expenses	79,180	76,215
Average Headcount	1,777	1,695

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

Net operating costs are increasing by 4% in comparison with 2014. This increase is mainly explained by the exchange rate EUR/USD.

The increase in staff is due to employment of temporary workers in Brazil in order to ensure the contracts execution. Employees under permanent contracts are stable and under control.

That additional workforce as well as the employment of other temporary workers not taken into consideration in the global workforce explains the increase in payroll charges. Those charges are absorbed by the contracts, which explain that the allocation increases by 7%.

10. OTHER OPERATING INCOMES AND EXPENSES

The operating income and expenses are broken down as follows:

in EUR '000'	2015	2014
Dividends and other financial income	228	221
Profit/(loss) on disposals of assets	995	120
Exchange differences, net	719	874
(Impairment)/reversal of impairment of current assets	(1,122)	(1,937)
Other misc. operating income/(expenses)	3,522	951
Total	4,341	228

The increase is broken down as follow:

- Gain on disposal through the sale of a building and a land in Korea;
- Increase of other incomes due to:
 - reimbursement of taxes

- subventions
- re-invoicing of some operating expenses to the subsidiaries which are booked as project costs (therefore included in the gross margin).

11. NON-RECURRING INCOME (EXPENSES)

in EUR '000'	2015	2014
Restructuring costs	(2,234)	(1,409)
Impact of Changes in consolidation scope	-	-
Impairment / reversal of impairment on non-current assets	-	-
Gain/(loss) on disposal of AFS		-
Other	(5,407)	(1,266)
Other non-recurring items	(5,407)	(1,266)
Total	(7,641)	(2,675)

The cost of non-recurring items increased compared to previous years.

Restructuring costs amounted to a total of EUR 2,234 thousand, are distributed among several entities of the Group and therefore do not represent a reorganization of a specific entity.

"Other non-recurring items" are mainly impacted by write-off of some non-operating receivables.

12. NET FINANCE COSTS

The detail of net finance costs is as follows:

in EUR '000'	2015	2014
Interest charges	(6,656)	(7,187)
Amortized cost treatment	(1,151)	(1,428)
Costs related to anticipated reimbursement		
Other borrowing costs	(332)	912
Factoring costs	(70)	(346)
Other finance costs	(5,211)	(4,275)
Unrealised FX loss on LT loans	(735)	-
Unrealised FX gain on LT loans	5,684	5,533
Finance costs	(8,138)	(7,703)
Interest income	205	357
Interest income	205	357
Total	(7,934)	(7,346)

Interest charges on the debt of the Group have decreased in 2015 compared to 2014, despite of the issuance of EUR 55,000 thousand senior bonds with a fix rate at 5.50% which was weighting a full year, contrary to 2014. This is the combined result of the reimbursement of a credit line in Brazil bearing high interest rates, and historical low interest rates in the Euro zone. This caption also includes the cost of carry coming from the setup of Interest Rate Swaps and Cross Currency IRS (see note 35) and the pre-financing interests on without recourse factoring transactions.

The caption "Amortized cost treatment" includes the amortization of setup costs of the syndicated credit facilities signed on 17 December 2009 and on 4 July 2011 and of the senior bonds with a fix rate at 5.50% due in 2020.

Amongst other, the section "Other borrowing costs" includes commitment fees remunerating the unused part of syndicated credit; and utilization fees on the borrowings contracted under the "revolver" credit line of the last syndicated credit. This section also includes in 2015 unrealized foreign exchange losses reported by our Brazilian companies on long term intercompany loans in Euro and US Dollar for EUR 735 thousand. It also includes unrealized foreign exchange gains at the parent holding level of EUR 5,684 thousand (unrealized exchange gains of EUR 5,533 thousand in 2014) on long term intercom-

pany loans denominated in foreign currencies; partially offset in "Other finance costs" by a negative fair value of EUR 158 thousand on the far leg of an FX swap contracted at the end of the year (see note 35) to manage the settlement of an FX forward transaction entered in August 2014 for the purpose of hedging a part of those long term intercompany loans; and by the settlement in 2015 of the above mentioned FX forward transaction for EUR 3,482 thousand. Also, under "Other finance costs" were reported the costs related to a refinancing program on federal debt taxes with the Brazilian Government (PAES) for EUR 248 thousand.

The average cost of the debt is at 3.18% over 2015. With an unchanged notional amounts for the Interest Rate Swaps (IRS) and Cross Currency IRS, and an average gross debt in 2015 similar to the one of 2015, the cost of carry had no impact on the average cost of the debt. On the contrary, as borrowings in Brazil with high interest rates were reimbursed early 2015, the average cost of the debt consequently decreased. If the amortized setup costs are included in the analysis, the effective interest rate is 3.68% in 2015.

Interest income in 2015 is lower due to the decrease in short term interest rates. The low return rates reflect the prudent management followed by Hamon in its investments in a low interest rate environment.

13. INCOME TAX

in EUR '000'	2015		2014	
Components of tax (expense)/income	(2,031)		(141)	
Related to current year	(6,627)		(9,694)	
Related to past years	4,596		9,553	
Current tax	(3,623)		(5,386)	
Related to current year	(4,272)		(6,152)	
Related to past years	649		766	
Deferred tax	1,592		5,245	
Related to current year	(2,355)		(3,542)	
Related to past years	3,947		8,787	
Reconciliation of Group income tax charge				
Result before tax	(3,382)		1,014	
Share of the profit (loss) of a Joint Venture	(3,176)		(3,473)	
Result before tax and before share of the profit (loss) of Joint Ventures	(206)		4,487	
Domestic income tax rate	33.99%		33.99%	
Group theoretical income tax charge	70	-33.99%	(1,525)	-33.99%
Utilisation of tax losses not previously recognised	(72)	-35.0%	422	-9.4%
Effect of different tax rates of subsidiaries operating in other jurisdictions	14	6.7%	(1,972)	43.9%
Withholding tax on intra group dividend distribution	-	0.0%	-	0.0%
Deferred tax assets not recognised	(6,486)	-3,153.8%	(6,551)	146.0%
Transactions exempt from taxes	-	0.0%	-	0.0%
CVAE ⁽¹⁾	(257)	-125.0%	(253)	5.6%
R&D tax credits	104	50.6%	185	-4.1%
Income tax expense related to current year	(6,627)	-3,222.5%	(9,694)	216.0%

(1) Contribution on the company added value.

The non-recognition of differed tax assets for an amount of EUR 6,486 thousand combined with the average tax rate (close to 40%) in the US, where the Group realized most of its profits in 2015 & 2014, weighed heavily on the income tax expenses of the year.

14. CHANGES OF SCOPE

The consolidation scope is comparable to the scope on 31 December 2014. The main change is coming from the acquisition of 38.9% of Esindus SA in October 2015 which is consolidated through the equity method.

This acquisition has involved also the increase of the percentage of interest of the Group in the following affiliates:

- Hamon Esindus Latinoamerica SL - Spain
- Hamon Esindus Latinoamerica Limitada - Chile
- Hamon Esindus Latinoamerica SA de CV - Mexico

Those changes of percentage of interest have no impact on the Group result because those affiliates were fully consolidated in 2014.

15. EARNINGS PER SHARE**CONTINUED AND DISCONTINUED OPERATIONS**

The basic earnings per share coming from the continued and discontinued operations are calculated by dividing the

net result for the year attributable to the equity holders of the Company by the weighted average number of outstanding shares during the fiscal year:

in EUR '000'	2015	2014
Net result (equity holders of the Company)	-5,048	831
Weighted average number of outstanding shares during the year	9,363,916	7,597,958
Basic earnings per share (EUR/share)	-0.54	0.11

The weighted average number of outstanding shares is calculated based on the numbers in note 28.

Taking into account the Hamon shares owned by Esindus SA, the average number of outstanding shares is 9,060,410 and the basic earnings per share -0.56 EUR/share.

The basic earnings per share are identical to the diluted earnings per shares. Indeed, given their strike price, the stock options granted to Group employees have no diluting impact as of 31 December 2015 (see note 31).

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 outstanding shares during the fiscal year.

DISCONTINUED OPERATIONS

The basic and diluted earnings per share for the discontinued operations amounted to +EUR -0,00 per share on 31 December 2015 (EUR + 0,00 on 31 December 2014), calculated on the basis of the net result of the discontinued operations of EUR -9 thousand in 2015 (EUR +3 thousand in 2014) and of the denominators detailed above.

16. CASH FLOW FROM OPERATING ACTIVITIES

Despite the increase in revenue, the cash generated from operations, at EUR -40.0 million, decreased compared to 2014 (EUR +4.2 million). The year 2015 has been impacted by a higher working capital.

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 may have a significant impact on the cash flow. The change in "product mix" of Hamon to large export business and/or including civil engineering and erection works also have a swelling effect on the working capital.

Hamon has implemented a program to sell without recourse trade receivables for respectively EUR 60,000 thousand and EUR 57,281 thousand as of 31 December 2015 and 2014. The cash flow from operating activities mentioned here above takes those programs into account.

17. CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities amounts to EUR -3.3 million in 2015, lower than the previous year (EUR -6.9 million). The investments of the year are mainly related to:

- the sale of a building in Korea;
- the capital increase of Hamon Shriram Cottrell PVT Ltd (joint-venture consolidated by the equity method);
- investments in Research and Development;
- investments in IT (network, management tools, softwares,...);
- investments for recurring replacements.

18. CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities amounts to EUR 11,194 thousand in 2015, and is mainly the result of the EUR 5,000 thousand capital increase paid in cash in Hamon & Cie (International) s.a. completed on 7 October 2015 (see note 28).

'Proceeds from new bank borrowings', at EUR 13,095 thousand, were mainly the net result from reimbursements of treasury bills (EUR 16,468 thousand), a leasing in the US and bank borrowings in Korea (EUR 4,596 thousand); and drawdowns of loans in India (EUR 1,501 thousand) and under the syndicated credit facility dated 4th July 2011 (EUR 32,658 thousand), see note 32.

The Group did not distribute any advance dividend for the year 2015 and didn't pay any dividend for the 2014 period.

We invite you to consult note 12 for the information on interests received and paid during the year 2015.

19. INTANGIBLE ASSETS

in EUR '000'	Patents and trade marks	Development costs	Total
As of 31 December 2013			
Cost	24.026	21.001	45.027
Accumulated amortization and impairment	(11.810)	(10.590)	(22.400)
Net carrying amount	12.216	10.411	22.627
For the year ended 31 December 2014			
Exchange difference	773	974	1.747
Additions	1.621	1.030	2.651
Disposals	(2)	(197)	(199)
Amortization charge for the year	(1.509)	(2.266)	(3.775)
Derecognized on disposal of a subsidiary	-	-	-
Transferred from an account to another	737	109	846
Net carrying amount at closing date	13.836	10.061	23.897
As of 31 December 2014			
Cost	27.155	22.917	50.072
Accumulated amortization and impairment	(13.319)	(12.856)	(26.175)
Net carrying amount	13.836	10.061	23.897
For the year ended 31 December 2015			
Exchange difference	738	914	1.652
Additions	2.428	720	3.148
Disposals	0	(207)	(207)
Amortization charge for the year	(1.636)	(2.408)	(4.044)
Derecognized on disposal of a subsidiary	-	-	-
Transferred from an account to another	(2.221)	2.176	(45)
Net carrying amount at closing date	13.145	11.256	24.401
As of 31 December 2015			
Cost	28.100	26.520	54.620
Accumulated amortization and impairment	(14.955)	(15.264)	(30.219)
Net carrying amount	13.145	11.256	24.401

Except for trademarks acquired through the acquisition of Deltak in 2011, all intangible assets have a definitive utility period on which the assets are amortized.

Deltak trademarks (EUR 6,522 thousand as at 31 December 2015 against 5,847 thousand as at 31 December 2014 because of the foreign exchanges impact) have an utility period that is not limited in time and the Group intends to keep them in use in the future. Impairment tests on Deltak trademarks are performed together with impairment tests on goodwill (see note 20).

In 2015, amortizations were booked on development costs that were incurred and which relate to a thermic storage study applied to the extension of solar thermodynamic energy not used yet.

The amortization charge is under 'General & Administration costs'.

During 2015, Hamon Group focused on its stability, improvement and security of its systems through the externalization of its network infrastructure. Besides Hamon kept on deploying its ERP by enlarging the user's perimeter to Asia and by implementing the ERP in Germany and in the USA. Those costs are shown in the category "Patents and Trademarks".

Development costs (mainly in Belgium and in the USA) are an integral part of the activity of some entities which allows Hamon to increase the value of the assets. Those costs are the outcome of the Group Research and Development program.

Half of the intangibles assets are held by the US entities and are therefore strongly impacted by the USD/EUR exchange rate fluctuation.

20. GOODWILL

in EUR '000'

As of 31 December 2013	
Cost	50,504
Accumulated amortization and impairment	(1,531)
Net carrying amount	48,973
For the year ended 31 December 2014	
Exchange difference	2,530
Entry / changes in consolidation scope	(2,506)
Net carrying amount at closing date	48,997
As of 31 December 2014	
Cost	50,528
Accumulated amortization and impairment	(1,531)
Net carrying amount	48,997
For the year ended 31 December 2015	
Exchange difference	(548)
Entry / changes in consolidation scope	-
Net carrying amount at closing date	48,449
As of 31 December 2015	
Cost	49,980
Accumulated amortization and impairment	(1,531)
Net carrying amount	48,449

The only variations in 2015 are due to foreign exchange impacts (US dollars and Brazilian Real mainly).

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 CGU 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.

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

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

in EUR '000'	Goodwill at 31/12/2015	Value in use	Fair value less costs to sell	Goodwill at 31/12/2014
Cooling Systems	3,997		v	4,169
Process Heat Exchangers	1,743	v		1,743
Air quality systems	28,501		v	30,191
NAFTA	14,208		v	12,893
Total	48,449			48,997

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

Taking into account size and liquidity criteria's, Hamon has retained for its activities a multiple of 7 (along with a sensitivity test with 5 & 6) which is supported by an audit report issued in October 2014 within the capital increase operations. For this audit report, a study has been done to compare eight companies with the same profile than Hamon and to calculate the ratio Enterprise Value / EBITDA and a median of 9 had been retained. This value had been confirmed in a new report (October 2015) concerning the valuation of Hamon.

This multiple is applied to actual EBITDA's as they are derived from management accounts of the Group, reviewed by the Board of Directors. Those values are thereafter compared to CGU values in consolidation, eventually corrected to take into account values of non-operational assets or liabilities that are not reflected in the EBITDA's. The entire tests that are performed using this method show an absence of impairment risk on the targeted CGU. A decrease of the multiple reduces the coverage but not below 120% for any concerned CGU.

The value in use has been obtained by applying the DCF method to the business plan prepared together with the

valuation of Hamon shares done in October 2015 for the capital increase (valuation supported by an audit report). Those business plans are mainly based on the budget approved by the Board for the first year of the plan and for the following ones:

- the expected new orders (price & margin),
- the P&L impact of the backlog and the future bookings,
- the overheads and the allocation of a part of them to the projects,
- the financial costs,
- the taxes.

After the projection period, Hamon uses a growth rate of 1%. The WACC retained is 9%, based on the analyst reports that follow Hamon (WACC before taxes: 10.3%). Sensitivity analysis are performed on booking levels (-15%), growth rate (-1%) and WACC (+1,5%). In every case, the tests performed showed that impairment risks were unlikely.

Assumptions	2015	2014
Multiple	7	5
WACC	9.0%	10.5%
Growth rate	1.0%	1.5%

The increase of the multiple is explained by a recent major transaction on a competitor in 2015.

The WACC takes into account a review of the risk-free rate in 2015.

The growth rate has been decreased due to the low inflation rate and the economic environment.

21. 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 2013						
Cost	28,758	5,534	42,502	1,419	4,939	83,151
Accumulated depreciation	(9,945)	(4,053)	(24,922)	(920)	2	(39,838)
Net carrying amount	18,813	1,481	17,580	499	4,941	43,313
For the year ended 31 December 2014						
Exchange difference	1,398	99	1,574	12	137	3,220
Additions	670	495	2,653	115	776	4,709
Disposals	-	(28)	9	(1)	-	(20)
Depreciation charge for the year	(1,038)	(409)	(3,184)	(78)	-	(4,709)
Entry / changes in consolidation scope	(1,126)	(145)	(3,047)	-	(1,011)	(5,329)
Transferred from an account to another	271	(21)	2,084	-	(2,439)	(105)
Net carrying amount at closing date	18,988	1,472	17,669	547	2,404	41,080
As of 31 December 2014						
Cost	29,971	5,934	45,775	1,545	2,402	85,627
Accumulated depreciation	(10,983)	(4,462)	(28,106)	(998)	2	(44,547)
Net carrying amount	18,988	1,472	17,669	547	2,404	41,080
For the year ended 31 December 2015						
Exchange difference	1,081	40	1,057	4	11	2,193
Additions	798	393	3,318	284	273	5,066
Disposals	(5,197)	(221)	0	-	(476)	(5,894)
Depreciation charge for the year	(1,145)	(415)	(3,862)	(264)	-	(5,686)
Entry / changes in consolidation scope	-	-	-	-	-	-
Transferred from an account to another	-	(1)	1	-	-	0
Net carrying amount at closing date	14,525	1,268	18,182	571	2,212	36,759
As of 31 December 2015						
Cost	26,653	6,145	50,150	1,833	2,210	86,992
Accumulated depreciation	(12,128)	(4,877)	(31,968)	(1,262)	2	(50,233)
Net carrying amount	14,525	1,268	18,182	571	2,212	36,759

Hamon rents plants, machinery and equipment based on leasing contracts. The value of those assets is included in "lands and buildings" and amounts to EUR 2,058 thousands at 31 December 2015 (EUR 4,092 thousands at 31 December 2014). The amount of "plants machinery and equipment" includes EUR 114 thousands of assets under lease contracts at 31 December 2015 (EUR 365 thousands at 31 December 2014).

In 2015, Hamon acquired tangible assets for EUR 5,053 thousands.

During the year, Hamon proceeded to disposals which generated gains such as for example with the sale of an office building in Korea. Hamon also sold a land in Belgium.

Investments were made at different levels in order to acquire new equipment (EUR 856 thousands) and machinery (EUR 1,943 thousand) including a workshop and the renovation of the roof of a factory in France but also the acquisition of second hand "finning machines" in a Korean subsidiary for a total amount of about EUR 1,500 thousands.

22. AVAILABLE-FOR-SALES FINANCIAL ASSETS

in EUR '000'	Non-current	Current
For the year ended 31 December 2014		
Balance at opening date	2,633	1
Additions	-	-
Disposals	-	(1)
Transfer from one caption to another	(737)	-
Impairment charge	-	-
Reversals of impairment charge	-	-
Fair value adjustment	-	-
Other variations	1	-
Exchange difference	83	-
Balance at closing date	1,980	-
For the year ended 31 December 2015		
Balance at opening date	1,980	-
Additions	177	54
Disposals	-	-
Transfer from one caption to another	-	-
Other variations	-	-
Exchange difference	25	1
Balance at closing date	2,181	55

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

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

23. DEFERRED TAXES

Deferred taxes by category	Assets		Liabilities	
in EUR '000'	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Temporary differences				
Intangible assets	-	-	(3,576)	(3,341)
Property, plant & equipment	81	36	(1,154)	(1,069)
Construction contracts	1,351	761	(5,253)	(4,876)
Provisions	1,981	1,807	(409)	(639)
Finance lease contracts	-	-	(400)	(400)
Others	1,979	922	(1,275)	(864)
Total temporary differences	5,392	3,526	(12,067)	(11,189)
Tax losses and other tax credits	28,397	28,269		
Total deferred tax assets/liabilities	33,789	31,795	(12,067)	(11,189)
Compensation of assets and liabilities per tax entity	(5,341)	(4,610)	5,341	4,610
Total, net	28,448	27,185	(6,726)	(6,579)

Deferred tax assets are recognized only if their use is probable that is to say if sufficient taxable benefit is expected in the future years. For this review, the Group considers a maximum period of five years that takes into account expected future profits and income tax effects for the entities reviewed. Almost all recognized deferred tax assets are not limited in time.

Those business plans are mainly based on the budget approved by the Board for the first year of the plan and for the following ones:

- the expected new orders (price & margin),
- the P&L impact of the backlog and the future bookings,
- the overheads and the allocation of a part of them to the projects,
- the financial costs.

24. INVENTORIES

in EUR '000'	31/12/15	31/12/14
Raw materials & consumables	7,115	8,470
Inventories and WIP - not related to construction contracts	500	981
Finished goods	2,344	4,314
Total	9,959	13,765

As of 31 December 2015, write-offs accounted for on inventories amounted to EUR 749 thousand (EUR 659 thousand as at 31 December 2014).

25. CONSTRUCTION CONTRACTS

in EUR '000'	31/12/15	31/12/14
Contract costs incurred and recognised profits (less recognised losses to date)	1,281,712	1,145,615
Progress billings	(1,279,881)	(1,174,136)
Total	1,831	(28,521)
Amount due from customers for contract work	106,599	89,728
Amount due to customers for contract work	(104,768)	(118,249)
Total	1,831	(28,521)

Contracts in progress, i.e. those for which the guarantee period has not yet started, are maintained on the balance sheet. The variation of both costs incurred and down payments billed to customers are linked to the timing of

acceptance of orders by our customers rather than the growth of our activities. Invoicing that took place during the exercise was lower than the actual costs incurred on those projects.

26. TRADE AND OTHER RECEIVABLES

in EUR '000'	31/12/15	31/12/14
Trade receivables	128,163	103,351
Impairment of doubtful receivables	(2,467)	(1,999)
Trade receivables - net	125,696	101,352
Retentions	238	(0)
Prepayments	22,327	12,673
Cash deposits and guarantees paid	1,393	1,340
Receivables on related parties	1,436	3,807
Other receivables	25,121	27,773
Total	176,210	146,944
Non-current Trade and other receivables		
Receivables on related parties	369	369
Cash deposits and guarantees paid	1,222	1,224
Other non-current receivables	1,203	1,369
Less: non-current receivables	(2,794)	(2,963)
Trade and other receivables - current	173,416	143,981

As of 31 December 2015 amount of trade receivables for EUR 60,000 thousand (EUR 57,281 thousand in 2014) have been assigned without recourse to financial organizations and are deducted from the section 'Trade receivables' according to criteria included in IAS 39.

For credit risk exposure, Hamon contracted credit insurance. Local practice sometimes requires that customers retain a percentage on payments (called retention) until the final acceptance of the contract. This percentage is generally limited to 10%.

The amount of trade receivables increased by EUR 25 million of which EUR 16 million are explained by the activity development in Mexico that was almost nihil previous year. Trade receivables also increased in our American subsidiaries.

Other receivables consist of VAT receivables and income taxes.

27. CASH AND CASH EQUIVALENTS

in EUR '000'	31/12/15	31/12/14
Credit Institutions	104,887	135,541
Cash in hand	51	97
Fixed income securities		
Short term cash deposits	4,399	3,349
Cash and cash equivalents	109,337	138,987

On 31 December 2015, the amount of cash and cash equivalents that the Group cannot dispose of freely (restricted cash) stands at EUR 3,095 thousand (2014: EUR 2,622 thousand).

28. SHARE CAPITAL

The share capital and number of shares stand as follows:

Pair value per share	31/12/15	31/12/14
Number of issued shares as of closing date	10,556,905	9,009,654
Share capital (in EUR)	3,167,072	2,702,896
Par value (in EUR/share)	0.30	0.30

In accordance with the decision taken by its Board of Directors on 5 October 2015, Hamon & Cie completed a capital increase amounting to EUR 5 million, in front of the notary public on 7 October 2015, within the authorized capital and at an issue price of EUR 9 per share. As a result, 555,556 new shares have been issued in favor of Sopal International SA.

Hamon & Cie completed also another capital increase in kind amounting to EUR 9,916,950 according to the resolution of the extraordinary General Assembly on 7 October 2015, at an issue price of EUR 10 per share. As a result, 991,695 new shares were issued in favor of Sopal International SA as a remuneration of its shareholdings of 38.89% in Esindus brought to Hamon.

The Hamon & Cie share capital increased by EUR 14,916,954 with the creation of 1,547,251 new shares, with the same rights and obligations as the existing shares, subscribed by Sopal International SA whose stake in the capital of Hamon & Cie now amounts to 66.82%. The costs of the capital increases have been deducted from the capital.

SHAREHOLDERSHIP

On 31 December 2015, the share capital amounts to EUR 3,167,072, made up of 10,556,905 shares with no stated value. Further to the implementation of a liquidity contract in 2013, with the help of a financial institution, the Group held a total of 16,108 shares of the company as of 31 December 2015.

Shareholder	Shares 31/12/2015	%	Shares 31/12/2014	%
Sopal International S.A.	7,054,497	66,8%	5,507,246	61.1%
Esindus S.A.	303,506	2,9%	303,506	3.4%
Walloon Region, represented by the Société Wallonne de Gestion et de Participation S.A.	1,009,091	9,6%	1,009,091	11.2%
Own shares held by the Company	16,108	0,2%	11,268	0.1%
Other public	2,173,703	20,6%	2,178,543	24.2%
Total	10,556,905	100,0%	9,009,654	100.0%

DIVIDENDS

The Group has not paid dividends since 2012.

29. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

in EUR '000'	Restructuring	Warranty	Tax litigation	Losses on contracts	Other provisions	Total
Balance as of 31 December 2013	142	2,769	-	1,171	1,588	5,670
Additions	225	390	250	331	83	1,279
Reversals	(255)	(351)	-	(199)	(42)	(846)
Use of provision	-	(554)	-	-	-	(554)
Exchange difference	-	301	-	9	25	335
Entry / changes in consolidation scope	-	(334)	-	(56)	(227)	(617)
Other movements	-	64	-	(16)	(69)	(21)
Balance as of 31 December 2014	112	2,286	250	1,241	1,358	5,246
Additions	218	814	-	1	60	1,093
Reversals	(56)	(742)	(250)	(61)	(854)	(1,963)
Use of provision	-	(536)	-	-	(149)	(685)
Exchange difference	-	222	-	-	(26)	196
Entry / changes in consolidation scope	-	-	-	-	-	-
Other movements	-	(51)	-	(537)	229	(359)
Au 31 décembre 2015	274	1,992	-	644	618	3,528
Of which non-current provisions	56	-	-	1	-	57
Of which current provisions	218	1,992	-	643	618	3,471

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

The decrease in provisions was mainly due to warranty expiring on several large projects in the chimneys business. Otherwise several provisions have been used in order to cover some costs and non-payment of some contracts.

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

30. PROVISIONS FOR POST-EMPLOYMENT BENEFITS

The net obligations for employee benefits amounted to EUR 5,467 thousand at the end of 2015. They are primarily

made up of retirement benefit plans and obligations in line with local practices.

in EUR '000'	Provision retirement benefits	Provision jubilees	Other long term benefits	Total
Total obligations	6,786	76	64	6,926
Fair value of plan assets	(1,722)			(1,722)
Net obligation as at 1 January 2014	5,064	76	64	5,204
of which defined benefit plan net obligation	5,064	76		5,140
Additions	629	17	29	675
Uses (-)	(325)	(7)	-	(332)
Currency translation differences	132	-	7	139
Acquisitions and changes in consolidation scope	(222)	-	-	(222)
Actuarial remeasurement	906	-	-	906
Total obligations	7,906	86	100	8,092
Fair value of plan assets	(1,935)			(1,935)
Net obligation as at 31 December 2014	5,971	86	100	6,157
of which defined benefit plan net obligation	5,971	86		6,057
Additions	853	10	14	877
Uses (-)	(651)	(13)	-	(664)
Currency translation differences	54	-	-	54
Acquisitions and changes in consolidation scope	-	-	-	-
Reclassification Belgian contribution plans	10,167			10,167
Actuarial remeasurement	(741)	-	-	(741)
Total obligations	17,588	83	114	17,785
Fair value of plan assets	(2,151)			(2,151)
Reclassification Belgian contribution plans	(10,167)			(10,167)
Total plan assets	(12,318)			(12,318)
Net obligation as at 31 December 2015	5,270	83	114	5,467
of which defined benefit plan net obligation	5,270	83	-	5,353

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

DEFINED BENEFIT PLANS

Characteristics of defined benefit plans

The defined benefit plans require the recognition of the net obligation of the Company towards its employees in its financial statements. The net obligation of those plans and its variations are determined by an annual actuarial calculation made according to the "Projected Unit Credit Method".

Defined benefit plans granted by the Group are either funded plans with third party insurance companies or unfunded benefits granted directly by the Company in accordance with local practices. During the year 2015, there has not been any new plan or modification / liquidation of existing plan(s) within the Group. However the Belgian defined contribution pension plans for which the law guarantees a minimum return have been reclassified in defined benefit plans this year because of this guarantee. We invite you to refer to the following paragraph for more details.

The defined benefits are granted by some Belgian, German, French, Indian, Indonesian and Korean companies. French entities account for more than half the total of such net obligations in the Group.

- "Retirement benefit" plans, representing 98.4% of the net obligations for defined benefit plans, foresee the payment of a capital (or annuity) to the employees, at the time of their retirement, which is equal to a given number of months of salary at that date. More than 75% of those net commitments are compulsory, due to domestic practices applicable in the countries where those entities are operating, and are managed directly by the Hamon entities. The remaining ones are managed by qualifying third party insurance companies.
- "Incentive or profit sharing" plans, representing the remaining 1.6% net obligations for defined benefit plans, provide for the payment of seniority allowances to employees in accordance with local practices.

Belgian pension plans subject to minimum guaranteed rates of return

The Group Hamon offers defined contribution pension plans funded through group insurances to the employees of its Belgian affiliates with a minimum return guaranteed by law. The contributions to these plans amount to minimum 8.5% of the salary, partly paid by the employer and partly by the employee.

As a consequence of the law of 18 December 2015, minimum returns guaranteed by the employers are as follows:

- For the contributions paid as from 1 January 2016, a new variable return based on OLO rates comprised between 1.75% and 3.75%. The rate is currently set to 1.75%.
- For the contributions paid until end December 2015, the previously applicable legal returns of 3.75% on employee contributions and 3.25% on employer contributions continue to apply until retirement date of the participants.

The insurance companies managing these plans for the Group also guarantee a minimum return on the reserves as well as on future contributions for some portions of the plans. They have evolved as follows: 4.75% until 1998; 3.25% from 1999 till 2012 and between 0.50% and 2.25% since 2013. They are currently set between 0.50% and 1.50%.

The assets of these plans are entirely managed by external insurance companies said "qualifying third party" which do not have any link with the Group.

Their average maturity is 11.1 years as at 31 December 2015.

In view of the minimum legal returns guaranteed, those plans qualify as Defined Benefit plans. Indeed they induce a financial risk for the Group during periods of declining market interest rates when the returns guaranteed by the insurance companies are lower than the minimum legal returns, which is currently the case.

Due to the recent publication of the law, the Group was not in a position to receive a complete actuarial computation under the Projected Unit Credit Method (PUC) for these plans. Nevertheless based on an analysis of the plans and the limited difference between the legally guaranteed minimum returns and the interest guaranteed by the insurance company, the Group has concluded that the application of the PUC method would have an immaterial impact.

Since the sum of positive differences per participant between the accumulated reserves (EUR 10,167 thousand) and the minimum guaranteed reserves (EUR 9,590 thousand) is immaterial (EUR 2 thousand) as of 31 December 2015, no additional provision has been recognized for those plans. Nevertheless we have recognized their net liability at 0 composed of their obligation amounting at EUR 10,167 thousand corresponding to the accumulated reserves and their plan assets for the same amount. We have reclassified these gross amounts in the Defined Benefits as of 31 December 2015 as displayed in the tables of this note.

Funding of defined benefit plans

The funding of defined benefit pension plans in the Group is as follows:

in EUR '000'	31/12/15	31/12/14
Funded plans - PV of defined benefit obligations	3.110	2.958
Fair value of plan assets	(2.151)	(1.935)
Deficit/(surplus) of funded plans	959	1.023
Unfunded plans - PV of defined benefit obligations	4.394	5.034
Reclassification Belgian contribution plans (net liability)	-	-
Net liability arising from DBO	5.353	6.057

The assets of the funded plans as well as of the Belgian plans are exclusively made up of "qualifying third party

insurance contracts". They are held by companies which do not have any link with the Group.

They have evolved as follows for the past 2 years:

in EUR '000'	31/12/15	31/12/14
Fair value of plan assets at beginning of period	1.935	1.722
Interest income on plan assets	31	57
Return on plan assets exc. Interest income	58	26
Employer contributions	181	181
Employee contributions	27	28
Benefits paid	(50)	(46)
Reclassification Belgian contribution plans	10.167	-
Others	(31)	(33)
Fair value of plan assets at end of period	12.318	1.935

Net Defined Benefit Costs

The amounts accounted in the Group income for these plans for 2015 and 2014 are as follows:

in EUR '000'	31/12/15	31/12/14
Service Cost		
Current Service Cost	709	571
Past service cost	-	(185)
Actuarial (gains)/losses on costs	-	8
Net interest expense	122	164
Administration costs exc. Mgt of plan assets	9	10
Defined benefit costs recognised in P&L	840	568
Return on plan assets exc. Interest income on plan assets	(58)	(26)
Actuarial (gains)/losses on DBO arising from:		
changes in demographic assumptions	27	224
changes in financial assumptions	(416)	884
experience adjustments	(294)	(176)
Remeasurement of DB Cost recognized in OCI	(741)	906
Total Defined Benefit Cost	99	1,474

The defined benefit costs are recorded under 'Cost of sales', 'General and Administration' costs and 'Financial Expenses' while the remeasurement of the benefits (actuarial gains and losses) are recognized in the Other Comprehensive Income.

The defined benefit costs recognized in the Profit & Loss have increased, compared to 2014, mainly because of the increase of the current service cost in the Korean entity in 2015 and because the group had a gain on past service cost of EUR 185 thousand related to the departure of several employees in 2014.

This year, changes in financial assumptions result in an actuarial gain of EUR 416 thousand because of the increase of the market interest rates while their reduction had caused an actuarial loss of EUR 884 thousand in 2014. Consequently, the remeasurement of the Defined Benefit obligations release a EUR 741 thousand gain recognized in the Other Comprehensive Income in 2015 against a EUR 906 thousand loss the year before.

The expected contributions and benefit payments for 2016 amount to EUR 1,554 thousand including the Belgian plans.

Change in obligations

Change in Defined Benefit Obligations for the last two years were as follows:

in EUR '000'	31/12/15	31/12/14
Defined Benefit Obligation at beginning of period	7,992	6,862
Current Service Cost	709	571
Interest cost	154	221
Actuarial (gains)/losses arising from:		
changes in demographic assumptions	27	226
changes in financial assumptions	(418)	891
experience adjustments	(293)	(177)
Past Service Cost	-	(185)
Employee Contributions	27	28
Benefits paid	(726)	(332)
Reclassification Belgian contribution plans	10,167	
Others (mainly change in consolidation scope)	(22)	(244)
Currency translation difference	54	131
Defined Benefit Obligation at end of period	17,671	7,992

Gross obligations (exclusive of the reclassification of the Belgian plans) have decreased compared to last year because of actuarial gains due to a higher discount rate and because of the payment of higher benefits than previous years especially by the Korean entity.

The number of employees covered by the Defined Benefit plans in 2015 amounted to 758 (of which 108 are inactive) in comparison to 536 (of which 28 were inactive) in 2014 following the reclassification of the Belgian plans (105 active and 81 inactive) and a slight increase of the headcount in France and India.

Actuarial assumptions

Main actuarial assumptions used for the valuation of the obligations and their movements are within the ranges shown below.

EURO zone	31/12/15	31/12/14
Discount rate	1.49-2.3%	1.49-2.0%
Expected future salary increase rate	1.75-3%	1.75-3.00%
Underlying Inflation rate	1.75-2.00%	1.75-2.00%
Average assumed retirement age (years)	62-65	62-65
ASPAC zone	31/12/15	31/12/14
Discount rate	2.08-8.5%	3.03-8.50%
Expected future salary increase rate	3.5-10%	6.75-8.50%
Underlying Inflation rate	1%	1.50%
Average assumed retirement age (years)	60-65	55-65

The interest rates used to discount the obligations have slightly increased in 2015 in the EURO zone following the evolution of the market rates. They are exclusively based on AA corporate bonds.

In the ASPAC zone, the discount rates are based on:

- AA corporate bond rates in Korea (2.08% against 3.03% in 2014) representing 17.6% of the total net group commitments where the lower rate is due to the evolution of the market rate and the decrease of the average remaining maturity of the obligation

- Government bond rates in India and Indonesia, because the AA corporate bond market is not deep enough in those countries (respective rates of 7.76% and 8.5% for less than 6% of the total net group commitments). The Indian and Indonesian 2015 rates have remained close to 2014 rates.

Mortality tables used are standard tables generally accepted in the countries where those benefits are offered.

The average maturity of the main defined benefit plans is between 10 and 15 years.

Sensitivity analysis

Our sensitivity analysis on the Group post-employment liability shows that the actuarial assumptions taken have a direct effect on their valuation.

in EUR '000'	Impact	in %
Discount Rate plus 0.5%	(369)	-4.9 %
Discount Rate less 0.5%	397	5.3%
Expected salary increase plus 0.5%	359	4.8%
Expected salary increase less 0.5%	(337)	-4.5%
exc. reclassified Belgian plans		

As displayed on the table above, a variation of +/- 0.5% of the discount rate or of the salary increase rate has an impact of less than 6% on the value of the gross liability (exclusive of reclassified Belgian plans).

On the other hand, the analyses carried out on the risk induced by the minimum guaranteed return on the Belgian plans reveal that the future financial risk due to the rate gap on the contributions paid before 2016 would amount to maximum EUR 293 thousand over a total 11 year period for the Group.

DEFINED CONTRIBUTION PLANS AND OTHER SIMILAR BENEFITS

The retirement plans based on defined contributions and similar benefits are plans for which the Group pays determined contributions to a separate entity in accordance with the plan provisions. The Group has no obliga-

tion beyond these contribution payments amounting to EUR 646 thousand in 2015. These plans and similar benefits are primarily offered by Belgian, British and South African companies within the Hamon Group.

31. 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 plan lasted 7 years and ended in May 2015. No other plan took place since then. The details of these plans are as follows:

Plan	Beneficiaries	Grant date	End Date	Exercise Price	Exercise Periods	Outstanding options at 31/12/2015	Outstanding options at 31/12/2014
Esop 2008 (B+G)	Belgium and Germany	27/05/08	26/05/15	33.58	From 2012 to 2015, from 15 March till 31 May and from 15 September to 15 November	0	17,050
Esop 2008 (F)	France	6/10/08	26/05/15	29.71	In 2012 from 6 October to 15 November; from 2013 to 2015 from 15 March to 31 May and from 15 September to 15 November	0	5,500
Total							22,500

Each option was a right to buy a Hamon share at the price and dates indicated.

Stock Option Plan	2015		2014	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Number of stock options as of 1 st January	22,500	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	-22,500	-32.64	0	0.00
Number of stock options as of 31 December	0	0.00	22,550	32.64
Stock options exercisable as of 31 December	0	0.00	0	0.00

32. FINANCIAL LIABILITIES

in EUR '000'	31/12/15	31/12/14
Bank borrowings	78,747	49,739
Bank overdrafts	4,507	289
Sub-total bank borrowings	83,254	50,028
Obligations under finance lease	2,621	3,296
Treasury notes	52,887	69,354
Other financial commitments	55,070	57,446
Sub-total other borrowings	110,578	130,096
Total	193,831	180,123
Of which:		
Current (due for settlement within the year)	191,535	83,685
Amount due for settlement in the 2nd year	467	39,761
Amount due for settlement in the 3rd year	602	359
Amount due for settlement in the 4th year	160	136
Amount due for settlement in the 5th year and after	1,067	56,182
Sub-total non-current	2,297	96,438
Total	193,831	180,123

in EUR '000'	31/12/15	31/12/14
Of which:		
Borrowings due for settlement within the year in		
EUR	181,241	68,784
USD	7,654	5,154
Others	2,640	9,747
Non-current borrowings in		
EUR	2,068	96,438
USD	0	0
Others	229	0
	193,831	180,123

As of 31 December 2015, the Group borrowings (EUR 193,831 thousand) are mainly related to the syndicated credit facility with termination date 4 July 2016 (EUR 75,058 thousand), the senior bonds due in 2020 with a fix rate at 5.50% issued on 30 January 2014 (EUR 55,000 thousand), and the treasury notes (EUR 52,887 thousand).

Although the senior bonds with a fixed rate at 5.50% are due in 2020, they have been reported as current financial liabilities because of the breach of a financial condition on the Net Debt to Book Equity ratio. The contract clauses binding our Group foresee, in such a case, a possible remedy via an increase of the Group equity. This will be achieved in the beginning of 2016 with a capital increase. There is thus no default as at 31 December 2015.

The syndicated credit facility still offers advantageous conditions regarding its financing margins over euribor. The revolving credit and bank guarantees lines have a maturity ending in 2016, with a single bullet repayment for the revolving credit part. The Group is working actively at the refinancing of this syndicated credit facility with a target over the first half year 2016.

No securities have been granted to the bank syndicate.

Otherwise, the syndicated facility agreement includes standard conditions and undertakings linked to:

- the absence of pledges (negative pledge) on assets to the profit of third parties by any guarantor subsidiary;

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

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

The same ratio than for the senior bonds was not respected. The foreseen remedy will also cure the breach and no default will be faced.

The financing margins of the revolving credit line vary between 1.1% and 2.5% depending on the Net Debt / EBITDA ratio.

The Belgian treasury notes program signed on 30 August 2010 with two dealers remains a real success among investors. The amount of treasury notes amounts to EUR 52,887 thousand as of 31 December 2015.

The average cost of the debt was 3.18% over 2015, or 3.68% if the amortized setup costs of the syndicated credit lines are included in the analysis.

The debt of the Hamon Group, with the exception of the senior bonds issued on 30 January 2014, usually bears floating interest rate references.

33. TRADE AND OTHER PAYABLES

in EUR '000'	31/12/15	31/12/14
Trade payables	138,269	114,636
Amounts due to related parties	707	966
Other advances received	3,929	3,334
Social security and other payables	14,392	15,192
Other (non income) tax payable	10,496	15,303
Other current liabilities	14,118	8,926
Accruals and deferred income	5,145	8,008
Total	187,057	166,364

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

Trade payable increased to EUR 187,057 thousand. This increase is mainly due to the Cooling Systems Business Unit and is explained by the increase of the activity in some subsidiaries.

“Accruals and deferred income” include amongst other things the charge of the subordinated bond paid annually, licensing fees.

34. DERIVATIVE INSTRUMENTS

Derivative financial instruments designated as “cash flow hedge”, “economic hedge” and “net investment hedge” in EUR ‘000’		Notional or Contractual amount		Fair value	
		31/12/15	31/12/14	31/12/15	31/12/14
Economic hedges					
Forward currency contracts sales	Assets	16,824		252	
	Liabilities	73,791	102,354	(3,224)	(6,679)
Forward currency contracts purchases	Assets	18,598	3,700	584	41
	Liabilities	1,043		(3)	
Cash flow hedges					
Interests rate swaps		31,424	31,424	(596)	(902)
Net investment hedges					
Forward currency contracts sales	Assets				
	Liabilities		18,607		(1,864)
Cross currency swaps		11,424	11,424	(2,342)	(942)
Total fair values				(5,328)	(10,345)
Fair values recognized:					
- in the work in progress account				(2,391)	(6,638)
- in the reserves in Equity				(2,937)	(3,708)

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

The part of profit or loss on the hedging instrument that qualifies as an effective economic hedge is booked in the work in progress account, for more details see “Principal accounting standards” under 3.8 at c) under “Derivative financial instruments”. The gain or loss relating to the ineffective portion is recognized in the income statement.

As of 31 December 2015, some forward currency contracts (equivalent EUR 90,615 thousand selling and EUR 19,641 thousand buying) were qualifying as ‘economic hedge’ with fair values booked in the work in progress account.

For the purpose of this note, the fair values posted as financial assets on the balance sheet (Derivative financial assets) were netted with the fair values posted as financial liabilities (Derivative financial liabilities) as it relates to inter-company transactions which set-off at Group level.

At the end of 2015, a forward currency contract of USD 25,000 thousand qualifying as net investment hedge was not rolled-over. On 31 December, there is no more impact related to this instrument in the currency translation reserves in Equity.

We remind that during the first half of 2012 the Hamon Group concluded several hedging contracts with a maturity of 5 years, interest rate swaps (IRS) in Euro and Cross Currency IRS (CCIRS) “fixed USD against floating EUR”. CCIRS “fixed USD against floating EUR” can be considered as synthetic transactions composed of a IRS EUR paying on the fixed leg and a “fixed to fixed” CCIRS – paying on the USD leg and receiving on the EUR leg. All IRSs (including those considered as synthetic transactions) pay on the fixed legs a rate of 1.335% and receive the 3-month EURIBOR. They are considered as effective hedges against fluctuations in interest rates of existing bank debts. The “fixed to fixed” CCIRSs cover a portion of our net investment in the USA.

As of 31 December 2015, IRSs (including those considered as synthetic transactions) have an aggregate notional amount of EUR 31,424 thousand and CCIRSs have an aggregate notional amount of EUR 11,424 thousand, qualifying, respectively, as cash flow hedge and net investment hedge, and have fair values of EUR -596 thousand and EUR -2,342 thousand respectively.

Derivative financial instruments designated as "held for trading"		Notional or Contractual amount		Fair value	
in EUR '000'		31/12/15	31/12/14	31/12/15	31/12/14
Forward currency contracts sales	Assets	3,228	3,130	34	1
	Liabilities	42,189	51,150	(339)	(354)
Forward currency contracts purchases	Assets	23,121	23,398	143	287
	Liabilities	37,987		(566)	
Under "unrealized exchange gains"				177	289
Under "unrealized exchange losses"				(904)	(354)
Fair values recognized in the income statement				(727)	(65)

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

However, such forward currency contracts are only used to hedge existing transactions and commitments, and are

therefore not speculative by nature. Most of them are the far legs of FX swaps transacted to manage intra-group factoring transactions at the end of the year.

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

35. FINANCIAL ASSETS AND LIABILITIES

in EUR '000'	31/12/15		31/12/14		
	Book value	Fair value	Book value	Fair value	Hierarchy of fair values
Financial Assets					
Cash and cash equivalents	109.337	109.337	138.988	138.988	Level 2
Available-for-sale financial assets	2.236	2.236	1.980	1.980	Level 3
Loans and receivables	165.308	165.308	127.556	127.556	Level 2
Derivative financial assets	5.203	5.203	6.360	6.360	Level 2
	282.084	282.084	274.883	274.883	
Financial Liabilities					
Borrowings at amortized cost	138.831	138.831	125.123	125.123	Level 2
Senior bonds	55.000	47.025	55.000	56.306	Level 1
Other payables	153.726	153.726	132.586	132.586	Level 2
Derivative financial liabilities	11.258	11.258	16.771	16.771	Level 2
	358.815	350.840	329.480	330.786	

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

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

Financial assets are mostly current. Their fair value thus does not differ from their book value. Their book value already takes into account possible provisions when the collection seems compromised.

Available-for-sale financial assets are made of investments in various small companies not quoted on the stock market and valued at their acquisition value.

A part of the financial liabilities were evaluated at amortized cost, which is net of transaction costs. Borrowings principally include bank debt at the end of the year for which the fair value is comparable to the value in the accounts. The senior pari passu bonds at fix rate 5.50% are quoted on Euronext Brussels under the ISIN BE0002210764 and symbol HAM20. There is thus a market fair value which differs from the book value. The mid-rate as of 31 December 2015 is at 85.50 (bid at 83 and ask at 88) on the Thomson Reuters Eikon platform. "Other payables" are mainly trade payables for which the fair value does not differ from the book value due to its current nature.

Derivative financial assets and liabilities only include forward currency contracts, IRS and CCIRS. They are included in this note on the asset and liability sides for their fair value depending whether they are positive or negative.

36. RISK MANAGEMENT POLICIES

MANAGEMENT OF FOREIGN EXCHANGE RISK

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

CONVERSION IMPACTS FOR SUBSIDIARIES LOCATED OUTSIDE OF THE EURO ZONE

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

FOREIGN EXCHANGE RISK ON FINANCIAL ASSETS AND LIABILITIES

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

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

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

in EUR '000'	31/12/2015				31/12/2014			
	USD	GBP	Other currencies	Total	USD	GBP	Other currencies	Total
thereof financial assets	188,106	8,615	23,586	220,307	83,058	2,528	23,220	108,806
thereof financial liabilities	(83,875)	(448)	(10,666)	(94,989)	(29,959)	(348)	(1,740)	(32,047)
Gross balance sheet exposure	104,231	8,167	12,920	125,318	53,099	2,180	21,480	76,759
Gross exposure from firm commitments	128,713	(27)	5,257	133,943	122,330	(75)	(6,842)	115,413
Derivative financial instruments	(70,376)	86	(1,090)	(71,380)	(119,298)	(1,602)	(5,237)	(126,137)
Net exposure	162,568	8,226	17,087	187,881	56,131	503	9,401	66,035

As shown here above, the amount of net exposure to US dollar in 2015 has increased compared to 2014 as (I) a significant share of its opening backlog in USD was converted into trade receivables (financial assets) and (II) the related purchases in USD were not yet finalized. These purchases not yet finalized are not considered as firm commitments, while the sales backlog is reported in the firm commitments. These purchases still to be finalized will of course reduce the net exposure.

A part of the net exposure to the USD comes from intercompany long term loans in USD booked as assets under

the parent holding of the Group whose reference currency is EUR. These intercompany loans are partially hedged (USD 20,000 thousand are unhedged). The remaining net exposure to the USD comes from project awards at the end of the year which will be hedged early 2016.

The main part of the derivatives that hedges the foreign exchange rate on US dollar are FX forward contracts. An FX forward contract which was hedging the net investments in the US up to USD 25,000 thousand was not rolled-over, contributing to the increase of the net exposure (see note 34).

Sensitivity to market rates	31/12/15	31/12/14
% variation EUR	10%	10%
Impact on current year P&L	12,532	7,676
Impact on future cash flows	18,788	6,604
CCIRS impact on the Equity	1,253	

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 12,532 thousand on the income statement of the current year and EUR 18,788 thousand on future financial flows after hedging. This calculation obviously refers to balance sheet items only and shall be reviewed in light of the above information on the purchases still to be finalized.

Regarding the CCIRS qualifying as net investment hedges for a part of our US net investments, an appreciation / depreciation of the Euro of 10% against all currencies used by the Group would also result in a positive / negative impact of EUR 1,253 thousand on the equity. This impact would be more than offset by a translation impact from the total net investment in the US.

The impact of the EUR/USD exchange rate fluctuations on the 2015 results of the Group amounted to EUR 27 million on the revenue and to EUR 2,1 million on REBIT.

MANAGEMENT OF INTEREST RATE RISK

Interest rate risk comes from the exposure of the Group to the fluctuations in interest rates and their possible impact on the financing costs. Most of the cost of the Group debt is based on EURIBOR-3 months. It is the policy of the Group to limit its exposure to the interest rates volatility by using financial instruments, which swap a variable interest rate into a fixed rate, in particular interest rate Swaps (IRS).

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 34).

Although the main part of the financing costs is based on EURIBOR-3 months, the issuance of senior bonds at fixed rate 5.50% due 2020 has significantly changed the fix/floating mix and helps mitigating the exposure to the volatility of short term interest rates.

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

Sensitivity to interest rate	31/12/15		31/12/14	
in EUR '000'	Average rate	Principal	Average rate	Principal
Fixed Rate				
Financial liabilities	5.50%	55,000	5.51%	55,562
Variable Rate				
Financial liabilities	2.26%	138,831	2.44%	124,561
	3.18%	193,831	3.24%	180,123

Calculation of the market interest rate sensitivity is based on a hypothetical variation of 10 basis points on the refer-

ence market interest rate (comparable with the variation of the EURIBOR- 3 month over the year 2015).

Sensitivity to market rate	31/12/15	31/12/14
bp change	10	10
Impact on P&L	139	125
IRS hedging effect	(31)	(31)
Net Profit or (loss)	108	94

In the event of an increase or decrease of the market interest rates by 10 basis points, the gross impact on income would be EUR 139 thousand. The impact on the IRSs would be booked in the cash flow reserves in equity.

MANAGEMENT OF CREDIT RISK

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

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

The Group does not have significant concentration of credit risk since this risk is distributed over a large number of customers and counterparts around the world. The most important customer is a Saudi Arabian customer which accounts for 7.5% 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 credit as well as credit insurance policies covering the residual risks (political, embargo...) and the risks of unfair calls on the bank guarantees.

The following table presents an analysis of the financial receivables of the Group. They include the trade receivables and other receivables of the Group, with the exception of the non-financial receivables like tax assets. This explains the difference with the amount of EUR 173,416 thousand reported on the balance sheet in 2015 under "Trade and other receivables". The amounts presented in the following table are the gross values of the receivables before any write-off for doubtful receivables.

in EUR '000'	Total	Due over 3 months	Due 2- 3 months	Due 1-2 months	Current	Not due
As of 31 December 2015	165,308	29,370	298	18,994	54,716	61,929
As of 31 December 2014	127,556	20,553	4,725	4,466	26,733	71,079

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

Trade receivables with terms that have been renegotiated are not significant.

The Group has a credit-insurance policy which covers the major part of its receivables on debtors from non-OECD

countries, and can also be used on a case by case basis on some debtors from the OECD zone for contracts where our contractual delivery obligations (in light of the selected Incoterms) expose us to non-OECD risks.

Provisions for doubtful receivables have evolved as follows during the last two years:

in EUR '000'	31/12/15	31/12/14
Balance at beginning of the year	(2,934)	(4,444)
Amounts written off during the year	(1,238)	(2,139)
Amounts recovered during the year	530	202
Other (forex, transfer...)	93	3,447
Balance at end of the year	(3,550)	(2,934)
Net impairment on receivable in P&L	(708)	(1,937)

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 2015.

in EUR '000'	31/12/15	31/12/14
Cash and cash equivalents	109,337	138,988
Total liquidity	109,337	138,988
Short term financial debt & current portion of long term financial debt	(191,306)	(83,685)
Long term financial debt	(2,525)	(96,438)
Total financial debt	(193,831)	(180,123)
Net liquidity	(84,494)	(41,135)

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

note 32). The following tables present the contractual due dates of the consolidated liabilities of the Group:

in EUR '000'	Total	Due before 6 months	Due 6 - 12 months	Due 1 - 2 years	Due 2 - 5 years	Due over 5 years
Treasury notes	52,887	52,887	-	-	-	-
Loans from Banks	83,254	83,026	-	-	228	-
Obligations under finance leases	2,621	197	197	397	920	910
Other financial liabilities	55,070	55,000	-	70	-	-
Trade and other Payables	153,726	153,291	-	223	212	-
Derivative financial liabilities	6,055	-	6,055	-	-	-
	353,613	344,401	6,253	690	1,361	910

Although the senior bonds with a fixed rate at 5.50% are due in 2020 (EUR 55,000 thousand reported under "Other financial liabilities"), they have been reported as current financial liabilities because of the breach of a financial conditions on the Net Debt to Book Equity ratio. The contract clauses binding our Group foresee, in such a case, a possible remedy via an increase of the Group equity. This will be achieved in the beginning of 2016 with a capital increase. There is thus no default as at 31 December 2015.

The Group is working actively at the refinancing of the syndicated credit facility with a target over the first half year 2016 (see note 32).

The amount of "Trade and other payables" reported at EUR 153,726 thousand is different than the one reported on the balance sheet (EUR 187,057 thousand) as non financial liabilities such as taxes or other salaries to be paid were excluded from the tables.

CAPITAL-LINKED RISK MANAGEMENT

The Group manages its capital to ensure its operating interest while optimizing the ratio debt / equity. The Group's objective is to have sufficient flexibility to fund operating costs and capital requirements of an international diversified engineering group. The Group's overall strategy remains unchanged compared to 2014.

The capital structure of the Group consists of debt, which includes the borrowings disclosed under note 32, cash and cash equivalents as well as equity which includes share capital, reserves and retained earnings, disclosed in note 28.

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

37. GUARANTEES ON THE GROUP ASSETS

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

in EUR '000'	31/12/15	31/12/14
Inventories	-	-
Property, plant & equipment	-	4,523
Financial Assets	3,095	1,868
Total	3,095	6,391

The guaranteed financial assets are principally restricted bank accounts located in Korea (life insurance plans), in France (collateral for factoring transactions) and the US (executive retirement plan SERP).

Guaranteed properties in 2014 were a land and a plant in Korea. These securities granted to a bank have been

released in 2015 following the sale of such assets and reimbursement of the bank borrowing obtained to acquire them.

As a reminder, the syndicated credit facility signed on 4 July 2011 is not associated with any guarantee granted to the members of the bank syndicate (see note 32).

38. FINANCE AND OPERATING LEASE AGREEMENTS

FINANCE LEASE AGREEMENTS

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

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	
	31/12/15	31/12/14	31/12/15	31/12/14
Amounts due for finance leases				
within one year	445	1,082	394	1,020
in the second to fifth years inclusive	1,466	1,386	1,317	1,230
after more than 5 years	973	1,137	910	1,046
Sub-total	2,884	3,605	2,621	3,296
Less: future finance charges	(264)	(309)	N/A	N/A
Present value of lease obligations	2,620	3,296	2,621	3,296
Less: Amounts due for settlement within one year			(394)	(1,020)
Non-current finance leases debts			2,227	2,276

The average lease term for the obligations on finance lease is 7.08 years. The average weighted interest rate is 9.17%. 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'	31/12/15	31/12/14
Minimum lease payments under operating leases recognized as an expense during the year	6,694	5,712
Minimum lease payments due for operating leases		
within one year	6,289	5,135
in the second to fifth years inclusive	17,553	16,207
after more than five years	4,419	4,096
Total	28,261	25,438

Operating leases mostly relate to offices and to a lesser extent, vehicles, machines and office equipment.

39. 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'	31/12/15	31/12/14
Documentary credit / SBLC import	7,261	15,848
Bank guarantees	232,692	210,532
Insurance bonds	31,595	58,536
Total	271,548	284,916

The volume of bank guarantees issued is closely linked to the Group activity.

The line available for letters of credit and bank guarantees are located under the syndicated credit line and amounts to EUR 302,500 thousand. Moreover, the Group also has at its disposal a "U.S. bonding" line of USD 100,000 thousand.

The Group continues to use Import SBLC (total of EUR 7,261 thousand at the end of 2015) in order to improve payment conditions with some of its suppliers.

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

in EUR '000'	31/12/15	31/12/14
Commitment of good project execution	182	182
Comfort letters to banks		1.286
Comfort letters to suppliers		
Bank guarantees	48	48
Total	229	1.515

The comfort letters given as securities for the obligations of HRCI were removed in 2015 as per prescription of the rights to claim under them.

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

40. CONTINGENT LIABILITIES

No new significant litigation occurred in 2015. The only outstanding litigations are as follows:

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 opera-

tions of Hamon in the USA. In the acquisition agreements of 1998, the seller committed itself to compensate the Group for all damage sustained because of such proceedings. The costs of these proceedings are, through now, exclusively handled by the seller. Insofar as these proceedings go back to a period prior to the acquisition of the US subsidiaries by 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.

41. RELATED PARTIES

The ultimate mother company of the Group is Sopal International SA. See note 28 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 31/12/2015		Purchases				Revenues			
in EUR '000'		of goods	of services	lease of assets	manage- ment fees	Goods	Services	Royalties	Capital gains
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-		70	12	-	228	60	-	
Other shareholders with significant influence	-	-	-	-	28	-	-	-	-
Associates	218		19	-	-	20	-	-	-
Other related parties	-	-	-	-	-	-	-	-	-

Balance sheet as of 31/12/2015		Revenues			
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	275		1.029	-	699
Other shareholders with significant influence	-	-	-	-	7
Associates	-		38	-	-
Other related parties	94		-	-	-

Income statement as of 31/12/2014		Purchases				Revenues			
in EUR '000'		of goods	of services	lease of assets	manage- ment fees	Goods	Services	Royalties	Capital gains
Controlling shareholder and other entities directly and indirectly controlled by the controlling shareholder	-		148	30	-	196	-	-	
Other shareholders with significant influence	11	-	-	-	10	6.488	-	73	-
Associates	-		61	-	-	-	13	-	-
Other related parties	-	-	-	-	-	-	-	-	-

Balance sheet as of 31/12/2014		Revenues			
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	275		823	-	699
Other shareholders with significant influence	-	-	2.564	-	266
Associates	-	-	-	-	-
Other related parties	94		52	-	1

In 2015 Esindus SA is not a related party anymore and this change explains most of the variations.

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

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

42. MINORITY SHARES AND JOINT-VENTURES

A/ Information about material joint-ventures

At 31 December 2015 financial statements of Hamon include two material joint-ventures:

Edouard Lambilliotte, son of Francis Lambilliotte, is the CFO of the Indian affiliate Hamon Shriram Cottrell.

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

The Group has not issued any guarantee or off balance sheet commitment to related parties other than commitments towards associates. The sales and purchase of goods with those related parties are made under the standard terms and conditions of the Group.

- Hamon Shriram Cottrell PVT Ltd owned at 50% by the Group in 2015 & 2014.
- Esindus SA acquired in 2015 and owned at 39%.

Hereunder the IFRS financial statements of the joint-ventures:

Hamon Shriram Cottrell PVT Ltd

in EUR '000'	31/12/15	31/12/14
Non-current assets	5,830	5,229
Cash	105	157
Other current assets	24,035	22,731
Non-current liabilities	-	-
Non-current debts	249	775
Current liabilities	14,261	14,013
Current debts	9,055	8,695
Equity	6,405	4,633
Revenue	10,837	14,027
Cost of sales	-10,126	-15,510
Other costs	-709	-2,470
Depreciation	-724	-638
Financial costs	-1,757	-1,560
Taxes	-	-
Net Income	-2,466	-6,152
Net assets	6,405	4,633
% of ownership	50%	50%
Goodwill (incl. Currency impact)	2,029	1,906
Carrying amount of the Group's interest	5,231	4,222

No dividend had been distributed in 2015.

Indian market is still challenging but even if the management is confident with the strategy, the company took measures to reduce the overheads and so to decrease the losses.

Esindus SA

in EUR '000'

31/12/15

Non-current assets	4,166
Cash	961
Other current assets	24,693
Non-current liabilities	336
Non-current debts	414
Current liabilities	10,908
Current debts	6,464
Equity	11,698
Revenue	29,288
Cost of sales	-20,191
Other costs	-9,057
Depreciation	-237
Financial costs	-458
Taxes	129
Net Income	-526
Carrying amount of the Goup's interest	-132
Net assets	11,698
% of ownership	39%
Goodwill (incl. Currency impact)	5,317
Carrying amount of the Goup's interest	9,866

No dividend had been distributed since the acquisition

The purchase price allocation on assets & liabilities (fair value) will be booked in 2016.

B / Information about non-material joint-ventures

in EUR '000'

31/12/15

31/12/14

Net income of enterprises associates and joint-ventures not material	-2,030	-343
Carrying amount of the Goup's interest	-2,620	-494

C/ Information about material subsidiaries with minority shares

Some changes on the percentage of ownership had been recorded in 2015 (see notes 6 & 14).

The financial statements of Hamon include at 31 December 2015 a subsidiary with material minority shares –

Hamon Research Cottrell (HK) Ltd (owned at 60% in 2015 & 2014). This company is part of Hamon Group from 2009 and its activities are engineering, design, procurement and project management of AQS contracts for Asian market.

Hamon Research-Cottrell (HK) Ltd

in EUR '000'	31/12/15	31/12/14
Non-current assets	351	197
Current assets	6,646	6,160
Non-current liabilities	-	419
Current liabilities	4,994	3,175
Equity	2,003	2,763
Group share	1,202	1,658
Third party share	801	1,105
Revenue	6,620	11,779
Cost of sales	-6,388	-7,133
Other costs	-1,259	-2,167
Financial costs	-68	-68
Net income	-1,096	2,412
Group share	-657	1,447
Third party share	-438	965
Cash generated from operations	-1,345	1,539
Cash from investment activities	-3	-140
Cash from financing activities	-	-
Others	-18	-20
Net variation of cash	-1,366	1,379

No dividend had been distributed in 2015 & 2014. Comprehensive income does not differ from net result.

43. MANAGEMENT COMPENSATION

The table below details the remuneration (cumulative and including charges) of the Managing Director and the mem-

bers of the Executive Committee, who should be regarded as the 'key executives' in the sense of the IAS 24 definition.

in EUR '000'	31/12/15	31/12/14
Short term benefits	378	419
Fixed remuneration	3,043	3,219
Variable remuneration	1,971	2,654
Subtotal	5,393	6,292
Long term benefits	499	447
Total	5,892	6,739

The total of gross emoluments granted to the non-executive directors during the year 2015 amounted to EUR 272 thousand (EUR 204 thousand last year). These emoluments are subject to the approval of the Annual General shareholders Meeting.

There was no profit sharing allocation and the Company has not made any loans to the directors. The directors have also not made any special or unusual transactions with the Company.

44. 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 by BU	2015	2014
Cooling Systems	777	779
Process Heat Exchangers	214	230
AQS	400	308
NAFTA	331	327
Corporate	55	51
Total	1.777	1.695

The increase of headcounts is due to the hiring of some temporary staffs in AQS to face with the execution of contracts in Brazil.

45. EVENTS AFTER THE BALANCE SHEET DATE

No event after the balance sheet date to communicate.

46. AUDITORS'S FEES

For the entire consolidated Group, the fees paid to the auditor and its network (Deloitte) for 2015 amounted to EUR 928 thousand and are broken down as follows:

in EUR	Year 2015	Year 2014
Fees linked to financial statements audit	860,730	684,476
Tax assistance missions	42,730	92,278
Other assistance	24,790	23,432
	928,250	800,186

The increase is explained by the currency impact (invoices in local currency) and some changes in the audit scope.

7. STATUTORY ACCOUNTS OF HAMON & CIE (INTERNATIONAL) SA

The statutory accounts of the parent company, Hamon & Cie (International) SA., are presented below in a summarized form. The Management Report and statutory accounts of Hamon & Cie (International) SA, as well as the Audit Report, will be filed at the National Bank of Belgium once approved by the Annual General shareholders Meeting of 26 April 2016, 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 2015 annual accounts of Hamon & Cie (International) SA.

1. SUMMARIZED BALANCE SHEET AS OF 31 DECEMBER, AFTER APPROPRIATION

in EUR '000'	31/12/15	31/12/14
Fixed assets	250,570	243,842
I. Formation expenses	2,371	3,474
II. Intangible assets	3,786	2,883
III. Tangible assets	632	764
IV. Financial assets	243,781	236,721
Current assets	135,797	77,934
V. Amounts receivable after one year	197	292
VI. Stock and contracts in progress	0	0
VII. Amounts receivable within one year	134,212	76,033
VIII. Short term deposits	200	156
IX. Cash at bank and in hands	884	756
X. Deferred charges and accrued income	304	697
Total assets	386,367	321,776
Equity	152,108	135,612
I. Capital	3,167	2,702
II. Share premium account	49,268	34,815
IV. Reserves	11,769	11,726
V. Profit carried forward	87,904	86,369
Provisions and deferred taxes	0	0
Amounts payable	234,259	186,164
VIII. Amounts payable after more than one year	0	89,000
IX. Amounts payable within one year	231,257	94,298
X. Accrued charges and deferred income	3,002	2,866
Total liabilities and equity	386,367	321,776

The variation on fixed assets is mainly due to the acquisition of 39% of Esindus SA in October 2015. The intangible assets include mainly the costs of development and implementation of the ERP.

Amounts receivable after one year, amounts receivable within one year and amounts payable within one year depend on the treasury of the affiliates. Hamon & Cie

agreed to lend cash to the affiliates in order to sustain their growth.

Equity (EUR 152 million) includes two capital increases (EUR10 million and EUR 5 million – October 2015).

Amounts payable increased to support the investments done by the affiliates of the Group.

2. SUMMARIZED INCOME STATEMENT AS OF 31 DECEMBER

in EUR '000'	31/12/15	31/12/14
I. Operating revenues	24,037	18,135
A. Turnover	18,003	17,919
D. Other operating revenues	6,034	216
II. Operating expenses (-)	16,340	12,807
A. Cost of materials	0	0
B. Services and other goods	9,176	5,752
C. Remuneration, social security and pension costs	4,601	4,506
D. Depreciation and amortization	2,480	2,505
F. Increase (decrease) in provisions for liabilities & charges	0	0
G. Other operating expenses	83	44
III. Operating income	7,697	5,328
IV. Financial income	36,060	19,222
V. Financial expenses	(35,253)	(15,685)
VI. Net operating income before taxes	8,504	8,865
VII. Extraordinary income	0	0
VIII. Extraordinary expenses	(6,922)	(36,506)
IX. Net income before taxes	1,582	(27,641)
X. Income taxes	(4)	0
XI. Net income	1,578	(27,641)

The net operating income is high at EUR 8,504 thousand (EUR 8,865 in 2014) but the Company had to face with important write-offs on financial assets, mainly due to the poor performance of the Brazilian affiliate (2014 impacted also by a write-off on Hamon D'Hondt SA financial participation)

Financial income include dividends paid by affiliates, interests on loan and a positive foreign exchange result.

Financial expenses include the negative foreign exchange result, the cost of the debt and the costs of guarantees.

As in 2014, the foreign exchange impact is important due to the high volatility of the US Dollar (vs Euro).

Financial income & expenses are higher than 2014 because of the hedging strategy of the Group. Hamon & Cie buy hedging contracts on the market in the name of the affiliates. Hamon & Cie books contracts with two counterparts: the banks and the affiliates.

Extraordinary expenses include write-offs on the loans to the affiliates and on the financial assets if the market value is lower than the book value.



Deloitte Bedrijfsrevisoren /
Reviseurs d'Entreprises
Berkenlaan 8b
1831 Diegem
Belgium
Tel. + 32 2 800 20 00
Fax + 32 2 800 20 01
www.deloitte.be

Hamon & Cie (International) SA

**Statutory auditor's report
to the shareholders' meeting on the
consolidated financial statements
for the year ended 31 December 2015**

The original text of this report is in French

Hamon & Cie (International) SA

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, as well as the summary of principal accounting standards and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Hamon & Cie (International) SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 567 788 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 5.048 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

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

Statutory auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

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

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 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Emphasis of Matter

Without qualifying the opinion expressed here above, we draw attention to the management report and to Note 36 of the consolidated financial statements which describe the financial risks to which the group is exposed and in particular the non-respect of an engagement imposed by its financial agreements, the potential consequences on their short-term maturity and the actions that the Board of directors intends to take to remediate this.

Report on other legal and regulatory requirements

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

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

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

Diegem, 18 March 2016

The statutory auditor

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

ANNEXES

PARAMETERS OF THE CORPORATE SOCIAL RESPONSIBILITY REPORT

For several years, our annual report has included a Corporate Social Responsibility chapter, based on the Global Reporting Initiative (GRI) guidelines. Since 2014, it has been based on the GRI 'G4' guidelines.

This section explains the basis on which this chapter has been drafted.

RELEVANT ASPECTS IDENTIFIED AND STAKEHOLDER INVOLVEMENT

This work was performed in late 2013-early 2014 (no change compared with the previous financial year).

Hamon first identified an initial list of aspects which seemed relevant to its business activities. These aspects covered environmental, economic and social fields. Their scope was also examined (within and/or outside the Group).

We then prioritized these aspects based on the principles of relevance. This enabled us to establish a materiality matrix chart of the various aspects, according to their importance for Hamon and their importance for its main stakeholders.

The third stage involved selecting the stakeholders to involve in the process. This was carried out specifically for the preparation of the 2014 annual report. As Hamon was present in 26 countries, we focused, for this first year, on the two countries in which Hamon first started its business: France and Belgium. It was not physically possible to involve all our stakeholders in all the countries in which we were present.

We then identified our main stakeholders in these two countries. These were:

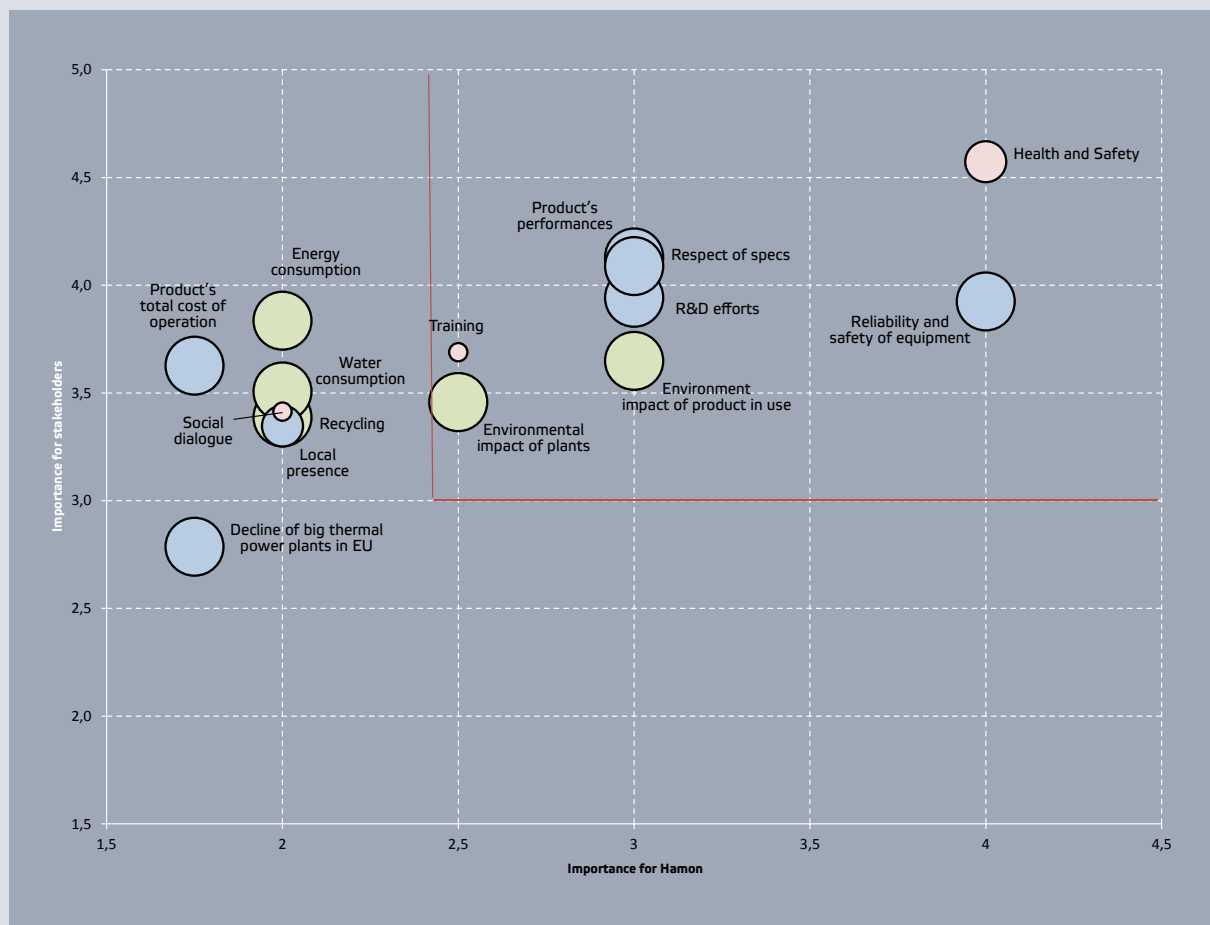
- staff representatives and employees of our main French and Belgian subsidiaries.
- regular customers of these French and Belgian subsidiaries, both end users of our products and engineering contractors.
- suppliers of these subsidiaries. Here again, we selected large suppliers with whom we worked regularly.

The next step involved the validation by our stakeholders of our materiality matrix chart, containing the relevant aspects chosen and their scope. These discussions were held during two plenary meetings, one with all the staff representatives involved and the other with the suppliers. For the customers, discussions were held on a customer-by-customer basis (face-to-face or via telephone conference). Each stakeholder brought up certain new topics or concerns, but none of them were among the most relevant aspects, with the exception of the 'human rights' aspect for the staff representatives. Hamon decided to keep this aspect (on a general basis) in its report because it is also one of the four major chapters that must be covered for the United Nations Global Compact's Communication on Progress (COP). For the same reason, the fight against corruption also figures among the aspects included.

Lastly, the findings of this work were presented to the Group's Executive Committee in June 2014. Major decisions had to be made as to whether or not to involve certain external stakeholders (customers) when reporting on certain aspects and topics that are very specific to our business. For reasons of practicality and confidentiality with regard to our competitors, it was decided not to involve our customers when transmitting information required to establish certain specific economic performance indicators.

In order to apply the entire process rigorously and neutrally, Hamon was assisted by a consultant specialized in non-financial reporting.

Below is the materiality matrix chart resulting from this work.



Comments:

- x-axis = importance for Hamon; y-axis = importance for our stakeholders (staff representatives, customers and suppliers with a 40/40/20 weighting).
- The size of the 'dots' is proportional to the degree of Hamon's performance in this aspect.
- The aspects selected as being the most relevant are deemed important by both our stakeholders and by Hamon (in other words, those in the top right corner, separated by the two red lines). These are the following points, which cover the economic aspects (blue), environmental aspects (green) and social aspects (pink):
 - health and safety (of our staff in their places of work)
 - performance of our products/equipment (in operation at the customer)
 - compliance with the customer's specifications (costs, deadlines, quality, etc.)

- reliability and safety of our products (in operation at the customer)
- R&D investments (innovation)
- environmental impact of our products in use at the customer (for example, noise emissions, plume, energy consumption, etc.)
- staff training
- environmental impact of our plants.

Hamon also decided to include in its report the two following aspects, considered important and required by the United Nations Global Compact:

- human rights
- the fight against corruption.

REPORT PROFILE

This annual report covers the 2015 fiscal year, that is the period from 1 January to 31 December 2015. Many of the tables provide the information for the previous fiscal year for the purpose of comparison.

The previous report published was the 2014 annual report. These reports are published annually. Hamon's recent annual reports are available on our website: www.hamon.com.

In case of comments or questions on this report, please refer to the persons mentioned in the 'General information' section at the end of this report.

SCOPE

For the section on Corporate Social Responsibility, the majority of the key indicators cover the Group's 26 main subsidiaries (subsidiaries with an average workforce of at least 15 people in 2015), taken at 100% and over the

twelve months of the 2015 financial year. Two of these subsidiaries are not consolidated by global integration but using the equity method. The other 24 of the 26 subsidiaries accounted for 97% of the Group average workforce in 2015.

For the section on Environmental Responsibility, we cover in particular the entities that have the highest impact, namely those that have a plant or a workshop, or a total of eleven plants and workshops. The scope of certain Environmental aspects is therefore more limited.

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

For more details, see the table below indicating the subsidiaries taken over in 2013, 2014 and 2015 for the chapter on Corporate Social Responsibility (same scope for the three years).

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

x = included in the scope of analysis

The following entities are consolidated in our financial statements by global integration, but not included in the non-financial reporting scope, because they are not significant (sleeping entities, holding companies, entities with very few if any staff).

Company	Country
Compagnie Financière Hamon S.A.	France
Hamon Research-Cottrell S.A.R.L.	France
Hacom Energiesparsysteme GmbH	Germany
Hamon Dormant Co. Ltd	UK
Hamon (Nederland) B.V.	Netherlands
Hamon Polska Sp.Zo.O	Poland
Hamon Esindus Latinoamerica SL	Spain
Hamon Research-Cottrell do Brazil	Brazil
Hamon Custodis Cottrell (Canada) Inc.	Canada
Hamon Esindus Latinoamerica Limitada	Chile
Hamon Esindus Latinoamerica SA de CV	Mexico
Research-Cottrell Cooling Inc.	USA
Hamon Holdings Corporation	USA
Hamon Australia (Pty) Ltd.	Australia
Hamon Trading (Jiaxing) Co.,Ltd.	China
Hamon Asia-Pacific Ltd	China (Hong Kong)
Hamon Research-Cottrell (HK) Ltd.	China (Hong Kong)
Hamon India PVT Ltd.	India
Hamon Korea Youngnam Ltd.	South Korea
Hamon Malaysia SDN. BHD.	Malaysia
Hamon - B.Grimm Ltd.	Thailand
Hamon Termal ve Çevre Sistemleri Sanayi ve Ticaret A.Ş.	Turkey

CHANGES TO THE SCOPE OF THE REPORT

The scope used in 2015 for this non-financial report is identical to the one used in 2014 (26 main Group companies – see table above).

SELECTION OF THE CONTENT OF THIS REPORT

The content of this report is based on:

- The requirements of the Global Reporting Initiative (GRI), G4 guidelines, reporting 'In accordance', using the 'core criteria'.
- The United Nations Global Compact reporting guidelines, for the Communication On Progress (COP), level 'GC active'.
- Relevance: information which is not relevant for our stakeholders or which does not have a significant impact on the Group is not included.
- The stakeholders to whom the report is addressed and their expectations, that is our customers, staff (current employees or applicants), suppliers, shareholders, banks, financial analysts.
- For financial information: legal requirements regarding financial information (IAS / IFRS standards), reviewed by our auditors.

The report also aims to present the information as clearly and transparently as possible.

INFORMATION ON THE KEY PERFORMANCE INDICATORS

Some **social indicators** require detailed explanations. The references are those of the GRI – G4 (general standard disclosures and specific standard disclosures):

TOTAL WORKFORCE BY REGION, BU AND GENDER (GRI REF.: G4-10)

As noted in the Corporate Social Responsibility section, these figures are based on:

- the workforce of companies consolidated by global integration;
- the number of people (not full-time equivalents); this includes only staff on open-ended or long-term contracts. Given our extensive activities on worksites, the number of employees on short-term contracts constantly varies. In some cases, we use external temporary recruitment agencies;
- the average figures at the start and end of each quarter.

RATE OF FREQUENCY OF OCCUPATIONAL ACCIDENTS BY REGION (NUMBER OF ACCIDENTS / MILLION WORKING HOURS) (GRI REF.: G4-LA6)

The rate of frequency is the ratio between:

- the number of occupational accidents (fatal and non-fatal, including on the way to work);
- the number of effective hours of work (in million).

DEGREE OF SEVERITY OF OCCUPATIONAL ACCIDENTS BY REGION (NUMBER OF DAYS LOST / THOUSAND WORKING HOURS) (GRI REF.: G4-LA6)

The degree 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 thousands).

The number of days lost are working days (not calendar days). The starting point for the calculation is the day of the occupational accident or disease.

RATE OF OCCUPATIONAL DISEASES BY REGION (NUMBER OF DAYS LOST / THOUSAND WORKING HOURS) (GRI REF.: G4-LA6)

The rate is the ratio between:

- the number of working days lost due to occupational diseases (depression, inhaling of toxic gases, etc.);
- the number of effective hours of work (in thousands).

PROPORTION OF WORKING DAYS LOST BECAUSE OF OCCUPATIONAL ACCIDENT OR DISEASES BY REGION (NUMBER OF DAYS LOST / NUMBER OF THEORETICAL WORKING DAYS) (GRI REF.: G4-LA6)

The rate is the ratio between:

- the number of working days lost due to occupational accidents and diseases;
- the number of theoretical working days, excluding statutory leave and holidays.

RATE OF ABSENTEEISM (GRI REF.: G4-LA6)

This rate is the ratio between:

- the number of working days lost due to occupational accidents, occupational diseases and other illnesses (flu, etc.) or unexplained absences; maternity leave and planned leave such as holiday and statutory leave are not included. For the U.S. subsidiaries (and certain Asian subsidiaries until 2014), the days of absenteeism are not recorded as they are included in an annual quota for leave (and days' absence owing to illness);
- the theoretical number of working days, excluding statutory leave and holidays.

The other key indicators are more usual; a brief definition only is therefore given below:

a) Economic indicators

- Direct economic value created and distributed (GRI ref.: G4-EC1): this includes the revenue, the gross margin, labour costs, financial charges paid to banks, taxes paid, dividends paid out to shareholders, profits carried over, donations.
- Research & Development expenditure (not an element specifically defined by GRI): this is the ratio between the R&D expenditure (both capitalized and booked in the income statement) and revenue.

b) Environmental indicators

- Energy consumption within the organization (GRI ref.: G4-EN3). The following conversion factors are used:
 - Conversion of MWh into MJ: 1 kWh = 3.6 MJ
 - Conversion of Nm³ of gas into MJ: 1 Nm³ = 39.01 MJ
 - Conversion of litre of fuel into MJ: 1 l = 35.94 MJ
 - Conversion kg of propane and LPG into MJ: 1 kg = 50 MJ
- Total volume of water withdrawn, by source (GRI ref.: G4-EN8).
- Measures to reduce the environmental impact of products and services (GRI ref.: G4-EN27).

c) Other social indicators

- Average number of hours of training per year (GRI ref.: G4-LA9).
- Human rights – operations and suppliers identified as having a significant risk for accidents linked to child labour and the measures taken (GRI ref.: G4-HR5).
- Human rights – operations and suppliers identified as having a significant risk for accidents relating to forced or compulsory labour and the measures taken (GRI ref.: G4-HR6).
- Human rights – number of grievances about on human rights impacts filed, addressed and resolved through formal grievance mechanisms (GRI ref.: G4-HR12).
- Fight against corruption – communication and training on anti-corruption policies and procedures (GRI ref.: G4-SO4).

The GRI correspondence grid below shows where to find each of these key performance indicators as well as the general standard disclosures in the annual report.

GRI AND UN GLOBAL COMPACT CORRESPONDENCE GRIDS

1. GRI CORRESPONDENCE GRID

For our Corporate Social Responsibility report based on the Global Reporting Initiative (GRI) G4 guidelines, we have decided to report 'in accordance' using the 'core criteria'. Here is the correspondence grid related to this level, which can be used to find the various sections in this annual report covered by the GRI outline.

GENERAL STANDARD DISCLOSURES

Ref.	Description	External verification	Page
Strategy & Analysis			
G4-1	Statement from the CEO about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	No	4-7; 43
Organizational Profile			
G4-3	Name of the organization.	No	77
G4-4	Primary brands, products and services.	No	16-40
G4-5	Location of the organization headquarters.	No	77
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant for sustainability.	No	10-11; 87-88
G4-7	Nature of ownership and legal form.	No	77
G4-8	Markets served (incl. geographic breakdown, sectors served, and types of customers and beneficiaries).	No	10; 13; 91
G4-9	Scale of the organization, incl. number of employees, operations, net sales, capitalization.	No	2-3; 10-11; 45
G4-10	Total number of employees and details.	No	44-45
G4-11	Percentage of total employees covered by collective bargaining agreements.	No	45
G4-12	Description of organization supply chain.	No	9
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership or supply chain.	No	12-15
Commitment to external initiatives			
G4-14	Report whether and how is the precautionary approach or principle is addressed by the organization.	No	51
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes.	No	43
G4-16	List memberships of associations and advocacy organizations in which the organization holds a position, participates, provides substantive funding or views membership as strategic.	No	43

Ref.	Description	External verification	Page
Identified Material Aspects and Boundaries			
G4-17	List all entities included in the consolidated financial statements; report whether any consolidated entity is not covered by the report.	No	132-133
G4-18	Process for defining the report content and the Aspect Boundaries; implementation of the Reporting Principles for Defining Report Content.	No	130-132
G4-19	List the material Aspects identified in the process for defining report content.	No	130-131
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	No	130-131
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	No	130-131
G4-22	Effect of any restatements of information provided in previous reports, and reasons.	No	N.R.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No	132-133
Stakeholder involvement			
G4-24	List stakeholder groups engaged by the organization.	No	130
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	No	130
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	No	130
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	No	130-131
Report profile			
G4-28	Reporting period for information provided.	No	77; 132
G4-29	Date of most recent previous report.	No	132
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G4-32	Report a) the 'In accordance' option the organization has chosen; b) the GRI Content Index for the chosen option; c) the reference to the External Assurance Report, if any.	No	42 135-136 N.R.
Verification			
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report.	No	43
Governance			
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	No	56-60
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G4-56	Organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	No	8; 48-50; 62-63

SPECIFIC STANDARD DISCLOSURES

Relevant aspects	DMA ⁽¹⁾ and KPI	Non-disclosure of information	External assurance	Page
Economic performance	G4-EC1	No	No	71-128; 50
Energy	G4-DMA G4-EN3	No No	No No	51
Water	G4-DMA G4-EN8	No No	No No	51-52
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Forced or compulsory labour	G4-DMA G4-HR6	No No	No No	49-50
Human right grievance mechanisms	G4-DMA G4-HR12	No No	No No	50
Fight against corruption	G4-DMA G4-SO4	No No	No No	50

(1) DMA = Disclosure on Management Approach

Please note that our report also includes much additional information not listed in the GRI correspondence grid.

2. UNITED NATIONS GLOBAL COMPACT CORRESPONDENCE GRID

For our Communication On Progress (COP) based on the guidelines of the United Nations Global Compact, we have decided to report on the 'GC Active' level. Here is the correspondence grid that can be used to find the information related to each of the 10 principles of the UNGC in the various parts of our report.

Principle		Page
Human rights		
N°1	businesses should support and respect the protection of internationally proclaimed human rights.	48-50
N°2	make sure that they are not complicit in human rights abuses.	48-50
Labour		
N°3	businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	45
N°4	the elimination of all forms of forced and compulsory labour.	49-50
N°5	the effective abolition of child labour.	49
N°6	the elimination of discrimination in respect of employment and occupation.	44
Environment		
N°7	businesses should support a precautionary approach to environmental challenges.	51
N°8	undertake initiatives to promote greater environmental responsibility.	51-53
N°9	encourage the development and diffusion of environmentally friendly technologies.	52-53
Anti-corruption		
N°10	businesses should work against corruption in all its forms, including extortion and bribery.	50

Please note that our report also includes much additional information not listed in the UNGC correspondence grid.

GLOSSARY

• AIR COOLER (OR AFC) •

Heat exchanger in which an often corrosive liquid or gas, under high pressure and high temperature, passes through special alloy finned tubes and is cooled by air from a ventilator. Used mainly in petrochemicals, and the Oil & Gas industry, but also in the cooling of auxiliaries, for example water in the steel industry.

• APC •

Air Pollution Control.

• AQS •

Air Quality Systems (similar to APC)

• BANK GUARANTEES •

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

• COOLING SYSTEM WHEN REFERRED TO IN THE CONTEXT OF POWER GENERATION •

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

• COOLER •

Wet, dry or hybrid cooling system.

• DENOX •

Elimination of nitrogen oxides, NOx in short form, from waste gases.

• DESOX •

Elimination of sulphur 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^o.

• HAMON •

The name of the limited company (under Belgian law) Hamon & Cie (International) SA, with its head office at Axisparc, rue Emile Francqui 2, 1435 Mont-St-Guibert, Belgium. The Hamon trade mark and logo (as it appears on the front 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.

• **IDDC (INDIRECT DRY COOLING)** •

Indirect dry cooling system, in which the cooling water is cooled down without any contact with air, thus with no water consumption.

• **NAFTA** •

North American Free Trade Agreement: territory which includes the United States of America, Canada and Mexico.

• **NORTH AMERICA** •

The territory regrouping the United States of America, Canada and Mexico.

• **SNCR** •

Selective Non Catalytic Reduction: NO_x removal process in which reagents are injected and in which no catalyst is used (versus Selective Catalytic Reduction (SCR) processes in which catalysts are used to eliminate NO_x).

• **WET COOLING SYSTEM** •

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

GENERAL INFORMATION

• HAMON & CIE (INTERNATIONAL) S.A. •

Axisparc,
Rue Emile Francqui 2,
B-1435 Mont-Saint-Guibert
Belgium

Telephone: + 32 10 39 04 00
Fax: + 32 10 39 04 01
E-mail: corporate@hamon.com
Website: www.hamon.com

VAT: BE 402.960.467
Business number 0402.960.467

• RELATIONS WITH INVESTORS AND FINANCIAL COMMUNICATION •

Christian Leclercq, Group Financial Director
Telephone: + 32 10 39 04 22
Fax: + 32 10 39 04 16
E-mail: christian.leclercq@hamon.com

• ANY COMMENT ON THIS ANNUAL REPORT? •

Please send comments to Michèle Vrebos
E-mail: michele.vrebos@hamon.com

• RESPONSIBLE PUBLISHERS •

Francis Lambilliotte
Christian Leclercq

Ce rapport annuel est également disponible en français.

