



Cockerill Maintenance & Ingénierie

Looking forward



Activity report **2011**

Contents

Migration is a necessary and sometimes perilous journey undertaken to find, in another place, that which a species needs to guarantee its future. Migrating birds cross varied, often inhospitable terrains with the prospect of finding a land of plenty, from which they will return with renewed strength. Their story is one of a promise to keep coming back to their place of origin, when conditions have improved.

In order to use certain photos to illustrate this activity report, CMI has donated to the 'VOL EN V' Association for the Protection of Migrating Birds, an initiative by Christian Moullec. By doing this, CMI is contributing to the association's project to safeguard the Swedish dwarf geese, an endangered species of geese.

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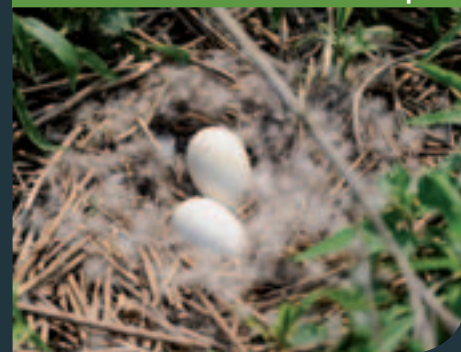
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Message from the Chairman



The demoiselle crane flies over the Himalayas twice a year at an altitude of over 8 000 meters. It nests in Mongolia and passes the winter in India.

Looking forward

CMI is today structured to grow in a fluctuating economic environment. The four Sectors that underpin its activity have developed through the years. Operational synergies and the complementary nature of the cycles have forged solidarity between these four elements, reinforcing the Group's stability. Similarly, the sound geographic coverage of its entities has enabled it to elude the accumulating economic turbulence. Against this background of rapid growth, CMI has endeavoured to retain a light structure, which is indispensable for seizing opportunities on the markets.

Following a decade of technological and geographical migrations, CMI is resolutely looking forward: just five years from the bicentennial of the company's founding by John Cockerill, we will take the time in 2012, to chart new courses to turn CMI into an even stronger, more sustainable and more resilient Group.



The year 2011 has marked the start of a new era: the CMI Group has returned to performance in line with that before the crisis, but on the basis of more diversified activities within which the new lines of products and services are accounting for an increasingly more significant share. This renewal is a good sign for the future. Hence for 2012, CMI has developed the most ambitious budget ever approved by the Board of Directors.

New flight

Indicators that had remained positive during the worst of the crisis have resumed an upward trend in 2011.

Booked orders are hovering around the 700 million Euros mark, thanks in particular to sound progress registered by CMI Industry (+35%). For their part, CMI Energy and CMI Services have repeated their commercial performance of 2010. It is also worth noting that half of the orders booked in 2011 were taken in Brazil, India, China and the Middle East.

This is a direct consequence of our determination to obtain a foothold in emerging economies.

The increase in our turnover (+26% in 2011) attests to the gradual recovery of our activities, evenly distributed among the Group's four Sectors. The growing share of new activities in this overall volume is a good indicator of CMI's dynamism in terms of innovation and diversification.

The operating result, which has doubled since 2010, has returned to the best levels of the Group, which has managed ten consecutive financial years of positive results.

Advances on multiple fronts

In a turbulent economic context worldwide, each Sector of the Group registered significant progress in 2011.

CMI Energy boosted its positions in the Middle East by landing an order for ten boilers in Saudi Arabia, a particularly receptive market for the adaptation of CMI technology to turbines that burn several types of fossil fuels. CMI Industry reinforced even further its

leadership in galvanizing lines by demonstrating that its latest generation '100% CMI technology' lines give steelmakers a major competitive edge. CMI Defence booked the first order for the latest addition to its range, a simulator to be mounted on its turrets in order to train crews to operate the controls and to prepare for tactical military interventions. Finally, in 2011, CMI Services landed its first significant contract in offshore wind power, as it was entrusted with the maintenance of the wind turbines of the Thornton Bank wind farm in the North Sea for 12 years.

Admittedly, the economic recovery remains uncertain in the steel industry, particularly in Europe and the United States. The impact of this phenomenon is offset by the Group's dynamism on the innovation and diversification fronts. More specifically, orders for new products or new services have multiplied in as many promising new segments: solutions for reducing the environmental footprint of industries, service to project activities for international technical projects of industrial companies such as Michelin, services for nuclear power stations, etc. Renewable energy generation is not left behind either: the CMI biomass roasting process is entering its industrialisation phase, and CMI is on the verge of booking its first order for a steam generator for a high capacity solar thermal power station.

A toe in the water

Already heavily involved in energy efficiency solutions, in 2011 CMI took an important step in its contribution to reducing the environmental footprint of industries: in the last days of the year, CMI entered the industrial liquid effluent treatment and recycling market by acquiring the French Proserpol company and its subsidiaries. Their range of solutions is geared to all industries faced with problems of cleaning and recycling industrial liquid effluents. This acquisition opens up new opportunities to extend CMI's offering to water treatment in synergy with the chemical, thermal and mechanical solutions already available in its technologies portfolio. Proserpol is being integrated in CMI in line with a structured plan to identify and capitalise on all technological, commercial and geographic synergies between the two organisations.

Ten years of technological and geographical migrations

In 2002, CMI became an independent private group. Ten years later, the Group has grown substantially, enriched with new technologies by embarking on acquisitions and by relying on its internal innovative dynamism. It extended its geographical coverage to Europe, the United States and emerging economies.

This decade of technological and geographical migrations has led CMI to take appropriate measures to resist the vagaries of a fickle economic environment. Every step taken has bolstered its branches, making the Group more resistant to vicissitudes of the markets. With a labour force of nearly 4 000 people, incoming orders that have tripled in ten years, growing results and an international geographical coverage, CMI is today a coherent whole, sufficiently global to seize opportunities and sufficiently light to adapt its offering to the changing needs.

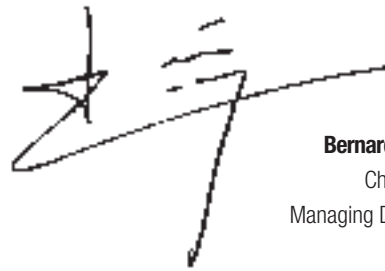
Looking forward

As the Group prepares to celebrate its 200th anniversary, it is resolutely geared to the

future. The development of its capacities in India, decided on during 2010, is following its course: the extension of the Taloja workshops will be inaugurated by the summer of 2012. On top of this, in 2011 CMI launched the extension project for its headquarters in Seraing (Belgium), the very spot where John Cockerill, a pioneer of the industrial revolution, started his activities. This operation bolsters CMI's base in its historical birthplace while conferring on it the infrastructure needed to govern a group international in scope.

Finally, the CMI teams will devote part of 2012 to redefining the strategy and ambitions of the Group. The approaching bicentennial represents an outstanding opportunity for charting the Group's future

course and for defining how we want to make a sustainable contribution to industrial progress.



Bernard Serin
Chairman
Managing Director





Flight Path 2011

January

In **Brazil**, CMI Services lands an overall maintenance contract for the Vallourec & Mannesmann plant in Paraopeba (State of Minas Gerais).

February

CMI Energy books an order for three vertical boilers in **Saudi Arabia**. **CMI Rolling Mills** lands an order to design a reversible rolling mill for the ThyssenKrupp Stahl pilot plant in Germany.

March

Double diversification for CMI Industry: in **stainless steel** with an order involving a pickling line for Aperam in France, in cooperation with CMI Services. And in **long products**, with an order for a roller hearth furnace for the treatment of tubes intended for Metal-Matic, in the United States. For its part, the Group sets up a **Development Committee**.

April

The first **new generation continuing annealing furnace** of CMI Thermline is commissioned at ThyssenKrupp Steel in the United States, for a flat carbon steel treatment line for the automobile industry. In **India**, CMI FPE starts works to extend its capacities in order to keep up with growth on this market.

May

CMI Energy achieves the **million hour mark without accident** on its boiler assembly sites for gas-steam power plants.

June

CMI Defence signs the first contract for the latest addition to its range: a **simulator** adapted to its weapon systems and that can be mounted on turrets to train troops.

July

CMI Services prepares for the London Olympics by placing six **CMI shunting locomotives** at the disposal of Eurotunnel. The newly established **Internal Audit** unit delivers its first conclusions.

August

CMI Services sells its **German maintenance subsidiary** to a local operator. The first order for CMI horizontal boiler technology in **China** is landed by Wuxi, the CMI Energy licensee.

September

CMI Services lands a 12-year contract for the **maintenance of wind turbines** on the Thornton Bank wind farm in the North Sea. CMI Energy creates CMI Solar, a Business Unit dedicated to marketing **receivers for solar thermal power stations**.

October

In France, CMI Services strengthens its operations in Lorraine with the acquisition of the French company UDC Meuse SARL, renamed **CMI Services Meuse**. This acquisition in particular supports the growth of **services to nuclear power stations**.

November

CMI Greenline signs an **energy efficiency solution** contract for Tata Steel in the United Kingdom. This system for the recovery of heat from the flue gas of a furnace will be designed and installed by CMI, which thus once again contributes to the **reduction of the environmental footprint of industries**.

December

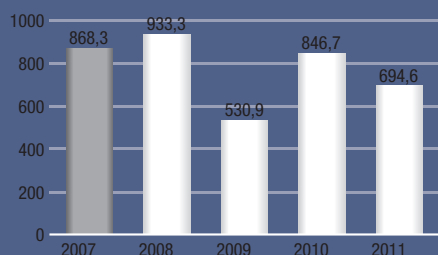
CMI further extends its technological portfolio and obtains a foothold on the **industrial effluent treatment** market with the acquisition of the French group Proserpol.

Performance 2007 - 2011

EUR 000	2007	2008	2009	2010	2011
	BG	IFRS	IFRS	IFRS	IFRS
Shareholders' equity	77 391	122 694	119 699	123 244	72 075
Cash flow situation	140 767	75 684	54 184	61 355	52 462
Order entries	868 303	933 306	530 958	846 722	694 635
Turnover	531 327	825 226	734 835	561 937	710 666
Operating result	24 029	25 010	11 741	10 005	20 108

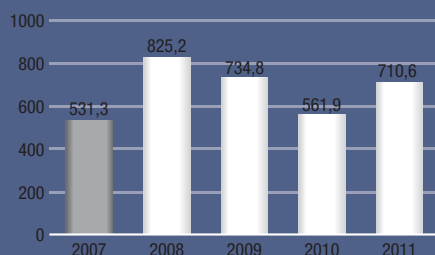
Data relating to 2007 are published according to the Belgian (GAAP) accounting standards, whereas those for subsequent years are presented according to the International Financial Reporting Standards (IFRS). The application of these internationally recognised standards guarantees a homogeneous consolidation of the accounts of the Group over its entire scope. It also increases the legibility and international comprehension of its performance.

Order entry evolution (EUR Mios)



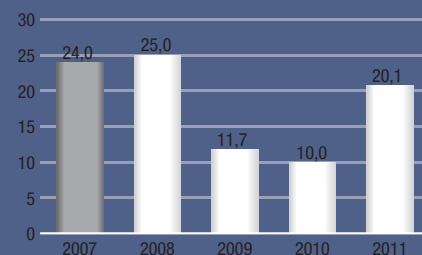
► Orders booked in 2011 hovered around the 700 million Euros mark. This amount reflects the gradual recovery of our traditional markets, the post-crisis decline of which had been offset in 2009 and 2010 by very significant orders in defence. The orders booked in 2011 are distributed in a relatively balanced manner among the Group's four sectors. On the geographic front, the BIC countries and the Middle East account for 50% of incoming orders.

Turnover evolution (EUR Mios)



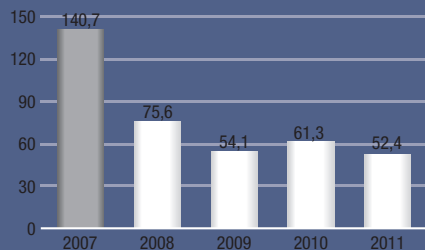
► Having felt in 2010 the full effect of the 2008 crisis (delay specific to engineering activities), CMI's turnover resumes its upward trend in 2011, rising by 26.5%. Activity is evenly distributed among the Group's four sectors and should continue to grow in 2012.

Operating result evolution (EUR Mios)



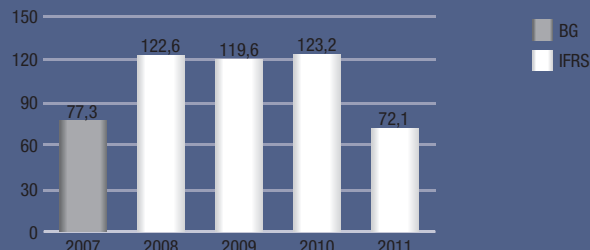
► The operating result of 2011, doubled compared to 2010, passes the 20 million Euros threshold. The Group thus returns to pre-crisis performance levels and completes a decade of positive results. The order book as at 31 December 2011 and the efforts made to improve performance indicate similar growth in 2012.

Cash flow evolution (EUR Mios)



► After 12 particularly tense months in terms of cash flow, CMI closes the year with a net cash situation of 52.4 million Euros. Thanks to close vigilance in terms of liquid asset management, the Group thus retains a stable cash situation in the last three years, in spite of an unstable economic environment.

Shareholders' equity evolution (EUR Mios)



► The Group's shareholders' equity dropped by 41.5% in 2011, reverting to a level close to that of 2007. This drop is due to a combination of several factors: the CMI SA's partial asset split in 2011 to isolate its real estate assets, a dividend distribution, and the negative impact of currency exchange.

Strategic orientations



A formation of barnacle geese flies over the United Arab Emirates desert.

Flight Plan

Migrations represent necessary travel, whether to flee a bad season, find resources or perpetuate the species. These comings and goings among different regions of the world presuppose good preparation, itineraries adapted to the aptitudes of individuals and a good dose of coordination.

At CMI, each of the migrations undertaken in the last decade has strengthened the Group. Organised first to secure its survival in the short-term, they have enriched it with new experiences that extend its wingspan and increase its scope.



► Meeting every September, the management executives define action to be taken to achieve Group objectives.

CMI has shown its capacity to adapt to the fluctuations of a capricious world economy. Always guided by the same watchwords of diversification and leadership enhancement, the teams have seized new opportunities to expand on markets not yet explored. The Group thus registered significant progress in 2011 on the commercial, technological and operational fronts.

An increasingly international coverage

In ten years, CMI has really gone beyond its historical Belgo-French scope to gain a lasting foothold in the world's main economic regions. To get there, CMI set up a network of international commercial and operational units. It also developed its capacity to adapt its offering of products and services to the specific features of each market. The geographic distribution of orders booked in 2011 attests to the international expansion that has ensued: half of the orders booked in 2011 came from BIC countries (Brazil, India and China) and the Middle East.

As to the development of scope in 2011, CMI Services continued to strengthen its local presence in Brazil by opening new agencies. In China, CMI Energy opened a new management office and developed a solid subcontracting network.

In Europe, CMI disposed of its service activities in Germany which had experienced recurrent profitability problems. In France, by contrast, the Group developed its positions with the creation of CMI Defence SARL, the takeover of UDC Meuse (now CMI Services Meuse), the opening of agencies in Picardy and in Meuse, and the takeover of Proserpol, established in the Paris and Rhone-Alps regions.

Finally, in the United States, CMI Energy launched a proactive commercial strategy in 2011 that is already producing results.

Technological leadership and innovation

Anticipating trends, CMI is concentrating its innovative capacity on improving and combining recently acquired technologies to develop new applications, each of which is geared to a new market niche. For instance, CMI Industry developed a '100% CMI technology' galvanizing line. The performance level of the first of these lines, commissioned at the end of 2010, constitute a major competitive advantage to the operator. The same reasoning guides the gradual development of a new continuous rolling technology, which reached significant milestones in 2011.

Meanwhile, CMI conducts its own developments alone or in partnership. Thus, in 2011, CMI Defence developed and marketed a simulator to be installed on its turrets. This development was made possible thanks in particular to the

modular architecture designed previously for the CT-CV™ Weapon System.

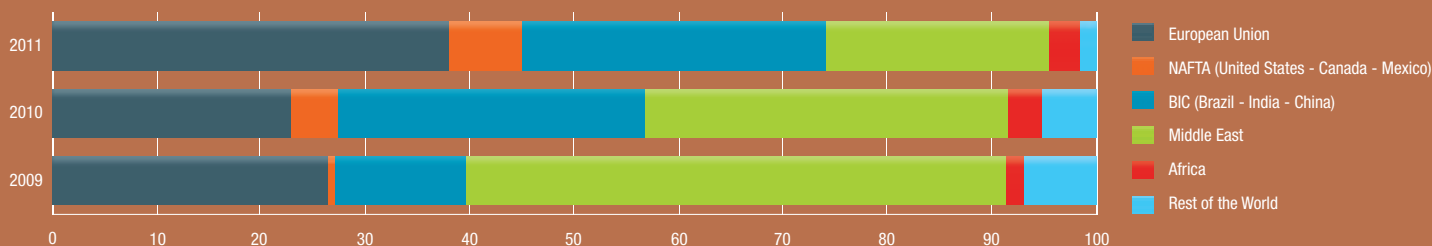
Several developments in the Group's portfolio reached maturity in 2011 or entered a marketing phase. This is the case for receivers for solar thermal power plants, for the wood roasting treatment developed from the Nesa Solutions® technology, or for intelligent maintenance applications from the 'MINT' programme.

This dynamism in development and innovation supports the perpetuation of CMI: it has led to a spectacular growth in the Group's offering, which today has five times the amount of equipment of 2002.

Renewable energy: still breezing ahead

For several years, CMI has brought its experience as an energy equipment supplier to the production of electricity from solar, wind, water, and biomass energy. Its first developments in this field were recognised as of 2008 for the maintenance of wind farms, as of 2009 for the development of a boiler for a thermal solar power plant, and as of 2010 for the use of the Nesa Solutions® technology in the biomass segment. A number of such developments in this field materialised in 2011. That year, CMI Services booked its biggest reference in offshore wind power with a 12-year contract for the maintenance of 54 wind turbines in the North Sea of the Belgian coast. CMI is also involved in the Eleanore project geared to setting up an

Evolution of the order entry geographic distribution (in %)



► Half of the orders booked in 2011 came from BIC countries (Brazil, India, China) and the Middle East.

underwater network needed to transmit electricity generated in the North Sea, and this with prestige partners.

On the solar energy front, in 2011 CMI created a new Business Unit to market its solutions for concentrated solar power plants. In the short term, CMI Solar is to reap the fruits of developments pursued jointly with the Spanish assembler Abengoa, and to position itself on the market of thermal oil and molten salt steam generators.

Reducing the environmental footprint of industries

Already deeply involved in energy efficiency solutions, in 2011 CMI took a significant step in its contribution to reducing the environmental footprint of industries: as the year drew to a close, CMI entered the water treatment market

by acquiring the French company Proserpol and its subsidiaries. Their lines of solutions are geared to all industries facing problems with the cleaning and recycling of liquid effluents. This operation opens up new prospects for expanding CMI's offer to water treatment, in synergy with chemical, thermal and mechanical solutions already available in its technology portfolio. Gradually, CMI's new offering in the green economy is growing in importance in the Group's order book, and the acquisition of Proserpol will only reinforce this trend.

Towards service to project activities

By expanding its initial position as an equipment supplier, CMI is becoming increasingly a provider of services for technical projects. Drawing on its

experience in industrial processes and project management, CMI is capable of playing the role of assembler and of providing top flight advice on facilities management and yield improvement. Thus, CMI Industry provides assistance to steelmakers for the correct setting of every piece of equipment in the steel production chain to ensure the quality level of the finished product. It operates in the same manner for other industrialists, all technologies combined, for improving their energy yield and the value of their by-products. Finally, the service to project activities, launched with Michelin in 2010 for the development and assembly of facilities, now represent a recurrent activity for which some fifteen people are assigned on a permanent basis.



► Every year, CMI brings together its technician community in order to keep abreast of technological expertise, share ongoing developments and stimulate innovation.

Talent at the forefront

In 2011, CMI recruited 394 new talents (not including the labour force of acquired companies). This very significant increase addresses several needs: for one, the recruitment of young graduates ensures continuity and adequate operational human resources at all times for the development of the Group's activities. Additionally, the progress of the Group's portfolio constantly necessitates new specialists, such as thermodynamic engineers, electronics engineers and specialised technicians for nuclear power plants or wind power. Finally, for the sake of sustainability, CMI has focused on recruiting more experienced profiles, capable of becoming integrated more

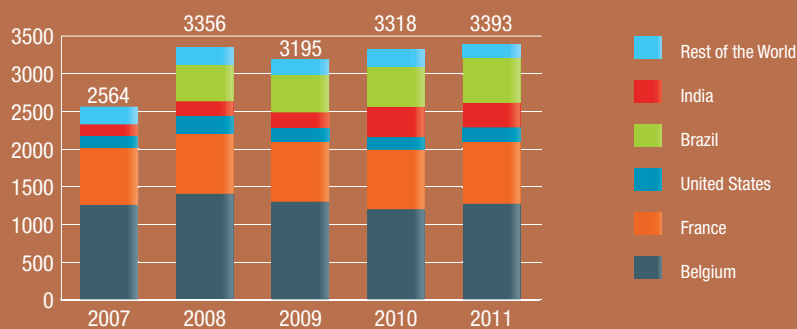
rapidly in the organisational charts for the succession of technical and managerial positions that are critical to the Group's future.

If contracts specific to missions or to the particular context of certain countries are added to the CMI contracts, the Group's history is henceforth intertwined with nearly 4 000 people. Initiatives are not lacking when it comes to securing optimal conditions for the expression of their talents. Thus, project management, a core activity of the Group, received particular attention in 2011: a new project monitoring tool was developed and deployed through training schemes and ad hoc information. Additionally, the purchasing process was the subject of a cross-sectional project to standardise practices within the Group and make them

even more professional. Here once again, the conclusions were integrated in customised training for buyers and project managers.

The Group's configuration also demands continual improvements to collaborative and remote work tools. This requires maximum computer network reliability at any hour. This saw an injection of investments in 2011 to boost efficiency even further and to prevent any failure.

Evolution of the geographic workforce distribution (on 31 December)



► The Group's labour force reached a record level in 2011. To employees under CMI contract should traditionally be added 10% of contracts for specific missions as well as Indian contractors (~400 persons). The Group thus today provides a living for some 4 000 families.



► Whether virtual or real, CMI invests in new infrastructure to support its technological and geographical growth.



Safety first and foremost

'Zero accidents' remains, of course, the ultimate goal of the Group, which spares no creativity nor perseverance in occupational accident prevention. Today, after ten years of significant progress, the Group's performance in safety is stabilising. This performance level is the result of efforts to make everyone aware of the importance of daily prevention actions and of compliance with procedures. Since 2011, all the Business Units of CMI Services are certified for their safety management system.

Facilities for the future

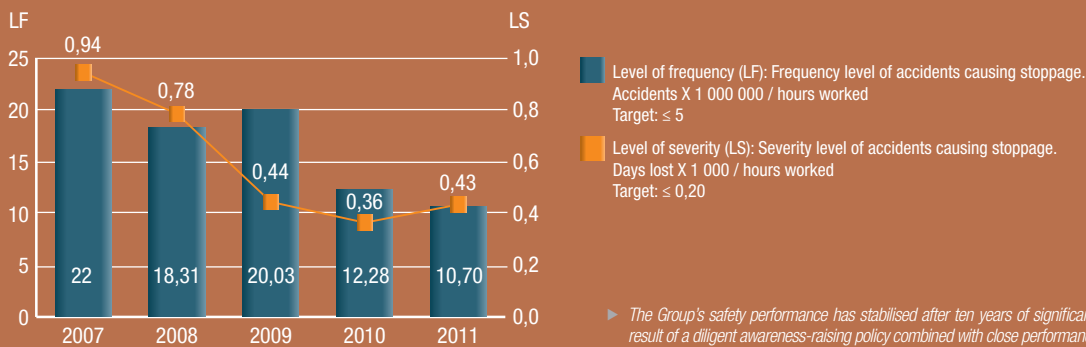
The CMI Group continues to grow, expand and diversify. It therefore needs facilities capable of supporting such growth.

At the end of 2010, CMI brought its defence activities in the Liège region (Belgium) into new facilities capable of dealing with the significant increase in activity. In 2011, CMI initiated works to optimise its production infrastructure in India, which in particular includes an extension of the workshops in Taloja, to be inaugurated by the summer of 2012. Anticipating growth on this market,

CMI FPE also acquired a plot of land in Kopoli (Maharashtra, India).

Finally, in Seraing (Belgium), the very place where John Cockerill, a pioneer of the industrial revolution, launched the company's activities, CMI has decided to enlarge its headquarters. This operation reinforces CMI's local presence in its historical birthplace while providing the necessary facilities to govern a group which has become international in scope.

Safety performance evolution



► The Group's safety performance has stabilised after ten years of significant progress. This is the result of a diligent awareness-raising policy combined with close performance monitoring.



► For the past ten years, CMI has been increasing initiatives to make everyone aware of the importance of daily vigilance and of following safety procedures.





► Whether by reducing its own environmental footprint or by contributing to the production of green energies, CMI is committed to climate protection.

CMI wishes to generate sustainable industrial progress for the simultaneous benefit of its customers, employees, shareholders, the communities in which it is established and the planet. This determination is the backdrop of all decisions taken by the Group on the basis of its eight pillars of commitment.

1. Defending quality jobs

Defending quality jobs requires an unrelenting obsession with safety at work through strict compliance with the legislation in force, the determination to develop a stimulating work environment, continuous attention to the development of talents, or better still, by a consultation and mobilisation system regarding performance.

2. Strengthening ethics and good governance

Codes of conduct for employees, ethics charter for financiers, Internal Audit unit: CMI appropriates new tools regularly to strengthen ethics and good governance.

3. Encouraging the generation of green energy

CMI considers the improvement of the environmental footprint as a major criterion for assessing its technological innovations. The Group has for a number of years now deployed its expertise in the service of electricity generation from renewable sources such as the sun, water, wood and wind.

4. Reducing the environmental footprint of industries

The very vocation of CMI pertains to the efficiency of equipment it is entrusted to design, modernise or maintain. This presupposes reducing energy consumption, limiting and recycling polluting emissions, and recovering lost calories and waste: CMI minimises the environmental footprint of customer industries by all means available.

5. Reducing our own environmental footprint

ISO 14001 certification, Sustainable Development audits, site and product carbon balances, selective waste sorting, selection of supplies and suppliers, mobility policy etc. contribute to reducing the Group's own environmental footprint.

6. Promoting responsible behaviour

CMI intends to encourage its partners and associates to adopt responsible personal and collective behaviour: awareness-raising of personnel, internal communication actions, setting a good example, etc.

7. Becoming involved in local development

To contribute to the prosperity of the regions in which it is established, the CMI Group cooperates with professional associations and academic, political, cultural and sporting bodies. Its representatives endeavour to be present in local authorities and to make a specific contribution to initiatives each time they can.

8. Guaranteeing the Group's viability

The Group's viability is sustained by a process for continuous progress based on the main performance levers of safety, the environment, risk management, operational and commercial efficiency, people management and innovation. The progress goals are reviewed periodically and transformed into action plans at all levels of the Group.

Flight Path 2011

- The **real cost of waste of CMI SA was divided by 3.6** in one year. The key: better added value for by-products thanks to better waste sorting made possible by a more efficient collection and storage organisation.
- CMI has included a **first electric car** in its company vehicle fleet under a CMI Traction contract at the Port of Antwerp (Belgium). This pilot project gives the Group an opportunity to familiarise itself with the specific features of these new vehicles and to organise their use on a larger scale.
- CMI has embarked on a review of its mobility policy in Belgium with the launch of an **awareness campaign for eco-driving** with the slogan "I drive green." The choice of models for the fleet has also been

gradually revised to reduce the CO₂ footprint of transport.

- A victim of clandestine dumping of products laden with hydrocarbons at its site in Seraing (Belgium), CMI has had an opportunity to test its **'environmental accident' plan**. The pertinence and speed of its interventions were hailed by the local Environment Police. They made it possible to prevent pollution of the waters of the nearby Meuse river.
- The Group's new **Internal Audit unit** has been operational since 2011. This unit covers all the Group's activities through a programme that will be reviewed annually. Its works **improve governance** by contributing to the decisions of the Audit Committee.

- By holding 120 engagement committee meetings and revising offers pending in the Executive Committee, in 2011 CMI boosted its proactive approach to **opportunity and risk identification and management**. This has also led to an extension of insurance solutions in line with the development of the Group's products and services.

- In 2011, nine Belgian and French Business Units of the Group obtained or renewed certification for their **environmental management system, according to the ISO 14001 standard**. Environmental conservation has, additionally, been made a cross-sectional priority of the Group, alongside safety.

- CMI Energy reached the **million hour mark without accident** on its boiler assembly sites, thanks to a proactive prevention policy that binds all the stakeholders involved on a worksite.

- In 2011, CMI Greenline Europe was the first French company recognised by the European 'ChangeBest' programme as a **full service provider of energy efficiency solutions**.

- Always keen to professionalise **innovation management**, in 2011 CMI set up a **Development Committee** that improves the visibility and sharing of information on the Group's development activities. The establishment of this committee goes hand in hand with the appointment of a Chief Technological Officer (CTO) in each sector of the Group to coordinate the innovation portfolio.

- In 2011, the Group further professionalised its **development supervision** through specialised support for funding solutions, protection of intellectual property, and development and modelling tools and methods.



► *The innovation policy pursued by CMI stimulates the regeneration of its technology portfolio, an indispensable element for sustainable growth.*

Outlook



Birds making use of thermal updrafts to soar generally fly at altitudes of between 2 000 and 6 000 meters. From the summit of their climb, they begin a downwards flight path in the desired direction, until they find a new updraft.

Migratory CMI

On 4 April 2002, CMI changed its shareholding structure to become an independent privately-owned group. Since then, the Group has continued to grow by seizing every opportunity to take a foothold in new markets. It has acquired companies, developed innovative technologies, fine tuned new applications and established itself in new regions. Today, after ten years of technological and geographical migrations, the CMI Group has reached a key moment in its history: with nearly two centuries of industrial experience behind it, it is looking forward to the future and is now laying the groundwork for its future course, to contribute sustainably to industrial progress following in the footsteps of John Cockerill.

1817 to 2002

Based from the beginning in the former castle of the Prince-Bishops of Liège, where John Cockerill was established in 1817, the CMI Group continues the tradition of this industrial genius who, throughout his whole life, sparked off the remarkable economic future for Wallonia (Belgium). Always in contact with foreign countries and driven by diversified interests, John Cockerill was a great industrial explorer, who continues today to inspire his successors with a taste for entrepreneurship and the determination to surpass oneself.

1817

John Cockerill, a British businessman, begins his industrial activity as part of a family business established in the Liège area (Belgium), where it produces textile looms. He soon becomes interested in steam machinery and builds the first working steam locomotive on the European continent.

1823-1910

The Cockerill establishments diversify their activities by investing in a blast furnace, developing their first gun, and banking on the Diesel engine in particular to power their locomotives.

1950-1980

The Company's centre of gravity shifts through successive mergers from mechanical engineering to the steel industry. Nevertheless, the equipment manufacturing activity continues to develop on the margins of this new core business, thanks to a method that has proved successful down to the present day: alertness to new technical developments, acquisition of patents and enhancement of processes.

1982

Cockerill's Mechanical Construction Division becomes a subsidiary of Cockerill Sambre and takes on the name of Cockerill Mechanical Industries (CMI).

1995

Always receptive to the demands of its markets, CMI also embarks on maintenance and services as a specialist in industrial equipment.

2002

Usinor, a shareholder in the Walloon iron and steel company Cockerill Sambre, sells CMI to private independent shareholders, which still own the Group to the present day.



2002

Bernard Serin and Pierre Meyers take the reins of the CMI Group. They assume the heritage of John Cockerill and turn CMI into an independent group focused on equipment reliability and performance.

- CMI becomes an independent private group
- CMI extends its maintenance operations to Lorraine, France (CMI Mecarep, CMI Maintenance Est)
- CMI becomes established in China (CMI Beijing Engineering)

2003

The entrepreneurial CMI embarks on a period of rapid growth. The Group starts its technological and geographic deployment.

- CMI becomes established in Brazil (CMI Serviços Brasil)
- CMI extends its maintenance operations to the South of France (CMI Pastor, CMI Tech5i)

2004

CMI takes the road to success like a roped party, one which ties it and its customers together to lead them to the top.

- CMI becomes Cockerill Maintenance & Ingénierie
- CMI becomes established in the United States (CMI EPTI)
- CMI acquires horizontal heat recovery boiler technology
- CMI presents its 105 mm weapon system

2005

CMI continues its growth. Its increasingly numerous virtuosos learn to play together from the same score, like an orchestra called upon to perform on the international stage.

- CMI enters the industrial chemicals sector (CMI UVK)
- CMI expands in the industrial thermal domain (CMI EFCO, CMI Thermline, CMI Nesa)
- CMI becomes established in Russia (CMI Stalproekt)

2006

CMI rides the updraft of a bold group bringing many customers, attentive partners and enthusiastic employees along with it.

- CMI rises to become the world's number 2 HRSG supplier
- In France, CMI reinforces its maintenance operations in Lorraine (CMI Neisius) and in Nord Pas de Calais (CMI MCF)





► CMI has been becoming more international for the past ten years, while still strengthening its Belgian roots.

2007

Driven by the good performance of the markets, CMI breezes ahead. The Group is in full sail and heads for new horizons.

- CMI exceeds the 500 million Euros mark in turnover
- CMI adapts the organisation of its support functions to the Group's scope

2008

CMI continues its expansion. More than ever before, the diversity of disciplines, experiences and cultures turns CMI into a tightly woven group.

- CMI becomes established in India (CMI FPE) and embarks on cold rolling mills technology
- Historic record of orders (933 million Euros) and operating result (25 million Euros)
- CMI invests in wind power services

2009

CMI resists the world economic crisis against winds and tides and capitalises on its diversification to mitigate the impact of the disruption on the markets.

- Creation of CMI Services
- CMI develops a boiler for thermo-solar power plants
- CMI expands into services for nuclear power plants

2010

The CMI teams get through the backwash of a rough economic environment and take up the challenge of filling order books despite the persisting crisis.

- CMI embarks on energy efficiency solutions for industries
- CMI fits its 105 mm turret with a new type of ammunition, with the development of the Falarick missile

2011

Following ten years of technological and geographical migrations, the Group has bolstered its branches and is resolutely looking forward.

- CMI develops and markets a simulator to train troops on how to use military equipment
- CMI embarks on the treatment of industrial effluents (CMI Proserpol)



Spectacular take-off

Turnover multiplied by **2**

In 2002, CMI's turnover amounted to 350 million Euros. After peaking at 825 million Euros in 2008, then declining slightly because of the economic crisis, it now stands at 711 million Euros, or double that of 2002. This business flow provides the Group with the foundations needed to develop synergies and become more efficient.

3 times more orders

In ten years, CMI's order entries have gone from 200 million to 700 million Euros. The historic record was reached in 2008, just before the economic crisis, with 933 million Euros. The trend is upwards and the billion euro mark can be reasonably considered attainable in the coming years. In this context of rapid growth, CMI has managed to preserve a light structure, which is indispensable for seizing new opportunities on the markets.

Established in **9** countries

In 2002, CMI was present in Belgium and in France. Since then, the Group has become established in Germany, Brazil, China, the United States, India, Luxembourg and Russia, in accordance with its strategy of expansion and presence in emerging economies. CMI teams today operate in four different time zones and eight languages. The diversity of origins and cultures fuels the Group's dynamism for innovation and open-mindedness.

150 % growth in the products portfolio

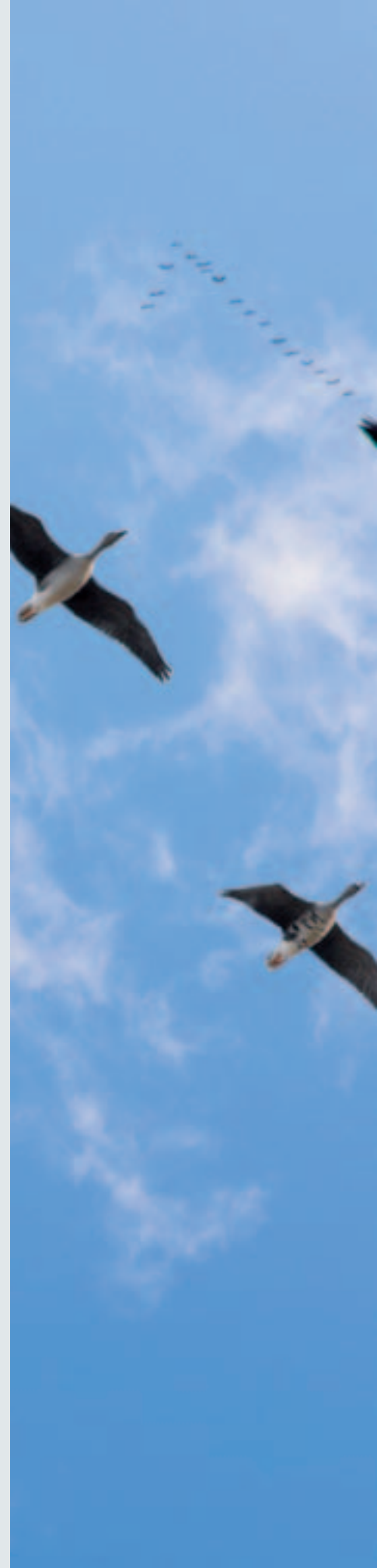
In 2002, the CMI offering comprised four lines of products. To bolster its leadership in each of these technologies, the Group proceeded to more than twenty acquisitions in ten years. CMI's engineering portfolio today comprises ten main lines of products, for a 150 % increase. The number of applications within each of these lines has been multiplied by five. It should be noted that on the service side, the offering is developing in a similar manner.

229 % operating result growth

In 2002, CMI's operating result amounted to 6.1 million Euros. Ten years later it reaches 20.1 million Euros (229 % growth). Following two decades of losses, the CMI Group has registered ten consecutive years of positive results. CMI's cumulative result for these ten financial years amounts to 124.5 million Euros. CMI has clearly shown its capacity to resist the vagaries of a fickle economic environment.

4 000 families

In 2002, CMI employed 1 500 people. Today, when the different forms of contracts are taken into consideration (CMI contracts, temporary missions and contractors in India), the Group provides the livelihood of some 4 000 families throughout the world. This growth in the labour force is due in particular to the Group's acquisitions, mainly in France, the United States, India and Brazil. In Belgium, the Group's traditional base, the labour force has increased by 18% in ten years, thanks to some 850 people hired.





► *By investing in the extension of its headquarters in Seraing (Belgium), CMI is providing itself with the modern infrastructure of an international group.*



2012 - 2022: looking forward

With nearly two centuries under its belt, CMI has shown its robustness and perseverance. Ten years of independent shareholding have conferred an international dimension. CMI is today a coherent whole, sufficiently global to seize opportunities and sufficiently light and flexible to adapt its offering to changing needs. It is now preparing to celebrate its 200th anniversary through three complementary projects.

The first of these involves the adaptation of the facilities to the Group's new configuration. CMI Defence had already moved into new buildings in 2010 that were more suitable for the growth of this activity. In India, CMI is doubling the capacity of CMI FPE by building two additional halls on its Taloja site. The Group also acquired a plot of land in Kopoli (Maharashtra), to build an additional production site in the future. The Group's headquarters is also expanding with the construction of a new building called 'l'Orangerie' which will be operational at the end of 2013. Composed of the CMI château

and 'l'Orangerie', this new complex will be equipped with modern facilities in line with the standards of international groups.

The second project is geared to human resources. To ensure a stable, future-oriented Group, it is necessary to reinforce skills and guarantee a presence on the international stage. CMI continues to hire young graduates to ensure the succession, as well as more experienced profiles to occupy critical technical or managerial positions for the Group's future. The stakes consist first of completing the succession plans so as to ensure continuity of activities and knowledge transfer. It is also necessary to constantly boost the range of expertise to meet new technological challenges, and to anticipate the needs for equipping future generations.

The third project consists of setting the Group's course for the next ten years, with an important milestone in 2017, when the Group will celebrate its 200th anniversary. The

CMI teams will devote part of the year 2012 to redefine the future strategy and ambitions of the Group in order to make a sustainable contribution to industrial progress for at least another century.



► *Infrastructure, teams, strategy: today's CMI is actively preparing its future.*

Operational activities



A group of greylag cranes flying over tulip fields in the Netherlands.



The complementary nature of a group

CMI designs, integrates, modernises and maintains technical equipment. Its aim is to improve the economic and technical performance of its customers' equipment, while pursuing its interventions within an overall approach designed to reduce the environmental footprint of industrial processes.

CMI combines expertise in engineering, maintenance and international project management. Thanks to its vast technological and geographical scope, the Group can provide, all around the world, custom solutions throughout the lifecycle of equipment.

Its engineering activities are today organised in three sectors: CMI Energy, CMI Defence and CMI Industry. The Group's fourth sector, CMI Services, comprises the service activities for all industries.

CMI Energy



► CMI Energy has created CMI Solar, specialised in the design and marketing of thermo-solar steam generators.

Technologies in the service of enhanced efficiency

CMI Energy designs, supplies and installs steam generators for use with gas turbines of all capacities. Its equipment generates steam for combined cycle (gas-steam or solar) and cogeneration power plants, and for process industries. CMI steam generators are a key element for the growing energy performance of electric power plants. In parallel, CMI Energy provides technical assistance and expertise for heat exchangers and the overhaul and modernisation of boilers of all makes.

CMI Energy designs vertical or horizontal boilers with natural, forced or assisted circulation. These boilers are particularly adapted to operating in cyclical mode (frequent starting and stopping in accordance with the demand for electricity), and can be installed behind turbines fired with all types of fuels, including heavy fuels (crude oil or heavy fuel oil). They can also

be used in hybrid electric power stations, where a solar cycle is operated along with a conventional combined cycle.

Thanks to its long standing experience in steam generators, CMI Energy has also developed steam generators for high capacity thermo-solar electric power stations. This equipment is adapted to two major solar technologies: the technique known as 'solar tower' (which functions by reheating a fluid contained in the boiler installed on top of a tower upon which sunrays are concentrated), and that known as 'parabolic trough' (which functions by reheating a fluid contained in a tube circulating in a network of parabolic mirrors). Applications for patents have been filed for these developments since 2009.

Irrespective of the technology used, CMI boilers meet the current requirements of the market perfectly in

terms of performance, power, yield and flexibility.

CMI Energy provides support and guidance for its customers throughout the world. Its teams are based in Liège (Belgium) and Erie (Pennsylvania, United States). They rely on a worldwide marketing network and cooperate with three licensees which essentially cover China, South Korea and India.

Flight Path 2011

In 2011, CMI Energy bolstered its presence with key players around the energy world, whether they be electric power producers, turbine manufacturers or assemblers, and more specifically in Saudi Arabia, Korea, Japan and the United States. CMI Energy has also improved the design of its boilers to adapt them to new generations of gas turbines, thus achieving improved yield. CMI Energy has also created partnerships with subcontractors, particularly by setting up a solid supply network in China and Vietnam. It has also developed its after-market activities and consolidated links with licensees. Finally, CMI Energy has expanded its technologies portfolio to include steam generators for solar thermal electric power plants.

Twenty new CMI boilers sold in 2011

In 2011, CMI Energy boosted its position in the Middle East by booking an order with the Saudi EPC Bemco to supply and supervise the installation of three vertical boilers on the Qurayyah site (Saudi Arabia). Later in the year, CMI Energy won two other contracts. The first, in the United States, for the supply of two horizontal boilers to the American EPC CH2M HILL for the combined cycle power plant in West Deptford (New Jersey). The second, signed with the Korean EPC Daelim, provides for the supply of ten vertical boilers for the power plant of the Saudi Electricity Company (SEC) in Shoaiba (Saudi Arabia). In August, CMI Energy won, via its licensee Wuxi, the first order for CMI horizontal boiler technology to be supplied in China. Finally, Larsen & Toubro, the Indian licensee of CMI Energy, marketed four boilers in 2011, three of which were horizontal. Here too, this was the very

first order booked by Larsen & Toubro to supply the CMI horizontal technology, in which its staff had been trained in the spring of 2011.

After-market activity doubles its turnover

In 2011, the after-market activity of CMI Energy doubled its turnover. This result vindicates the decision taken to boost its after-market team. Impressive commercial successes were registered in 2011, particularly in the Middle East.

CMI Energy provides appropriate solutions for the needs of its customers, whether in maintaining CMI boilers in good operating condition, or in restoring and even improving performance. Its specialists provide technical advice, engineering studies and solutions which are always adapted to each request, as well as repair, maintenance and cleaning services. The aim remains the same: to improve the yield and/or extend the lifecycle of boilers.

CMI Energy heads for the sun

CMI has been working for several years on developing boilers for solar thermal power plants. In 2011, this development arrived at maturity and CMI Energy embarked on marketing its new equipment, entrusted to a new Business Unit, CMI Solar.

CMI Solar provides original and efficient solutions for the generation and management of high pressure and high temperature steam in thermo-



► CMI Energy heat recovery steam generators perfectly respond to market needs in terms of performance, power, yield and flexibility.





► In 2011, CMI Energy achieved the milestone of one million hours worked on-site without accident causing work stoppage.

solar tower power plants. It has also positioned itself on the parabolic trough power station market.

The first reference for CMI Solar would appear to be within reach as, at the end of 2011, Abengoa, its partner in this development, landed the first contract for the first thermo-solar tower power plants in South Africa.

One million hours without accident

In 2011, CMI Energy passed the million hour mark of on-site operation without accident causing work stoppage. This result has been achieved thanks to the policy pursued by CMI Energy for a number of years. In 2009, CMI Energy launched its Securo programme to encourage a real safety culture, particularly through the concept of watchfulness shared by all parties on the worksites. Securo has made it possible to deploy a series of tools that are now systematically used by CMI Energy: Daily Coordination Register, weekly safety meetings, Site Operational Safety Audits (SOSA), 'toolbox' meetings, weekly safety reports from subcontractors, etc.

So deployed and recognised, the CMI Energy safety policy has genuinely become an additional commercial asset.

Impeccable quality

No faulty performance was observed on CMI boilers commissioned in 2011. This zero failure figure illustrates the impeccable quality of CMI equipment.

CMI boilers, whose temperatures and pressures are higher today, adapt perfectly to new generations of gas turbines that are more powerful with higher steam flow rates and temperatures, and can constantly achieve higher yield. They are also adapted to new combined cycles where natural gas can be integrated with solar energy in a same energy complex.

Fruitful cooperation in China and Vietnam

CMI Energy has landed its first contract in China for more than 35 years. Since then, CMI Energy has granted a licence to manufacture and to market its vertical and then horizontal boilers to Wuxi Huaguang Boiler Co. Ltd. In recent years, following the example of its cooperation with Larsen & Toubro in India, CMI Energy intensified its cooperation with Wuxi, whose teams spent several weeks in 2011 at the CMI Energy Belgian and North American facilities, training

in the horizontal design of CMI boilers. This extension of its commercial offering was rapidly noted by the clients of Wuxi, which has since been selected for several projects.

At the same time, CMI Energy strengthened its presence on the Chinese and Vietnamese markets by opening an office in China. By multiplying contacts in this area, CMI Energy has set up an efficient supply network with reliable local suppliers and partners, thereby making its offering significantly more competitive.

Key figures

	2007	2008	2009	2010	2011
EUR 000	BG	IFRS	IFRS	IFRS	IFRS
Turnover	175 898	338 548	268 457	135 197	169 430
Order entries	404 605	376 035	36 778	157 532	168 006
Workforce (on 31 December)	260	285	281	260	273

► BG = Belgian Gaap • IFRS = International Financial Reporting Standards



► The teams from Wuxi, CMI's Chinese licensee, were trained in 2011 in CMI horizontal boiler design.

Outlook

In 2012, in a concentrating market, CMI Energy will continue the course initiated in 2011: an ever more complete offering and the consolidation of its relations with the major players in energy, whether turbine manufacturers or EPCs.

The year 2012 will be devoted to a major effort to optimise the design of CMI's boilers in order to even better meet the growing requirements of the combined cycle market. As has been the case for more than 45 years, CMI Energy will take particular care to improve the design of its heat recovery steam generators (HRSG). On the solar technology front, CMI Energy will aim to obtain its first references for solar tower power plants. Finally, CMI Energy will in 2012 continue to develop its after-market activities, focused on improving the yield and the lifecycle of boilers.

On the geographic front, CMI Energy plans to further strengthen its positions in high-potential regions such as the Middle East, Turkey, South-East Asia, the United States and Russia.



► No faulty performance was observed in the boilers commissioned by CMI Energy in 2011, a demonstration of the quality of the work carried out.

Milestones: 2002 - 2011

2004

With the acquisition of the North American company EPTI, CMI Energy integrates horizontal recovery boiler technology, an indispensable complement to its offering of vertical recovery boilers.

2005

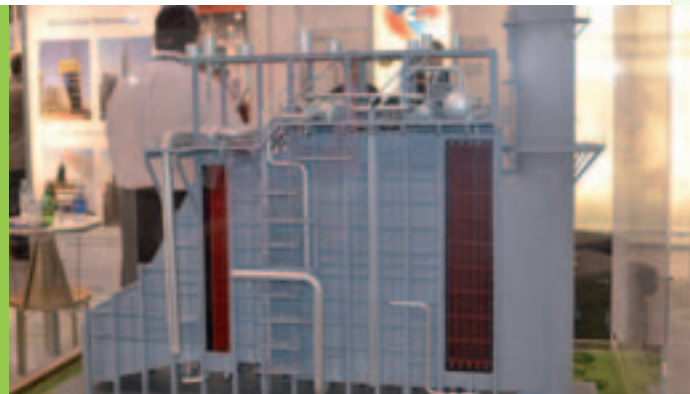
CMI Energy improves the performance and yield of its vertical boilers by upgrading their design.

2009

CMI Energy files an application for a patent in heat exchangers dedicated to large capacity solar thermal boilers.

2011

CMI Energy creates CMI Solar, its new Business Unit specialising in steam generators for solar thermal power plants.



► For 45 years, CMI Energy has been constantly improving the design of its heat recovery steam generators.

CMI Defence



► In the Middle East, the LCTS90 modernisation kits are mounted on the turrets in a local workshop specifically set up by CMI Defence for this purpose.

The authority on integrated weapons systems on armoured vehicles

CMI Defence is the undisputed technological leader in multifunctional, high-power weapon systems for light and medium weight armoured vehicles.

It relies on its cutting edge expertise in software, ballistics and mechatronic engineering to design and integrate new gun-turret systems and to modernise weapons systems already in operation. These systems use weapons in the 25 mm to 120 mm calibre range. They are applicable to a vast array of wheeled or tracked vehicles. Their electronic architecture gives them a level of modularity that is without equal on the market today. This modularity enables the larger-calibre turrets to fire missiles from their gun.

CMI Defence also provides simulation systems for its equipment. External systems virtually reproducing the environment of a turret or systems installed in

an operational turret, CMI Defence simulators can be used to advise and train armed forces both in the operation of their equipment and its tactical use during operations.

The combination of all these solutions guarantees optimal use and performance of weapon systems throughout their operational service life.

CMI Defence is independent of any and all vehicle manufacturers. It sets itself apart through the efficiency and modularity of its technological innovations geared to the rapidly-evolving operational needs of armed forces.

Flight Path 2011

In 2011, CMI Defence acquired a new dimension. More than a supplier of gun turrets, CMI Defence has now emerged as a partner of land armed forces through the provision of integrated weapons systems and related solutions. This transformation has resulted from the boosting of its production capacities and the expansion of its portfolio of products and services to new calibres as well as to new types of solutions.

In particular, in 2011 CMI Defence booked its first order for its newest product: the simulator. CMI Defence can now provide its customers with simulation systems directly integrated and adapted to their turrets. Thus equipped, the armed forces can train at will on the use of their equipment and the tactical management of their military operations.

The year 2011 was particularly intense on the operational front. The teams of CMI Defence concurrently managed the implementation of four programmes pertaining to several types of products for different customers established in different regions of the world. These multiple parameters constituted considerable challenges which were taken up with vigour.

To support this increase in technological, commercial and operational power, CMI Defence has appreciably bolstered its workforce over the course of 2011. This growth in particular enabled it to develop its integration and mechatronic skills. It also presented an opportunity for CMI Defence to improve its working methods by adopting a matrix form of organisation that facilitates the development and transfer of knowledge and expertise.

Three simulation systems for the Middle East

In June 2011, CMI Defence booked its first order for simulators for its LCTS90 system. Whether mounted on the turrets or not, these simulators reproduce virtual theatres of military operations and enable squads to operate in a time and space frame that is elastic, controllable, reproducible and analysable many times over.

The contract signed with a Middle Eastern country pertains to three sets of simulators, one fixed and two mobile. Each set comprises four external virtual stations, i.e. installed on computer, and four others installed onboard in real turrets. This onboard installation has been made possible by the modular and flexible electronic architecture of CMI Defence turrets.

This important contract attests to the development of CMI Defence, which is today considered as a real partner and technical adviser by armed forces rather than simply a turret supplier. The CMI Defence simulator will be presented to defence professionals at the next Eurosatory fair in Paris (France) in June 2012.

100th LCTS90 modernisation kit delivered in 2011

On 15 December 2011, CMI Defence shipped the 100th kit of the modernisation programme for 144 90 mm weapon systems to a Middle Eastern country. Following reception, the kits are mounted on the turrets in a local workshop set up specially by CMI Defence for that purpose. By way of reminder, the aim of this modernisation is to bring this equipment up to the most modern technological level, comparable and compatible with the new units ordered. It comprises in particular the integration of a broadband electronic command architecture and the installation of an automatic ammunition loading system. The remaining 44 kits will be delivered in 2012.

Four programmes pursued concurrently

The year 2011 witnessed CMI Defence tackle four military programmes concurrently. The Belgian Armoured Infantry Vehicles (AIV) programme, initiated in 2006, is gradually coming to a close: the last systems were produced in 2011 and will be delivered in the course of 2012. The programme pertaining

to the modernisation of LCTS90 systems for a Middle Eastern country has already been mentioned. In 2011, CMI Defence also finalised the design of 22 CSE90 systems for which it had concluded a contract with a Korean vehicle manufacturer in 2010. Finally, the study and design phases for 84 LCTS90 systems got off the ground in 2011. This equipment is to be supplied by 2014 to the vehicle manufacturer under the FMS contract signed in September 2010.

This capacity to simultaneously manage programmes pertaining to a wide range of different products is indicative of the change taking place in CMI Defence, which is gradually joining the ranks of significant players in the European defence industry.

CMI Defence takes a foothold in France

In 2011, CMI Defence set up a new establishment in France, at Beuvange-sous-Saint-Michel (Lorraine). This operation attests to its ambition to develop its activities on the French market and to step up its contacts with its French partners. CMI Defence is now a member of GICAT, the French Land Defence Industries association.



► The conception of 22 CSE90 systems for a Korean vehicle manufacturer is one of the four programmes carried out simultaneously by CMI Defence in 2011.



► The Falarick 105 missile, which can be fired from the CMI Defence CT-CV™, considerably enhances its firing range.



► CMI Defence weapon systems are compatible with both wheeled and tracked vehicles. Here, the CT-CV™ on the 'Anders' vehicle of the Polish Bumar group.



► During the LAAD Defence & Security fair in Rio de Janeiro, Brazil officially selected the LCTS90 Weapon System from CMI Defence for its VBR-MR military programme.

LCTS90 selected for the Brazilian VBR-MR programme

At the LAAD Defence & Security fair held in Rio de Janeiro (Brazil) in April 2011, Brazil officially selected the LCTS90 Weapon System from CMI Defence to be mounted on the 6x6 Iveco Guarafina vehicle, under its VBR-MR military programme. This selection shows the confidence of the Brazilian authorities in CMI Defence's technology and in its capacity to supply them with the weapon systems that are best suited to their needs. For the record, the VBR-MR programme involves several hundreds of vehicles. Its scope and timing are set to be confirmed in the coming months by the Brazilian government; production will also involve a sizeable local component.

Expression of interest in the Indian F-ICV programme

In India, the selection of suppliers for the Future Infantry Combat Vehicles (F-ICV) military programme continued under the aegis of the Indian government. In 2011, CMI Defence officially showed interest in this important 2 500 vehicle programme as a technical adviser and partner of Larsen & Toubro. This Indian company is today in competition with three other companies for

this programme, which will be awarded to two different suppliers.

The CT-CV™ Weapon System hits the bull's eye in Poland

In September 2011, CMI Defence participated at MSPO, the international defence industry fair held every year in Poland. It presented its 105 mm CT-CV™ Weapon System integrated on the 8x8 Rosomak vehicle from the Polish manufacturer WZM. The same turret was also featured by the Polish Bumar group as a suitable weapon system for integration onto its 'Anders' tracked vehicle. The local political and military authorities showed their interest in the solution offered by CMI Defence, which meets essential needs spelled out in the specifications for their future programmes. Since then, meetings with local industrialists have multiplied and commercial efforts have been intensified. Actions include shooting demonstrations with the two aforementioned vehicles in September 2012.

Key figures

	2007	2008	2009	2010	2011
EUR 000	BG	IFRS	IFRS	IFRS	IFRS
Turnover	16 269	10 546	63 437	59 441	197 567
Order entries	7 266	3 831	276 446	308 891	60 636
Workforce (on 31 December)	65	65	82	105	145

► BG = Belgian Gaap • IFRS = International Financial Reporting Standards



► CMI Defence carries out turret assembly operations in workshops located at its clients' premises.

Outlook

Between the operational execution of scheduled programmes and the materialisation of new opportunities afforded by its expanded portfolio, CMI Defence is not short on prospects for the coming months.

Target number one of the operational teams will be to meet their deadlines and attain expected quality levels to further enhance the confidence that armed forces already have in CMI Defence. To this end, CMI Defence will continue to recruit and to consolidate its organisation.

The intense commercial activity of the identified programmes in the Middle East, Europe, India, Asia and Brazil will continue to mobilise the sales and marketing forces of CMI Defence which will continue relentlessly to obtain new contracts. Particular attention will be paid to the transfer of knowledge and technologies with the local entities.

CMI Defence will also continue to develop its range of calibres from 25 mm to 120 mm. These developments will remain dedicated to

air-transportable vehicles (land support in the 18-25 tonne range).

Finally, as its offering to armed forces is not limited to weapon systems, CMI Defence will continue in 2012 to market the Falarick 105, a missile that enhances the firing range of its weapon systems. Additionally, in line with what is already on offer with its simulator, CMI Defence will develop complementary solutions for the preparation of military operations.

The increasingly international base of CMI Defence, together with its technological authority in integrated weapon systems for air-transportable armoured vehicles, make it a partner of reference. The variety of demands which CMI Defence receives, along with the restructuring of the European defence industry, could turn out to hold additional opportunities for growth.



► Plugged into the new simulation system developed by CMI Defence, its turrets can now be used as training posts for military operations.

Milestones: 2002 - 2011

2002

Ongoing development programme of the CT-CV™ Weapon System.

2004

CMI Defence unveils the CT-CV™ high pressure weapon system for the first time at Eurosatory and embarks on its marketing.

2005

CMI Defence conducts a demonstration of the CT-CV™ in England. This demonstration enables it to be recognised at level 7 according to the TRL measurement system (Technology Readiness Levels).

2006

In line with the modular developments carried out on its CT-CV™, CMI Defence books its first order for digitised 90 mm turrets. The CT-CV™ Weapon System is recognised by the Portuguese army.

2009

Second outlet for the CT-CV™ with an order to modernise LCTS90 Weapon Systems already in operation.

2010

CMI Defence conducts its first demonstration of the Falarick 105 missile in Scotland and books an order for 84 digitised LCTS90 systems equipped with its automatic loading system.

2011

CMI Defence books its first order for its LCTS90 simulator.



► The CT-CV™ Weapon System made a strong impression at the MSPO fair in Poland.

CMI Industry



► The '100% CMI technology' galvanizing lines are THE international reference in terms of production, consumption and quality.

Engineering in the service of industrial competitiveness

As an expert in industrial processes, CMI Industry designs, integrates, supplies and upgrades mechanical, thermal, chemical and biological treatment industrial equipment and energy efficiency solutions.

CMI Industry supplies steelmakers with cold complexes and all their constituent equipment. Designed by CMI, these facilities boast state-of-the-art technologies for the production of increasingly more sophisticated flat carbon steel. Some of these technologies are also available in equipment for processing other products such as stainless steel or long products.

For other processing industries, CMI Industry is a service to project provider, assuming full charge of the complete installation of their new production facilities comprising all technologies and in all regions of the world. CMI has in particular developed sound experience in managing complex

projects in emerging economies where it has established efficient local networks.

CMI Industry also offers industrialists multiple solutions for reducing their environmental footprint. Some of these solutions alter the way facilities function to reduce energy consumption or polluting emissions. Others are used to recover waste heat, treat or recycle polluting effluents or emissions or give value to industrial waste, while improving the quality and productivity of finished products.

In all cases, CMI Industry provides tailored technological solutions that guarantee a rapid return on investment, even more enhanced by related services such as the transfer of know-how, training programmes, support for commissioning facilities, or performance audits.

To serve its customers in every corner of the globe, CMI Industry has technological centres and

commercial and operational branches in Europe, North America, Latin America, China, India and Russia.

Flight Path 2011

After three years of constant adapting to the uncertainties on its traditional markets, CMI Industry is emerging stronger from the successive crises that have shaken the world economy. Its technological progress in the steel industry has been reinforced in the cold treatment of flat carbon steel and its relative market shares have increased. Some of its technologies are henceforth also available for the treatment of stainless steel and long products.

CMI Industry has also expanded its offer as service to project provider as well as provider of solutions to reduce the environmental footprint of industries. CMI Industry now has a foothold in the industrial water treatment market with the acquisition of the French group Proserpol.

In 2011, CMI Industry consequently bolstered its stature and is emerging, more than ever before, as a provider of diverse industrial solutions.

A holistic approach to galvanizing

At the end of 2010 the galvanizing line of the Italian steelmaker Riva was commissioned, one of the most sophisticated such lines in the world and the first to be designed entirely by CMI for all technologies involved. The line's performance as of the first months of 2011 confirmed the innovative nature of the facility. Today, the line is recognized by several prestige car makers and its energy consumption is largely inferior to that in other comparable European plants.

These excellent results are due in particular to the quality of the equipment combined with the technical assistance provided to the operator, who has benefited from the expertise of CMI Industry in the entire steelmaking chain from the moment the line was commissioned: CMI Industry is capable of characterising a defect on the finished product and of rectifying it as soon as it has identified the origin, at times far upstream of galvanizing. These highly appreciated expertise services are today sold to several steelmaking customers, all of whom are enthusiastic about this holistic approach.

In 2011, CMI Industry launched, with the same success, a galvanizing line supplied to Severstal North America for its plant in Dearborn (Michigan, USA). CMI Industry has also commissioned a state-of-the-art furnace for a galvanizing line

for ThyssenKrupp Steel in its plant in Mobile (Alabama, USA).

Ongoing annealing boom

CMI Industry concluded two continuous annealing contracts in 2011 in China, which is henceforth playing a greater role in the construction of its steelmaking facilities. It will deliver a full CMI new continuous annealing line to the Shagang group in 2013, as well as four new continuous annealing furnaces to Yichang, which has thus renewed its trust and confidence in CMI Industry. It is worth emphasizing here that the complementary nature of the European and Chinese branches of CMI Industry proved decisive for its commercial success. Finally, CMI Industry commissioned a radiant tube furnace for a continuous annealing line for the plant of ThyssenKrupp Steel in Mobile (Alabama), which is intended to produce the new advanced steel needed in the automobile industry.

Continuous rolling in the sights

Already the leader on the market of reversible rolling mills with its Indian subsidiary CMI FPE, CMI Industry continues to develop its continuous rolling technology through two new contracts won

in 2011, one for a new generation skinpass to be supplied to ArcelorMittal Dofasco in Canada, the other for a reversible rolling mill for ThyssenKrupp Stahl in Germany. Built up over two years now, these references bring CMI Industry closer to its objective: to obtain a first reference for the full supply of a continuous rolling mill.

India, a sound value

CMI FPE, the Indian subsidiary of CMI Industry, registered unprecedented sales in 2011, capitalising on the vitality of the local economy. At the same time, on the operational front, the advancement of certain projects was deliberately slowed down by customers who adopted a wait-and-see policy owing to the significant rise in interest rates in that country. CMI FPE thus closed 2011 with 22 months of orders in its books.

Furthermore, the investment decided on during 2010 to expand the capacity of CMI's operations in India has made good progress: the foundation stone of the extension works at the Talaja site was laid in April 2011. The revamped site will be inaugurated in the summer of 2012. CMI FPE also purchased a plot of land in Kopoli (State of Maharashtra) in 2011 where it plans to set up a new production site.



► In stainless steel, CMI Industry provides thermal and chemical treatment equipment for long, flat and tubular products.



► All technologies and regions taken together, CMI Industry teams are capable of managing factory installation projects for their clients and of providing them with energy efficiency solutions.

New generation of stainless steel equipment

In 2011, CMI Industry consolidated its leadership in the treatment of flat stainless steel with the first marketing of its development on the thermal and chemical treatment front. Thus, in March 2011, Aperam, the stainless steel subsidiary of ArcelorMittal, ordered processing equipment from CMI Industry for a new generation stainless steel pickling and annealing line. This customer chose CMI for the intrinsic quality of its technologies as well as for its capacity to install and maintain the complete line. This part of the contract is assumed by CMI Services. This facility is to be commissioned in the second half of 2012.

Still on the stainless steel treatment front, in December 2011, CMI Industry booked an order for the pickling and cleaning sections of the new stainless steel line of TCSS in China, and two others for stainless steel tube roller hearth furnaces for Canadian company ATC and Californian company Veridiam.

Service to project activities pick up pace

At the end of 2009, Michelin called on CMI Industry's service to project activities to set up a rubber mixing plant. It was an initial experience for both sides. Since then, a real partnership has blossomed between the

two companies. At the end of 2011, CMI Industry had four projects underway for rubber mixing plants in China, India and Brazil. CMI Industry is intent on putting this experience to good use to develop this service to project activity through which it can capitalise on its technical and international project management capacities: its offering now includes the supply of complete facilities, with all the different technologies, for process industries.

Towards greater energy efficiency for industries

CMI Industry continues to develop its energy efficiency solutions for energy-intensive industries (steel, glass, paper, etc.). Thanks to these solutions, the customers of CMI Industry can save up to 50% on the energy bill for their facilities. In 2011, CMI Industry booked several orders, particularly in France and the United Kingdom, for different types of industries. CMI Industry also sold a pilot furnace for ArcelorMittal in Gijon (Spain) to test new generations of burners. Finally, CMI Industry has integrated the commercial offering of ATI Furnace in France, a specialist in industrial furnaces. It is worth noting that in 2011, CMI Greenline Europe, the entity of CMI Industry in charge of these technologies, was the first French company recognised by the European programme 'ChangeBest' as a global supplier of energy efficiency solutions.

A toe in the water with Proserpol

With expertise in steam generation, thermal energy and chemistry, in 2011 CMI developed even further its range of technologies to reduce the environmental footprint of industries: in the last days of the year, CMI Industry entered the industrial liquid effluent treatment and recycling market by acquiring the French Proserpol group. Its ranges of Proserpol, Neyrtec and Nicou Environnement solutions are geared to all industries faced with problems to do with the cleaning and recycling of liquid effluents. Proserpol is being integrated in CMI Industry according to a structured plan to identify and capitalise on all technological, commercial and geographic synergies between the two organisations.

Nesa Solutions® making progress

The marketing of multiple hearth furnaces and shaft kilns sold under the Nesa Solutions® brand continued to make progress in 2011. The equipment ordered in 2011 will be installed in Brazil, Kazakhstan, and Armenia. It can be used for widely varying applications, such as the decarbonisation of industrial minerals (magnesium, for instance), so that they can be used in the refractory or the food processing industries, or the conversion of molybdenum sulphate into molybdenum oxide, a highly valued component for the production of precious metals. At the same time, true to its ambition to reduce the environmental footprint of industrial companies, CMI Industry has used its pilot facility, together with different partners, for a pre-industrialisation phase of a new Nesa Solutions® application: the roasting of various biomass extracts, which is a link in the green electricity generation chain.

Key figures

	2007	2008	2009	2010	2011
EUR 000	BG	IFRS	IFRS	IFRS	IFRS
Turnover	171 514	285 554	256 625	201 800	181 905
Order entries	272 280	378 483	86 157	208 423	282 670
Workforce (on 31 December)	594	1 154	973	957	1 105

► BG = Belgian Gaap • IFRS = International Financial Reporting Standards

Outlook

During the crisis years, CMI Industry invested heavily in improving its range of technologies for the cold treatment of flat carbon and stainless steel. Today, CMI boasts a state-of-the-art offering in this segment, combined with global geographic coverage. This makes CMI Industry the ideal partner for new equipment, revamping or consulting to get the most out of plants and to make the best products possible: it has the best experts for all the different technologies in-house and will soon more than double its production capacities, through its subsidiary CMI FPE. These advantages will naturally be capitalised upon to obtain further contracts on this market.

In the years to come, CMI Industry will also continue its efforts to expand its offering of solutions for the reduction of the environmental footprint of industries, aware that global warming is both an economic and a social challenge. One of the next concrete actions on this front will be to integrate the newcomer, Proserpol, so as to deploy its industrial liquid

effluent treatment and recycling processes widely and efficiently through CMI's international commercial network. The priorities will include developing new energy efficiency solutions. The development budget for this segment has therefore been doubled for 2012.

Another growth driver for CMI Industry will consist of its service to project activities. Irrespective of the technologies of its customers or the site in the world where they want to locate a plant, CMI Industry is now capable of taking charge of their projects. It has the experience, knowledge and teams needed to manage such major international technical projects.



► The Nesa Solutions® can be used for various applications, such as the decarbonisation of industrial minerals and the conversion of molybdenum sulphate into molybdenum oxide.

Milestones: 2002 - 2011

2004

CMI Industry expands its portfolio of products to steel chemical treatment, with the takeover of KCS Beugin in France.

2005

CMI Industry acquires new chemical and heat treatment technologies for steel, by taking over UVK GmbH and UVK Corp. in Germany and the United States respectively, as well as EFCO in the United States, Kappa Thermline in France and Stalproekt in Russia. CMI Industry also integrates Nesa Solutions®.

2008

With the acquisition of FPE, CMI Industry takes a foothold in India and joins the closed circle of suppliers of complete cold complexes.

2009

With Michelin, CMI Industry develops its international service to project activities.

2010

CMI Industry starts its first full CMI galvanizing line and creates CMI Greenline, its technological pole dedicated to solutions for the reduction of the energy consumption of process industries.

2011

With Proserpol, CMI Industry joins the industrial effluent treatment and recycling market.



► With Proserpol, CMI enlarges its technologies for the reduction of the environmental footprint of industries; they now include the treatment and recycling of industrial liquid effluents.

CMI Services



► In 2011, CMI Services landed the longest contract of its existence: the maintenance of 54 wind turbines in the Thornton Bank wind farm (North Sea, Belgium) for at least 12 years.

CMI Services assisting you

With a staff of more than 1 700 professionals, CMI Services provides its customers with assistance, advice and guidance for the operational management of their industrial facilities. It carries out scheduled or unscheduled specialised interventions, and provides local services to improve the technical, economic and environmental performance of its customers' equipment.

Its offering ranges from simple repair of parts to the complete overhaul of facilities, and also includes maintenance, specific studies and expertise services. With its scheduled interventions, CMI Services assumes the full management of a project, from preliminary studies to implementation by specialised staff.

CMI Services relies on a network of local intervention units, workshops and technology centres. It has a permanent presence in Belgium, Brazil, France, and Luxembourg and an occasional presence in North Africa, the Middle East and South-East Asia.

Thanks to an ever wider and ever more technological offering, CMI Services caters to an increasing number of industries: conventional, renewable and nuclear power generation, the steel industry, petrochemicals, rail, the military, cement works, mines and quarries, etc.

CMI Services also supplies new equipment in its areas of specialisation (industrial steam generation boilers and shunting locomotives, etc.) as well as customised parts, components or sub-assemblies (gears and gearboxes, butterfly valves, parts for Diesel engines etc.).

CMI Services is an appreciated partner for the complementary nature of its expertise in project study, implementation and management.

Flight Path 2011

Traditionally geared almost exclusively to the steel industry, CMI Services has been diversifying for several years. In 2011, it consolidated its position in other industries that now consider it as a recognised and appreciated partner.

This is the case for wind energy, particularly offshore wind power, where CMI is now a reference, having won a sizeable contract with REpower Systems in 2011. As to nuclear power plants, that same year, CMI Services rendered operational a structure dedicated to its activities in France. It also expanded its offering to the design and production of containers for radioactive waste.

In 2011, CMI Services also strengthened its operations in Lorraine (France) by acquiring UDC Meuse, renamed CMI Services Meuse. It also boosted its on-site machining capacity by acquiring a stake in the Belgian company EMS. And, relying on the model that proved successful in Europe, it established a diversification programme of its client industries in Brazil.

CMI Services achieved such progress in a general context of gradual shrinkage of the West European industrial fabric, although some of its Business Units encountered profitability problems that have become structural. Thus, in Germany, CMI Services proceeded to the sale of CMI M+W Maintenance, which has had difficulties over several years.

CMI Services embarks on wind energy

CMI Services crossed a significant milestone in offshore wind energy in 2011. It had taken its initial steps in this field in 2008 before the economic crisis stopped the funding for the establishment of offshore wind farms. CMI Services nonetheless continued to develop its skills in wind power maintenance for three years through occasional offshore interventions, and through interventions on onshore wind farms, via a five year contract that led to the creation of an agency in Picardy (France).

In 2011, CMI Services reaped the fruits of its perseverance and acquired experience: it signed a 12-year contract with REpower Systems for the electro-mechanical maintenance of the 54 wind turbines of the Thornton bank offshore farm

(North Sea). These high power wind turbines will produce 6% of the electric consumption of Belgian households. To see this contract through, CMI Services opened an agency in Ostend (Belgium) and strengthened its intervention team with several dozen technicians and supervisors. This is the longest term contract ever won by CMI Services in all client industries.

Build-up in the nuclear industry

The global nuclear industry was seriously affected by the accident in Fukushima (Japan) in March 2011. This accident had an influence on the investment and maintenance policy of power station operators. A report by the Court of Auditors in France announced a significant increase in investments for the maintenance and extension of the lifecycle of power plants to meet the demands of the National Safety Agency (ASN). The market therefore remains bullish for CMI Services which plans to develop its activity in the nuclear industry, including the dismantling of power stations.

In 2011, CMI Services increased its turnover in services to nuclear power stations. In valves and fittings, for instance, it concluded several long-term contracts for the EDF sites of Cattenom, Chooz and Tricastin. In association with a boilermaker, it also enlarged its services for opening and closing tanks as well as launching modules. In Belgium as in France, CMI Services also positioned itself on the market of radioactive waste from the electronuclear industry as a designer and manufacturer of containers and provider of related services. In

2011, it landed a contract with EDF/UTO to supply dedicated packaging for the storage of specific waste.

In Belgium, CMI Services obtained in 2011 the required certification to undertake interventions allied to the safety of power plants. It provided to Electrabel maintenance and repair services in the primary and secondary areas of Belgian nuclear sites.

Enhancement of on-site machining capacities

CMI Services already had a well established network of technicians in France and Belgium, expertise in mechanical repair for major works and in the maintenance of turbines, as well as expertise delivered particularly through its projects for Franco-Belgian navigable infrastructures. In July 2011, CMI Services added another string to its bow. It enhanced its on-site machining capacity by acquiring a stake in the Belgian company EMS. This new partnership has already opened the doors to the French operator EDF Hydraulique, and in turn led to the first projects on the Marckolsheim and Ottmarsheim power plants (Alsace, France). The partnership with EMS has also generated other business flows: on-site machining operations were thus carried out on nuclear power plants, gas-steam plants and on steelmaking equipment.



► Alongside industrial maintenance services, CMI Services provides specific know-how, such as in the manufacture of gears and gearboxes.



► In 2011 CMI Services developed its on-site machining capacities. Here, repairs to a machine room door on the EDF nuclear plant at Cattenom (France).



► CMI Services provides conventional power plant operators with maintenance, repair and replacement services for components and sub-assemblies.



CMI Services strengthens its presence in Lorraine

In October, CMI Services reinforced its operations in Lorraine (France) by taking over UDC Meuse, since renamed CMI Services Meuse. This foothold concurrently supports the development of the local service in Meuse.

This enhanced local network supports the diversification of CMI Services to forges, petrochemicals, paper mills and other areas of specialisation in accordance with the specific features of the local industrial fabric.

Disposal of a non-strategic activity in Germany

CMI M+W Maintenance, the German Business Unit of CMI Services, has had recurrent difficulties over several years. Intended to be the repair centre of a service activity in the Ruhr valley, it remained essentially a centre for the manufacture of new parts, a non-strategic activity for CMI. Convinced that this company would have more chances of finding the outlets and volume of business it deserves in another context, CMI Services opted to sell it to a German operator well established in the economic fabric of the Ruhr valley.

Ongoing diversification in Brazil

The situation of the Brazilian steel industry, in which CMI Services had registered significant progress since 2003, deteriorated in 2011. This phenomenon is explained in part by the drop in competitiveness of production prices for Brazilian steel, put at disadvantage by the indexing of wages and a revaluation of the Real.

Capitalising on the excellent reputation it enjoys among a good number of Brazilian industrialists, in 2011 CMI Services decided to accelerate its diversification towards other industries. Accordingly, it won several contracts for the cleaning of boilers on the Brazilian energy market by drawing in particular on the energy expertise of CMI Services in Europe and the know-how of its Brazilian teams in industrial mountaineering. Thus, CMI Services intervened on several occasions at Termo Norte Energia (State of Rondônia).

CMI Services also maintained its activity on the Brazilian steelmaking market, particularly by signing a contract with the steelmaker Usiminas. This new contract led to the opening of a new agency in Ipatinga (State of Minas Gerais). In the same state, CMI Services landed an overall maintenance contract for Vallourec & Mannesmann.

In total, CMI Services today has almost 25% of its staff based in Brazil. It has five establishments in three states:

Ipatinga and Belo Horizonte (Minas Gerais), Joinville and San Francisco do Sul (Santa Catarina) and Vitória (Espírito Santo).

Real know-how in energy equipment

The wind and nuclear power operators are not the only power companies to benefit from the support of CMI Services. Generators of what is known as conventional electricity also call on its expertise. In 2011, CMI Services thus assumed the maintenance of coal, gas, or combined power stations in France and in Belgium. It also built a recovery boiler for the chemical industry (Lorraine, France). In the same year, the expertise of CMI Services in energy equipment was also deployed in mining, chemicals and petrochemicals, to cite just a few such sectors.

Key figures

	2007	2008	2009	2010	2011
EUR 000	BG	IFRS	IFRS	IFRS	IFRS
Turnover	166 847	190 578	146 254	165 499	161 764
Order entries	184 152	174 957	131 577	171 876	183 323
Workforce (on 31 December)	1 531	1 723	1 692	1 831	1 706

► BG = Belgian Gaap • IFRS = International Financial Reporting Standards



► Pipework welding operations on equipment moved to CMI Services workshops.

Outlook

CMI Services is broaching the future around three themes: consolidation, diversification and added value.

In 2012, it will continue, as it did in 2011, with the development of activities in which it has carved out a significant position over recent years: nuclear, renewable and conventional power generation, rail and steelmaking will continue to constitute key pillars of this strategy. In parallel with this, CMI Services will continue to boost its customer portfolio through a geographical and sectorial approach, by systematically focusing on the added value of its interventions and on customer satisfaction.

CMI Services will deploy this commercial strategy while completing internal projects relating to the safety of its Men and Women

and the efficiency of its organisation. Having succeeded in reducing the frequency and severity of occupational accidents by 50%, CMI Services will complete the certification of its operational units in terms of safety and quality. It will also take the necessary measures to reduce its operating costs and to solve any profitability problems that may persist in some of its units.



► Whether nuclear power stations are shut-down, dismantled or their life extended, CMI Services, a nuclear safety specialist, will be able to intervene on the facilities for many years to come.

Milestones: 2002 - 2011

2002

After establishing an initial foothold in the North and East of France at the turn of the 2000s, CMI strengthens its operations in Lorraine (France) with the acquisition of Mecarep.

2003

CMI extends the geographical scope of its maintenance operations to the South of France, by acquiring the firms Tech5i, Tech3i and Pastor Soudure Mécanique.

2004

CMI becomes established in Brazil by assuming the maintenance of ArcelorMittal Vega do Sul.

2006

CMI grows further in Lorraine with the acquisition of Neisius.

2007

CMI bolsters its service offering in the North of France with the takeover of MCF.

2008

CMI becomes established in the Centre of France through the acquisition of Stimec and embarks on its offshore wind energy activity on the Thornton Bank site (North Sea).

2009

CMI brings all of its maintenance and service activities under one dedicated organisation: CMI Services.

2010

CMI Services develops its services in the nuclear industry and is a recognised provider of integrated services for nuclear valves and fittings for EDF.

2011

CMI Services creates CMI Muon to coordinate its service activities for nuclear power plants in France and lands a 12-year contract for the maintenance of the Thornton Bank (North Sea) offshore wind farm.



► In 2011 CMI Services installed several kilometers of pipework and framework in the Fos-sur-Mer (France) oil terminal. Here a view of its fire network.

Corporate governance



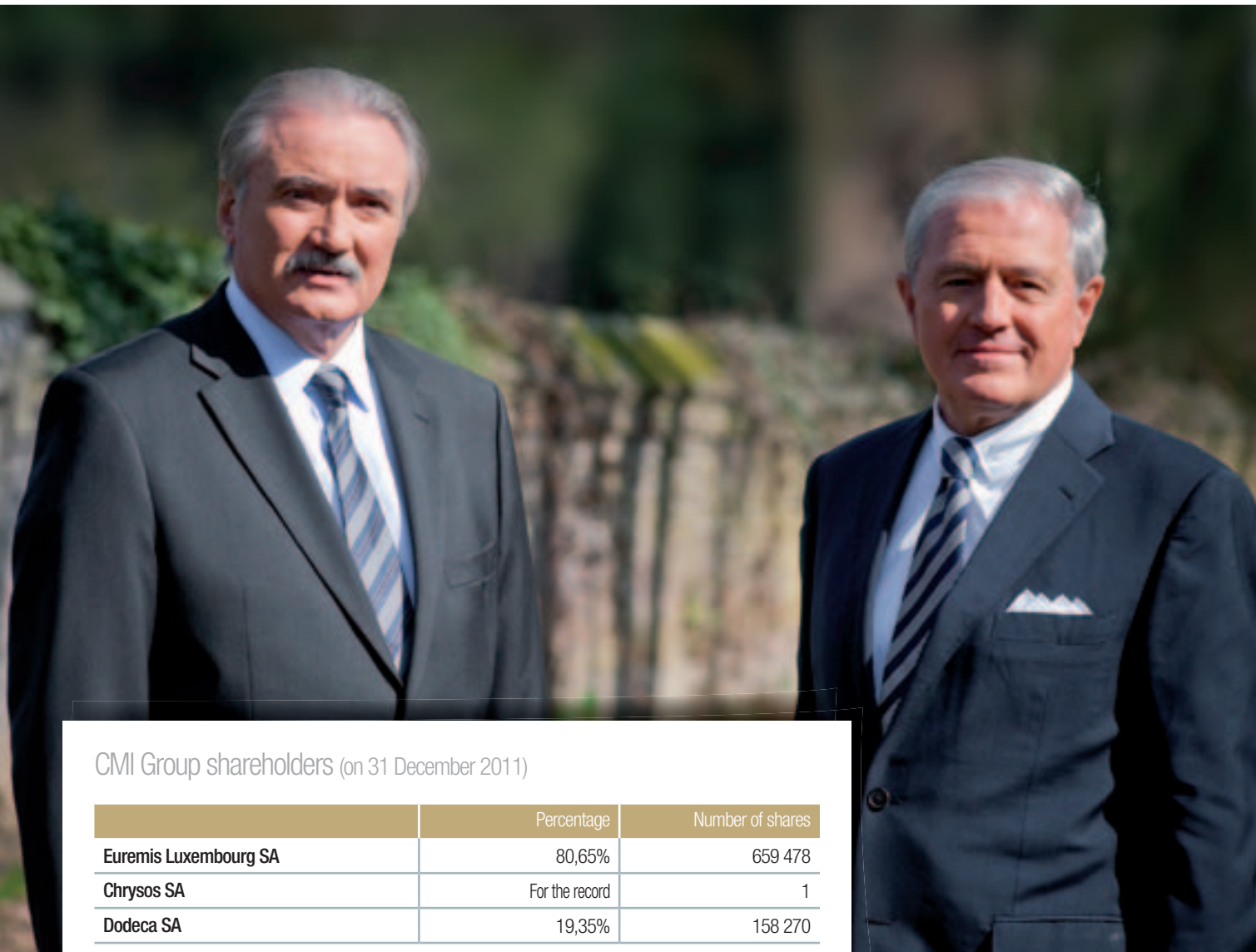
Greylag geese nest in Northern Europe and pass the winter in Spain in the Guadalquivir estuary. During their journey they regularly fly over the Millau viaduct in France.



Guiding and controlling

CMI Group is governed by decision-making bodies that reflect the Group's organisational approach. They operate at three levels: the Group, the Sectors and the operating levels (Technology Poles, Regions and Operational Units).

Beyond this management hierarchy, coordination bodies within each support function ensure the cohesion of the Group and of cross-sectorial actions.



► Bernard Serin and Pierre Meyers

CMI Group shareholders (on 31 December 2011)

	Percentage	Number of shares
Euremis Luxembourg SA	80,65%	659 478
Chrysos SA	For the record	1
Dodeca SA	19,35%	158 270

Board of Directors

CMI's Board of Directors comprises nine members, including one executive director and eight non-executive directors, chosen for their considerable strategic, industrial, financial, social and commercial experience and their commitment to CMI. Without prejudice to its legal and statutory powers and those of the General Meeting of Shareholders, the Board of Directors is responsible, upon request from the Group Executive Committee, for :

- defining the Company's strategic guidelines and the annual budget;
- ensuring the establishment of the appropriate structure and management needed to attain the objectives;
- making decisions on long-term financing transactions, acquisitions and disinvestments;
- monitoring the quality of day-to-day management and its compliance with the appointed strategy;
- providing quality information to shareholders.

To perform its mission, the Board of Directors is assisted by:

- an Audit Committee;
- a Remuneration Committee;
- an Executive Committee whose members can be invited to attend the Board of Directors' meetings when important points within their competency are on the agenda.

The Board of Directors meets at least four times a year. Critical issues may require additional meetings to be held. In 2011 the Board of Directors met six times, the Audit Committee three times, and the Remuneration Committee four times. Where the net income appropriation policy is concerned, the Board of Directors intends to prioritise the financing of the Group's strategic industrial development while ensuring a prudent distribution of dividends over an average business cycle.

The Audit Committee

The Audit Committee verifies that the internal control and risk management systems are appropriate and efficient.

It also watches over the quality and integrity of financial reporting and supervises the preparation of the annual accounts in particular. It makes recommendations to the Board of Directors about the appointment, remuneration and independence of external auditors. To perform these tasks, it calls upon the work of the Internal Audit unit set up in 2011.

It is chaired by Pierre Meyers and is composed of Bernard Serin and Libert Froidmont.

Remuneration Committee

The Remuneration Committee decides about the pay of the Group's executives, with the assistance of experts independent of CMI's management bodies.

It is chaired by Bernard Serin and composed of Pierre Meyers and Libert Froidmont.



► Louis Smal and Jean Potier



► Libert Froidmont



► Albert Henon



► Hans-Joachim Krüger and Gérard Bernard



► Nicolas Serin

Board of Directors (on 31 December 2011)

		Expire of mandate
Bernard Serin	Chairman and Managing Director (Executive)	April 2013
Pierre Meyers ⁽¹⁾	Vice-Chairman	April 2013
Gérard Bernard	Independent Director	April 2013
Libert Froidmont ⁽²⁾	Independent Director	April 2013
Albert Henon	Independent Director	April 2013
Hans-Joachim Krüger	Independent Director	April 2013
Jean Potier	Independent Director	April 2013
Nicolas Serin ⁽³⁾	Director	April 2013
Louis Smal Consulting	Represented by Louis Smal, Independent Director	April 2013

(1) Euremis SA replaced by Pierre Meyers at the CMI SA General Meeting of Shareholders of 17 May 2011.

(2) Sogepa replaced by Libert Froidmont, Independent Director, at the CMI SA General Meeting of Shareholders of 17 May 2011.

(3) Nicolas Serin appointed Director at the CMI SA General Meeting of Shareholders of 17 May 2011.



► Bernard Serin and Pierre Meyers



► Paul Thonon



► Yves Honhon and Franck Pasqualini

The Executive Committee

The Executive Committee (COMEX) makes proposals to the Board of Directors regarding the strategy, development, monitoring and financing of the Group's activities, to ensure a profitable growth. It takes operational decisions in line with the decisions of the Board of Directors. It defines the options that CMI's representatives will present at board level of the various subsidiaries. The Executive Committee ensures the optimisation of the convergence between

operating sectors in financial, human, technical and commercial terms. If necessary it arbitrates. It embodies CMI's values and spirit, and ensures compliance with the Corporate Identity. It represents the Group before its institutional partners.

The composition of the Executive Committee changes in line with the evolution of the Group to guarantee a balanced representation of the operating and functional units.

In its core format, the Executive Committee is composed of the Chairman and Managing Director, the Vice-Chairman of the Board of Directors, four operating managers (one per sector) and four managers of support functions. In its extended version, six senior managers join the Executive Committee for a quarterly operational monitoring and an annual strategic reflection.

Executive Committee (on 31 December 2011)

Bernard Serin	Chairman and Managing Director
Pierre Meyers	Vice-Chairman of the Board of Directors
Brigitte Coppens	Chief Communication Officer
Yves Honhon	Chief Financial and Administrative Officer
Jean-Marc Kohlgruber	Executive President CMI Industry
Pierre Melin	Executive President CMI Energy
Patrick Paramore	Chief Sales and Legal Officer
Franck Pasqualini	Executive President CMI Services
Jean-Luc Taelman	Chief Human Resources Officer
Paul Thonon	Executive President CMI Defence

Extended Executive Committee (on 31 December 2011)

Michel Boyer	Executive President CMI Thermline
José Callegari	Executive President CMI Processing Lines
Denis Debroux	Chief Information Officer
Jean-Marie Hansoul	Vice Executive President CMI Energy
Gérard Kocher	Chief Safety and Environment Officer
Paul Neirinck	Chief Development Officer

Certified Public Accountant
 Deloitte SC s.f.d. SCRL, Reviseur d'Entreprises
 Represented by Laurent Weerts
 46 Rue Alfred Deponthière
 BE - 4431 Liège (Loncin)
 Belgium
 End of appointed term: April 2013



► Pierre Melin



► Jean-Luc Taelman, Jean-Marc Kohlgruber and Brigitte Coppens



► Patrick Paramore

Development Committee

The sustainable development of an engineering group depends highly on its capacity to regenerate its portfolio of technologies and products. In 2011, given the diversity of technologies encompassed within the Group, CMI felt the need to consolidate the governance and management of its technological capital. A Development Committee was therefore set up in March 2011.

Under the supervision of the Chief Development Officer, this committee is chaired by Bernard Serin. The committee bases itself on an in-depth presentation of planned and ongoing technological developments to define the development and innovation policy, set priorities for the coming financial years, and ensure that the resources are appropriate and that decisions are implemented correctly in the different technological poles. The Development Committee met four times in 2011.

Sector Committees

The Group's operational management is grouped into activity sectors that benefit from extensive autonomy. Each of them is headed

by an Executive President who heads a Sector Committee (COSEC). These committees are responsible for the profitable and sustainable growth of the activities of the Group in the various markets, consistent with the strategies and policies set by the Board of Directors and the Executive Committee.

Technology Poles and Regions Committees

The operational activities within the Sectors can be grouped according to two complementary – technological and geographic – approaches.

The Technology Poles bring together, under joint authority, the specialised resources of a Sector dedicated to a line of products or services that correspond to a specific market niche. These poles are responsible for the technological and commercial development of the portfolio of products/services of the market concerned. They have their own operational units and/or rely on the operational network of the sector for the execution of contracts, depending on the case.

Generally part of a separate legal entity, each of the Operational Units is responsible for the profitable execution of the contracts and the satisfaction

of its customers. When several operational units co-exist within a close geographic area, they can be brought under a joint regional authority, the Region. This arrangement ensures a more efficient commercial coverage, personalised follow-up of customers, and rational use of resources in a same area.

Each Technology Pole, each Operational Unit or each Region has its own management committee. These committees organise the implementation of the operational decisions taken by the Sector Committee (COSEC) in their scope of activities. They are answerable for achieving the targets set for them and for the optimal development of the technical and human resources entrusted to them in compliance with the strategic and policy lines drawn up by their Sector Committee.

Consolidated financial statements



The collective instinct for survival of the species leads certain birds to migrate in order to reproduce under good conditions.



Landmarks

From the 2009 financial year, the Group has been consolidating the accounts of all its subsidiaries according to the International Financial Reporting Standards (IFRS).

The Auditor has issued an unreserved opinion on the consolidated accounts of CMI, from which the financial statements below are taken. The complete accounts are published in the 2011 Financial Report.

In accordance with the Companies Code, the CMI consolidated accounts, the management report and the auditor's report are filed with the National Bank of Belgium. These documents are also available upon request.

Assets

EUR 000	31/12/2011	31/12/2010	31/12/2009
NON-CURRENT ASSETS	122 856	130 535	140 956
Goodwill	43 453	40 049	41 895
Intangible assets	4 933	5 617	7 511
Tangible assets	48 515	60 180	63 592
Investments in associates	937	670	548
Other financial assets	8 784	7 957	7 783
Other non-current assets	1 596	789	1 083
Deferred tax assets	14 638	15 273	18 544
CURRENT ASSETS	419 379	391 186	386 325
Inventories	60 182	59 060	55 657
Trade and other operating receivables	294 721	257 838	261 678
Income tax receivable	2 233	1 378	4 097
Other financial assets	4 489	2 128	5 617
Cash and cash equivalents	52 854	61 436	54 369
Other current assets	4 900	9 346	4 907
TOTAL ASSETS	542 235	521 721	527 281

Liabilities and shareholders equity

EUR 000	31/12/2011	31/12/2010	31/12/2009
EQUITY	65 008	115 475	112 900
Capital	42 038	47 000	47 000
Other reserves	-224	2 645	227
Retained earnings	23 194	65 830	65 673
NON CONTROLLING INTERESTS	7 067	7 769	6 799
NON-CURRENT LIABILITIES	66 953	34 948	43 738
Employee Benefits	3 351	3 306	3 036
Provisions	10 991	6 666	12 885
Borrowings	42 480	16 584	18 488
Other financial liabilities	2 096	0	0
Other non-current liabilities	3 730	3 605	4 101
Deferred tax liabilities	4 305	4 787	5 228
CURRENT LIABILITIES	403 207	363 529	363 844
Employee Benefits	3	3	96
Provisions	6 325	11 665	5 023
Borrowings	37 215	47 204	13 214
Other financial liabilities	3 766	354	328
Trade and other operating payables	347 009	289 676	331 156
Income tax payable	1 246	2 116	4 892
Other current liabilities	7 643	12 511	9 135
TOTAL LIABILITIES AND EQUITY	542 235	521 721	527 281

Consolidated profit and loss account

EUR 000	31/12/2011	31/12/2010	31/12/2009
Revenue	710 666	561 937	734 835
Cost of sales	-606 945	-473 861	-646 989
GROSS MARGIN	103 721	88 076	87 846
Research and development expenses	-5 162	-2 897	-2 731
Sales and marketing expenses	-20 472	-18 286	-14 704
General and administrative expenses	-65 799	-62 010	-62 773
Other operating income / (expenses)	7 820	6 592	4 763
OPERATING RESULT BEFORE RESTRUCTURING COSTS	20 108	11 475	12 401
Restructuring costs	0	-1 470	-912
OPERATING RESULT (EBIT)	20 108	10 005	11 489
Interest income	938	645	350
Interest expenses	2 587	1 779	1 872
<i>Net finance cost</i>	<i>-1 649</i>	<i>-1 134</i>	<i>-1 522</i>
Other financial income / (expenses)	-3 007	-1 555	-1 604
Share of result of associates	326	1 234	-142
RESULT BEFORE TAXES	15 778	8 550	8 221
Income taxes	-3 189	-6 420	-3 415
RESULT AFTER TAXES	12 589	2 130	4 806
Non controlling interests	639	543	1 304
GROUP NET RESULT	11 950	1 587	3 502



Consolidated companies

on 31 December 2011

Company	Country	Consolidation Method	% ownership	ENERGY	DEFENCE	INDUSTRY	SERVICES	CORPORATE
AMCMI SA	Belgium	G	80,00%				■	
CMI SA	Belgium	G	100,00%	■	■	■	■	■
CMI AMERICA INC	United States	G	100,00%					■
CMI AUTOMATION PVT LTD	India	G	100,00%			■		
CMI BEUGIN SASU	France	G	100,00%			■		
CMI BRAZIL LTDA	Brazil	G	99,99%			■		
CMI BRAZIL SERVIÇOS DE MANUT. EQUIP. INDUST. LTDA	Brazil	G	99,99%				■	
CMI BRAZIL PARTICIPAÇÕES LTDA	Brazil	G	99,99%					■
CMI EMI SA	Belgium	G	51,00%				■	
CMI ENERGY FRANCE SAS	France	G	100,00%	■			■	
CMI ENERGY SERVICES BV	The Netherlands	G	100,00%				■	
CMI ENGINEERING (BEIJING) CO LTD	Chine	G	60,00%			■		
CMI EPTI LLC	United States	G	100,00%	■				
CMI EST SCI	France	G	100,00%					■
CMI FPE LTD	India	G	75,00%			■		
CMI FRANCE SAS	France	G	100,00%					■
CMI GREENLINE SAS	France	G	100,00%			■		
CMI INDUSTRY AMERICAS INC	United States	G	100,00%			■		
CMI INTERNATIONAL LTD	Great Britain	E	99,98%					■
CMI LUXEMBOURG HOLDING SARL	Luxembourg	G	100,00%					■
CMI LUXEMBOURG SERVICES SA	Luxembourg	G	100,00%					■
CMI MAINTENANCE EST SAS	France	G	100,00%				■	
CMI MAINTENANCE HAINAUT SA	Belgium	G	100,00%				■	
CMI MAINTENANCE NORD SAS	France	G	100,00%				■	
CMI MCF SAS	France	G	100,00%				■	
CMI MECAREP SARL	France	G	52,00%				■	
CMI NEISIUS SA	France	G	100,00%				■	
CMI MUON SA	France	G	100,00%				■	
CMI M+W ENGINEERING GMBH	Germany	G	100,00%			■		
CMI SERVICES MEUSE SARL	France	G	52,00%				■	
CMI STALPROEKT SPRL	Russia	G	100,00%			■		
CMI STIMEC SAS	France	G	100,00%				■	
CMI SUD SCI	France	G	100,00%					■
CMI TECH3I SAS	France	G	100,00%				■	
CMI TECH5I PASTOR SAS	France	G	100,00%				■	
CMI TECH5I LUXEMBOURG SARL	Luxembourg	G	100,00%				■	
CMI TRACTION SA	Belgium	G	100,00%				■	
CMI UVK GMBH	Germany	G	100,00%			■		
FINANCIERE DE BRENNUS SAS	France	G	100,00%					■
NEYRTEC ENVIRO INC	Canada	G	100,00%			■		
NICOU ENVIRONNEMENT SA	France	G	100,00%			■		
PROSERPOL SA	France	G	100,00%			■		
SOCODI SA and its subsidiaries	Luxembourg	E	100,00%					■
TMO LTD	Ireland	E	100,00%					■

G=Global E=Equity

Non-consolidated companies
on 31 December 2011

Company	Country	% ownership	ENERGY	DEFENCE	INDUSTRY	SERVICES	CORPORATE
CMI COCKERILL ARGENTINA SA	Argentina	34,00%	■				
CMI CHILE LIMITADO	Chili	95,00%	■				
CMI IBERICA SL	Spain	100,00%			■		
CMI INDIA ENGINEERING PVT LTD	India	99,99%			■		
CMI POWERINDO SE	Indonesia	45,00%				■	
COCKERILL MECHANICAL INDUSTRIES SA DE CV	Mexico	100,00%	■				
EMS SA	Belgium	46,19%				■	



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The Communication Department thanks all those who contributed to the making of this Activity report. Ce Rapport d'activités est également disponible en français sur demande à communication@cmigroupe.com CMI also publishes a financial report containing all the financial data in IFRS format. This financial report is available in French and English on request at group.finance@cmigroupe.com Information on the CMI Group is available in other languages at www.cmigroupe.com

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Energy Defence Industry Services

CMI designs, installs, upgrades and services equipment for energy, defence, steel-making and other general industry markets. Its aim is to improve, throughout the whole of its life-cycle, the economic and technical performance of industrial equipment of its clients. Across CMI, everything we do is within the context of an approach designed to reduce the environmental footprint of industrial processes.

The benefits which CMI places at the disposal of its clients are numerous: a unique combination of engineering expertise and maintenance along with the management of technical international projects, a vast geographic and technological scope, and an ability to innovate in accordance with the concrete needs of its customers.

CMI numbers almost 4 000 experienced employees in Brazil, China, the United States, Europe, India and Russia. A private independent Group since 2002, CMI has placed a great deal of emphasis on diversifying its portfolio. CMI is today a coherent entity, capable of adapting its product offering to the evolution and needs of its markets. Following a decade of growth, CMI is looking to the future with confidence. Over the short term, its order book indicates a promising year 2012. In the medium term, its positioning, dynamism and capacity to anticipate trends constitute the cornerstones of sustainable industrial progress.

CMI, ever more reliable, efficient
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